

AVIATION FUND

Department Description and Mission

The mission of the Houston Airport System (HAS) is to connect the people, businesses, cultures, and economies of the world to Houston. Our vision is to establish Houston as a five-star global air service gateway where the magic of flight is celebrated. Our strategic priorities are to make our passengers happy, act responsibly to achieve social, environmental, and economic stability, build the platforms for future success and to invest in our partnerships and our employees.

Our core values of HAS are Relationships, Innovation, Service and Excellence (R.I.S.E.).

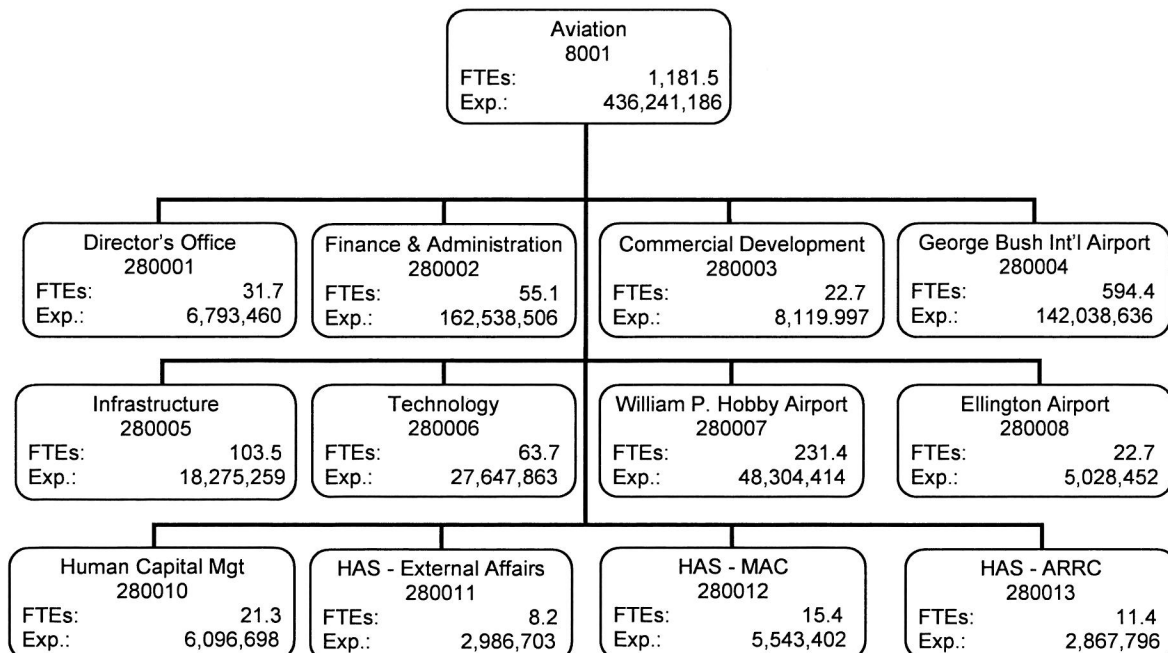
Short-Term Goals

- Continue to ensure the safety and well-being of our co-workers and the passengers using our terminals as we deal with the COVID-19 pandemic.
- Take appropriate measures to manage costs to reduce those that will be passed through to the airlines as well as to help offset lost concession and parking revenues.
- Be poised to continue providing world-class facilities and customer service as passenger traffic levels return.
- Continue to manage the grants being made available to the Airport System through the Coronavirus Aid, Relief, and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriation Act (CRRSA) and American Rescue Plan Act (ARPA) to maximize their impact through the payment of debt service and reductions in costs assigned to the airlines and continue funding towards Capital Improvement Plan.

Long-Term Goals

- Expand services to enhance the passenger experience with the end goal of achieving Skytrax ratings of 5 stars at both IAH and HOU.
- Complete Domestic and International Terminal Programs at IAH to provide additional capacity.
- Maintain debt service coverage ratio of at least 1.5x while implementing significant capital improvements to our Domestic and International facilities at IAH.
- Maintain airline cost per enplaned passenger (CPE) within levels that will keep IAH and HOU competitive with our peer airports.
- Invest approximately 2% of the gross book value of HAS capital assets annually into capital renewal.

