

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.).

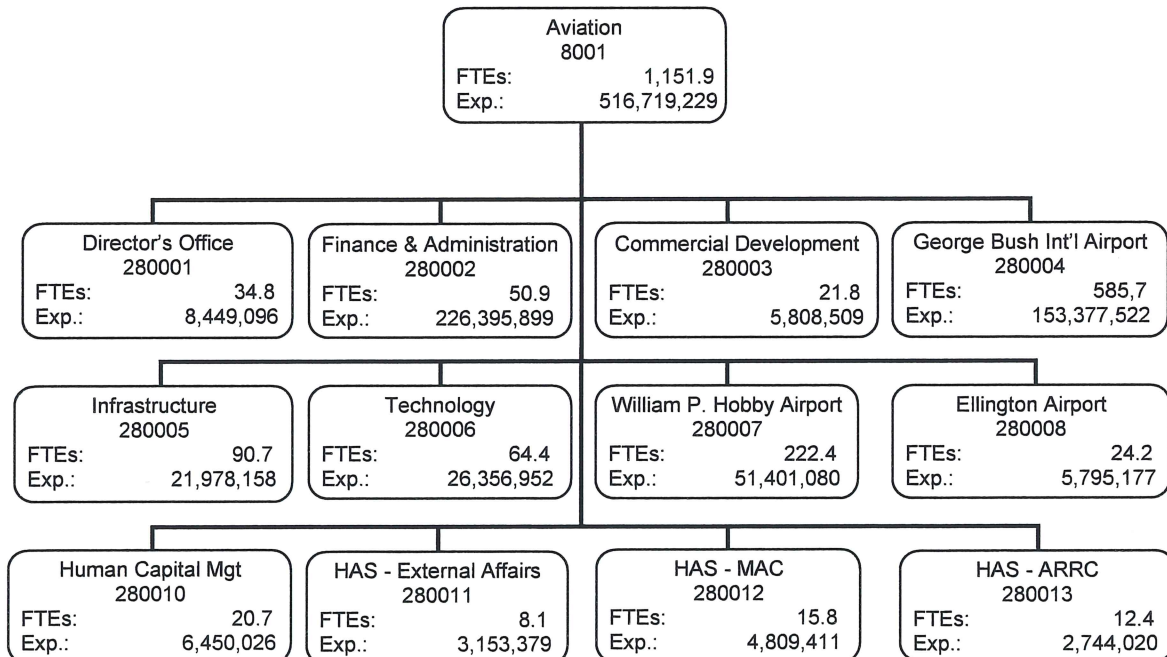
Short-Term Goals

- 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 2023 BUDGET

Fund Summary

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

	<u>FY2022 Current Budget</u>	<u>FY2022 Estimate</u>	<u>FY2023 Budget</u>
Beginning Fund Balance	0	0	0
Current Revenues	478,017,047	478,017,047	516,719,229
Total Available Resources	<u>478,017,047</u>	<u>478,017,047</u>	<u>516,719,229</u>
Maintenance and Operations	307,479,069	296,203,618	309,586,200
Debt Services	116,500	109,836	106,106,500
Renewal / Replacement Cap. Exps.	0	15,000,000	10,000,000
System Improvements	170,021,478	166,154,567	90,626,529
Other Interest	400,000	549,026	400,000
Total Expenditures	<u>478,017,047</u>	<u>478,017,047</u>	<u>516,719,229</u>
Planned Ending Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>
Total Budget	<u><u>478,017,047</u></u>	<u><u>478,017,047</u></u>	<u><u>516,719,229</u></u>