Department Organization



FISCAL YEAR 2022 BUDGET

Fund Summary

Fund Name : HAS-Revenue Fund
Business Area : Houston Airport System
Fund No./Bus. Area No. : 8001 / 2800

	<u>FY2021 Current Budget</u>	<u>FY2021 Estimate</u>	<u>FY2022 Budget</u>
Beginning Fund Balance	0	0	0
Current Revenues	320,700,293	320,700,293	436,241,186
Total Available Resources	<u>320,700,293</u>	<u>320,700,293</u>	<u>436,241,186</u>
Maintenance and Operations	305,246,683	274,832,050	291,612,679
Debt Services	4,700,000	0	0
Renewal / Replacement Cap. Exps.	10,000,000	23,500,000	0
System Improvements	753,610	22,213,071	144,228,507
Other Interest	0	155,172	400,000
Total Expenditures	<u>320,700,293</u>	<u>320,700,293</u>	<u>436,241,186</u>
Planned Ending Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Budget	<u><u>320,700,293</u></u>	<u><u>320,700,293</u></u>	<u><u>436,241,186</u></u>



FISCAL YEAR 2022 BUDGET

Business Area Budget Summary

Fund Name	: HAS-Revenue Fund			
Business Area	: Houston Airport System			
Fund No. /Bus. Area No.	: 8001 / 2800			
	FY2020 Actual	FY2021 Current Budget	FY2021 Estimate	FY2022 Budget

Expenditures	Personnel Services	100,903,412	114,075,490	107,651,841	115,505,594
	Supplies	8,222,892	7,014,918	5,940,224	6,213,876
	Other Services and Charges	184,861,763	181,951,485	159,355,658	167,579,220
	Non-Capital Equipment	1,358,862	2,098,290	1,777,827	2,197,489
	Total M & O Expenditures	295,346,929	305,140,183	274,725,550	291,496,179
	Debt Service & Other Uses	175,926,309	15,560,110	45,974,743	144,745,007
	Total Expenditure	471,273,238	320,700,293	320,700,293	436,241,186

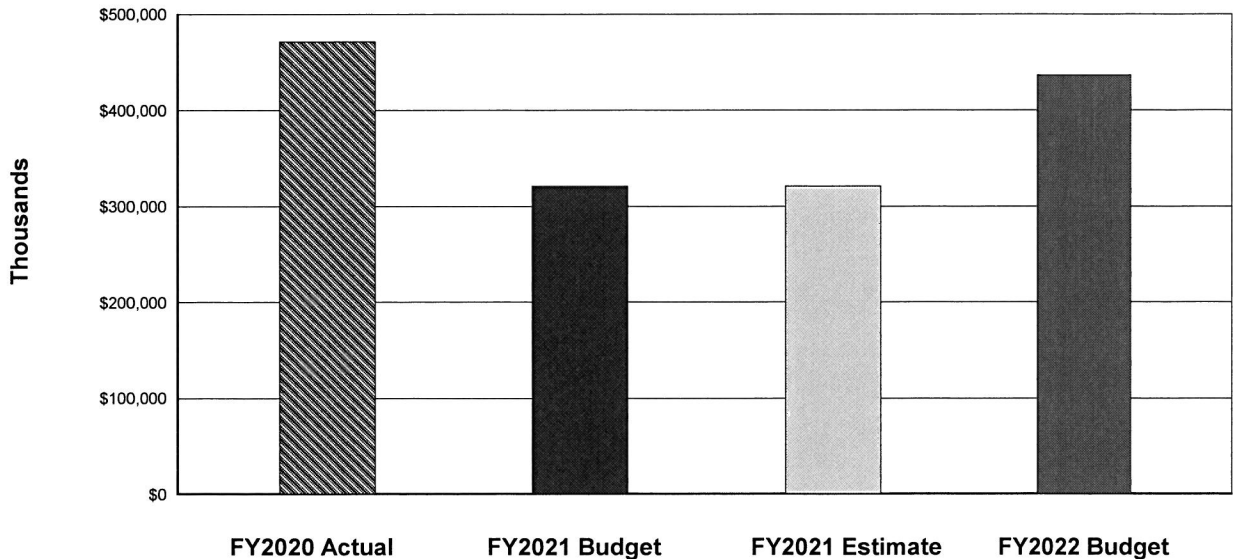
Revenues	491,589,434	320,700,293	320,700,293	436,241,186
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Staffing	Full-Time Equivalents - Civilian	1,081.9	1,171.8	1,141.8	1,181.5
	Full-Time Equivalents - Classified	0.0	0.0	0.0	0.0
	Full-Time Equivalents - Cadets	0.0	0.0	0.0	0.0
	Total	1,081.9	1,171.8	1,141.8	1,181.5
	Full-Time Equivalents - Overtime	65.1	56.2	28.0	43.7