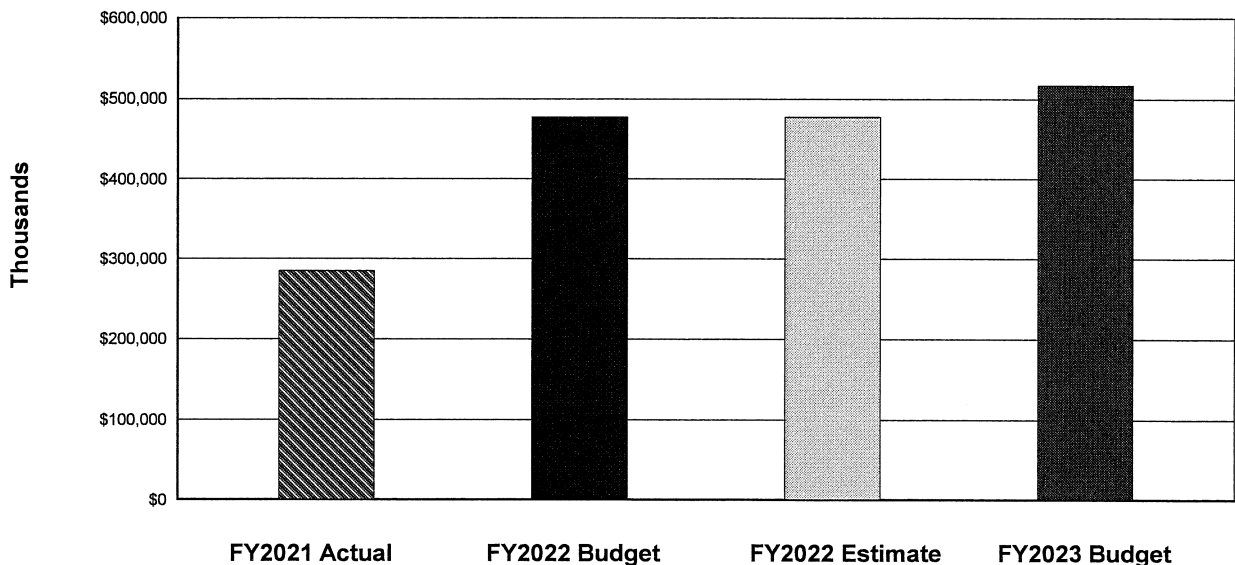
FISCAL YEAR 2023 BUDGET

Business Area Budget Summary

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

		FY2021 Actual	FY2022 Current Budget	FY2022 Estimate	FY2023 Budget
Expenditures	Personnel Services	102,551,792	115,505,594	114,772,295	121,053,022
	Supplies	6,852,932	6,800,106	7,183,340	7,213,996
	Other Services and Charges	158,645,397	182,839,036	172,371,727	179,215,845
	Non-Capital Equipment	1,490,977	2,334,333	1,876,256	2,103,337
	Total M & O Expenditures	269,541,098	307,479,069	296,203,618	309,586,200
	Debt Service & Other Uses	16,032,403	170,537,978	181,813,429	207,133,029
	Total Expenditure	285,573,501	478,017,047	478,017,047	516,719,229
Revenues		329,299,039	478,017,047	478,017,047	516,719,229
Staffing	Full-Time Equivalents - Civilian	1,122.0	1,181.5	1,127.0	1,151.9
	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	1,122.0	1,181.5	1,127.0	1,151.9
	Full-Time Equivalents - Overtime	41.2	56.2	54.0	51.5
Significant Budget Changes and Highlights	<ul style="list-style-type: none"> o The FY2023 Budget provides funding for health benefits, pension contribution, and municipal employees contractual pay increases. o The FY2023 Budget provides funding to secure our airport system, to provide world class customer service, grow our non-airline revenues, and plan for the modernization and expansion of our facilities. o The FY2023 Budget includes funding for the debt service of \$106 million. The debt service expense is also anticipated to be funded from Passenger Facility Charges (PFCs) and American Rescue Plan Act funds. o Funding for Parking Service and Automated People Movers contracts, will be funded from Airport Improvement Fund (8011). o HAS expects passenger levels to return to near-normal as passenger levels return to 29.0 million enplanements, just 0.9 million less than the actual enplanement level in FY2019. The reduction in passenger levels compared to pre pandemic will result in slightly lower Concessions and Parking revenues. 				