Significant Budget Changes and Highlights

- o The FY2022 Budget provides funding for health benefits and pension contribution.
- o The FY2022 Budget anticipate funding from both Passenger Facility Charges (PFC's) and CARES Act Funds to cover the debt service expenses.
- o FY2022 Budget provides funding for Parking Services Contract of \$30.2 million, Automated People Movers (APM) Contract of \$12.1 million, and Infrastructure Budget of \$6.7 million, Planning and Assessment Contract of \$1.6million to be paid out via Airport Improvement Fund (8011).
- o The COVID-19 Pandemic continues to have a negative impact on airline passenger levels and will likely continue to do so for two to three more years. Reduced passenger levels versus prior years is causing certain passenger driven revenues such as Concessions and Parking to continue to be depressed.

**HAS-Revenue Fund
Houston Airport System
Expenditure Summary**



FISCAL YEAR 2022 BUDGET

Business Area Performance Measures

Fund Name : HAS-Revenue Fund
Business Area : Houston Airport System
Fund No. /Bus. Area No. : 8001 / 2800

Performance Measures	FY2020 Actual	FY2021 Target	FY2021 Estimate	FY2022 Target
Debt Service Coverage Ratio	1.59	1.50	N/A	N/A
Total M&O per Enplaned Passenger for HAS	\$13.53	\$15.26	\$25.55	\$16.06
Total M&O per Enplaned Passenger for HOU	\$8.74	\$9.32	\$14.74	\$9.50
Total M&O per Enplaned Passenger for IAH	\$8.56	\$9.33	\$18.24	\$11.80
Total Operating Revenue per Enplaned Passenger for HAS	\$22.52	\$21.69	\$29.82	\$24.03
Total Operating Revenue per Enplaned Passenger for HOU	\$18.14	\$18.00	\$22.49	\$16.07
Total Operating Revenue per Enplaned Passenger for IAH	\$22.53	\$22.76	\$30.16	\$25.49
Expenditures Adopted Budget vs Actual Utilization	86%	98%	67%	98%
Revenues Adopted Budget vs Actual Utilization	90%	100%	67%	100%

FISCAL YEAR 2022 BUDGET

Division Summary							
Fund Name : HAS-Revenue Fund Business Area : Houston Airport System Fund No. /Bus Area No. : 8001 / 2800							
Division Description	FY2020 Actual		FY2021 Estimate		FY2022 Budget		
	FTEs	Costs \$	FTEs	Costs \$	FTEs	Costs \$	
HAS - Director's Office 280001 Under the Department of Aviation, the Director serves as the Chief Executive Officer of the George Bush Intercontinental Airport (IAH), the William P. Hobby Airport (HOU), and Ellington Airport (EFD). The Director's Office oversees the following divisions: Safety & Emergency Management, the Office of Business Opportunity and the Operational Readiness and Activation Team.	15.7	3,033,224	29.8	4,516,495	31.7	6,793,460	
HAS - Finance & Administration 280002 The Finance Division consists of Accounts Payable, Accounts Receivable, Construction & Grant Accounting, General Accounting, Financial Planning & Analysis, Internal Audit and Corporate Strategy. Finance exists to ensure that HAS generates the financial resources necessary to achieve the objectives and goals of the organization. The FY2021 Estimate is decreased due to low System Improvement Transfer as a result of less revenue receipt.	52.5	189,353,055	53.0	64,018,741	55.1	162,538,506	
HAS - Commercial Development 280003 The Commercial Development Division develops and manages use/lease agreements, manages food & beverage, retail and other agreements, provides products to meet parking and ground transportation needs. The core objective for the division is to augment choices and experiences for passengers while growing non-airline revenue.	19.3	32,602,132	21.0	4,514,675	22.7	8,119,997	
HAS - George Bush Intercontinental Airport 280004 George Bush Intercontinental (IAH) ensures the highest level of customer service for all passengers, visitors, tenants, and team members through a safe, secure and efficient operating environment by maintaining strict compliance with federal, state and local government regulations. It is comprised of the Terminal Management, Operations Management and Infrastructure Division.	567.0	141,393,967	570.0	141,199,265	594.4	142,038,636	
HAS - Infrastructure 280005 The Infrastructure Division is responsible for the planning, design and construction of capital projects, the maintenance, and supply chain management functions. The division manages the Houston Airport System capital renewal program and constantly monitors all facilities, which are developed and maintained to an opening day fresh condition, which optimizes sustainability and total cost of ownership.	95.8	17,332,945	111.0	18,399,766	103.5	18,275,259	

FISCAL YEAR 2022 BUDGET

Division Summary							
Fund Name : HAS-Revenue Fund Business Area : Houston Airport System Fund No. /Bus Area No. : 8001 / 2800							
Division Description	FY2020 Actual		FY2021 Estimate		FY2022 Budget		
	FTEs	Costs \$	FTEs	Costs \$	FTEs	Costs \$	
HAS - Technology 280006 The purpose of the Technology Division is to provide technology systems and information that enhance the passenger experience and empowers the Houston Airports to meet its mission and vision. It aims to ensure passengers and business partners experience easy, pleasant, forward thinking, and efficient technology platforms where information is relevant and accessible.	55.3	23,954,924	59.0	23,703,724	63.7	27,647,863	
HAS - William P. Hobby Airport 280007 William P. Hobby Airport (HOU) ensures the highest level of customer service for all passengers, visitors, tenants, and team members through a safe, secure and efficient operating environment by maintaining strict compliance with federal, state and local government regulations. It is comprised of the Terminal Management, Operations Management and Infrastructure Division.	206.1	46,312,666	224.0	44,378,373	231.4	48,304,414	
HAS - Ellington Airport 280008 The EFD Division operates Ellington Airport, providing a safe, secure, and efficient facility and serving the military, NASA and general aviation customers. EFD is also responsible for the development of the Houston Spaceport, working to build and diversify Houston's aerospace industry and economy.	21.3	4,411,066	23.0	5,089,718	22.7	5,028,452	
HAS - Human Capital Management 280010 The Human Capital Management Division provides services that enable the organization to attract, support, retain, and develop the diverse talent needed to achieve and sustain the airport's mission, vision and strategic objectives.	19.3	5,393,859	19.0	4,495,892	21.3	6,096,698	
HAS - External Affairs 280011 The External Affairs Division promotes HAS as a premier international gateway that provides consistent, high-level customer service and provides vital support for new and expanded air service development to fuel the local economy and increase traffic through our airports.	17.2	4,375,699	8.0	3,137,501	8.2	2,986,703	

FISCAL YEAR 2022 BUDGET

Division Summary						
Fund Name : HAS-Revenue Fund						
Business Area : Houston Airport System						
Fund No. /Bus Area No. : 8001 / 2800						
Division Description	FY2020 Actual		FY2021 Estimate		FY2022 Budget	
	FTEs	Costs \$	FTEs	Costs \$	FTEs	Costs \$
HAS - MAC 280012 The Marketing, Air Service Development and Communications Division oversees all Marketing efforts, specifically targeting an understanding of passengers' needs, Air Service Development activities to expand air service at Houston's two commercial airports, and all external Communications and Public Relations outreach.	7.0	2,830,723	14.0	4,838,744	15.4	5,543,402
HAS - ARRC 280013 The Aviation Risk and Regulatory Compliance Division advances the Houston Airport System initiatives and objectives through consultancy, identification of internal and external threats with business intelligence and technology toward streamlined regulatory and legal processes, and intuitive administrative policy development pertinent to aviation governing the use, control and operation of the Houston Airport System.	5.4	278,978	10.0	2,407,399	11.4	2,867,796
Total	1,081.9	471,273,238	1,141.8	320,700,293	1,181.5	436,241,186

FISCAL YEAR 2022 BUDGET

Business Area Revenues Summary

Fund Name : HAS-Revenue Fund
Business Area : Houston Airport System
Fund No./Bus. Area No. : 8001 / 2800

Category	FY2020 Actual	FY2021 Current Budget	FY2021 Estimate	FY2022 Budget
Licenses and Permits	522,260	400,000	650,000	500,000
Charges for Services	470,520,305	307,782,690	308,017,748	416,858,986
Other Fines and Forfeits	96	0	24	0
Interest	19,503,431	11,700,989	10,611,720	18,072,000
Miscellaneous/Other	992,440	816,614	1,420,801	810,200
Other Resources	50,902	0	0	0
Grand Total Revenues	<u>491,589,434</u>	<u>320,700,293</u>	<u>320,700,293</u>	<u>436,241,186</u>