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



FISCAL YEAR 2023 BUDGET

Business Area Performance Measures				
Fund Name : HAS-Revenue Fund Business Area : Houston Airport System Fund No. /Bus. Area No. : 8001 / 2800				
Performance Measures	FY2021 Actual	FY2022 Target	FY2022 Estimate	FY2023 Target
Debt Service Coverage Ratio	N/A	N/A	N/A	1.50
Total M&O per Enplaned Passenger for HAS	\$16.80	\$16.06	\$10.78	\$10.62
Total M&O per Enplaned Passenger for HOU	\$11.48	\$9.50	\$7.82	\$7.09
Total M&O per Enplaned Passenger for IAH	\$12.83	\$11.80	\$7.61	\$7.02
Total Operating Revenue per Enplaned Passenger for HAS	\$21.86	\$24.03	\$18.75	\$17.82
Total Operating Revenue per Enplaned Passenger for HOU	\$14.19	\$16.07	\$17.75	\$15.68
Total Operating Revenue per Enplaned Passenger for IAH	\$19.60	\$25.49	\$18.38	\$16.79
Expenditures Adopted Budget vs Actual Utilization	59%	98%	110%	98%
Revenues Adopted Budget vs Actual Utilization	68%	100%	110%	100%

FISCAL YEAR 2023 BUDGET

Division Summary						
Fund Name : HAS-Revenue Fund Business Area : Houston Airport System Fund No. /Bus Area No. : 8001 / 2800						
Division Description	FY2021 Actual		FY2022 Estimate		FY2023 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.	27.6	4,676,448	35.0	7,070,774	34.8	8,449,096
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 Actual is decreased due to low System Improvement Transfer as a result of less revenue receipt.	53.5	28,754,242	50.0	200,255,190	50.9	226,395,899
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.	20.1	3,856,729	21.0	5,664,396	21.8	5,808,509
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.	594.8	142,045,134	572.0	146,415,586	585.7	153,377,522
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.	75.7	17,525,678	88.0	22,611,202	90.7	21,978,158

FISCAL YEAR 2023 BUDGET

Division Summary							
Fund Name : HAS-Revenue Fund							
Business Area : Houston Airport System							
Fund No. /Bus Area No. : 8001 / 2800							
Division Description	FY2021 Actual		FY2022 Estimate		FY2023 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.	57.7	23,396,948	62.0	25,688,712	64.4	26,356,952	
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.	218.9	47,174,738	222.0	48,472,716	222.4	51,401,080	
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.	22.2	4,360,800	23.0	5,285,096	24.2	5,795,177	
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.	17.0	4,615,893	18.0	6,671,685	20.7	6,450,026	
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.	10.4	3,092,677	8.0	2,959,879	8.1	3,153,379	

FISCAL YEAR 2023 BUDGET

Division Summary						
Fund Name : HAS-Revenue Fund						
Business Area : Houston Airport System						
Fund No. /Bus Area No. : 8001 / 2800						
Division Description	FY2021 Actual		FY2022 Estimate		FY2023 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.	10.3	4,017,929	16.0	4,350,520	15.8	4,809,411
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 towards streamlined regulatory and legal processes, and intuitive administrative policy development pertinent to aviation governing the use, control and operation of the Houston Airport System.	13.8	2,056,285	12.0	2,571,291	12.4	2,744,020
Total	<u>1,122.0</u>	<u>285,573,501</u>	<u>1,127.0</u>	<u>478,017,047</u>	<u>1,151.9</u>	<u>516,719,229</u>

FISCAL YEAR 2023 BUDGET

Business Area Revenues Summary

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

Category	FY2021 Actual	FY2022 Current Budget	FY2022 Estimate	FY2023 Budget
Licenses and Permits	920,608	1,200,000	1,200,000	900,000
Charges for Services	316,079,934	456,991,402	466,474,072	505,009,229
Other Fines and Forfeits	48	500	500	0
Interest	10,554,355	18,072,000	8,576,558	10,000,000
Miscellaneous/Other	1,744,094	825,577	838,349	810,000
Other Resources	0	927,568	927,568	0
Grand Total Revenues	329,299,039	478,017,047	478,017,047	516,719,229