



April 23, 2020

# Airport Economic Recovery Task Force

## Aviation Department Update



# CLT Aviation Activity (Covid-19 Impact)

Activity	FY19 Actual	FY20 Budget	FY20 Estimated	FY21 Original Budget	FY21 Current Budget	FY20 Budget–FY21 Change
Total Airport Enplanements	23,959,409	24,212,399	18,787,923	26,128,360	18,499,741	-23.8%
Total Airline Landed Weight	28,433,009	28,926,606	24,591,248	30,555,431	24,148,605	-16.5%

## Activity Update

Strong Enplanement growth through February

- Enplanements currently at 5% of 2019 level
- Projected recovery to begin in August



# Revenue Summary (Covid-19 Impact)

Revenue Category	FY19 Actual	FY20 Budget	FY20 * Estimated	FY21 Original Budget	FY21 * Current Budget	FY20 Budget–FY21 Change
Airline Revenues	\$78.1	\$90.6	\$81.5	\$98.5	\$79.7	-12.0%
Non-Airline Included Revenues	154.5	154.7	120.7	165.8	120.7	-22.0%
<b>Total Included Revenues</b>	<b>\$232.6</b>	<b>\$245.3</b>	<b>\$202.2</b>	<b>\$264.3</b>	<b>\$200.4</b>	<b>-18.3%</b>

*(in \$millions)*

\* Airport will pay non-PFC eligible debt service

## Revenue Update

Enplanement reduction results in:

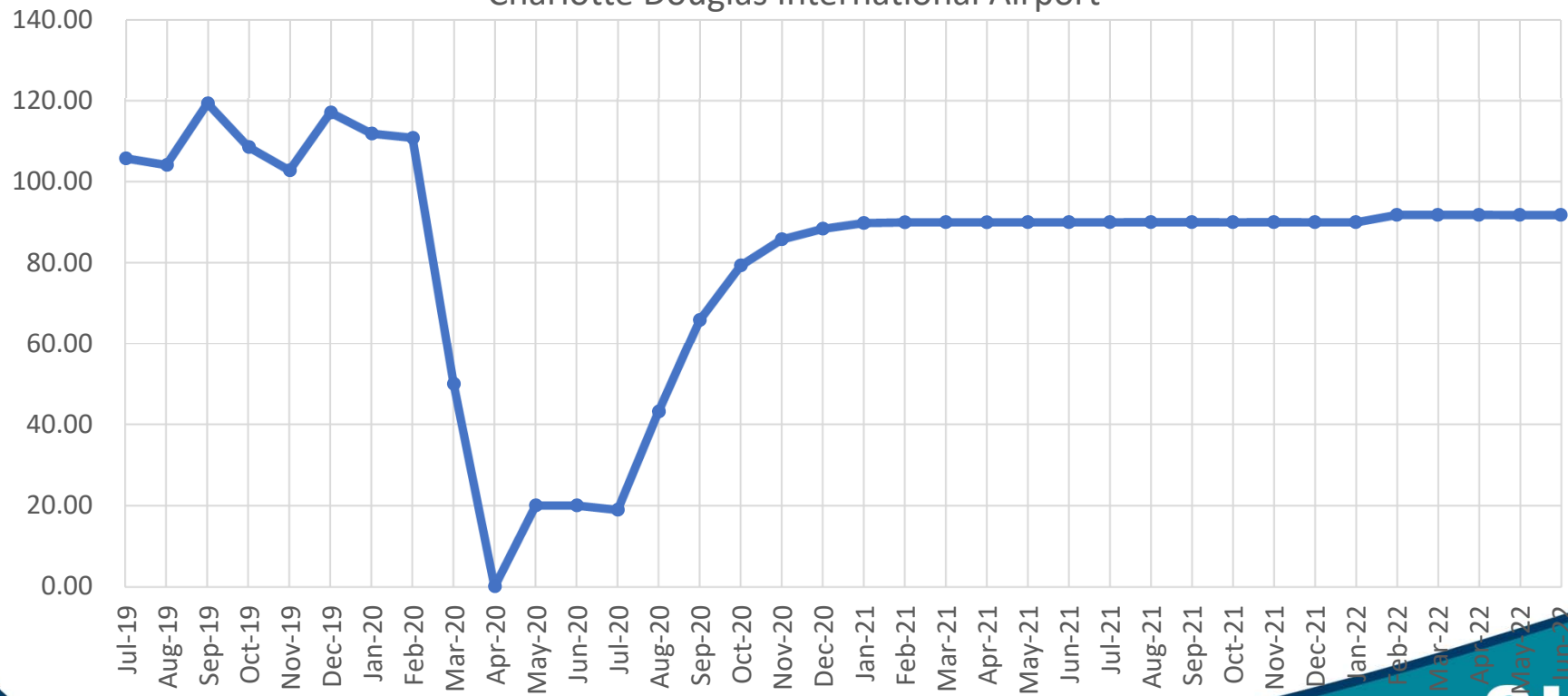
- Concurrent reduction in parking revenue
- Concurrent reduction in concession revenue



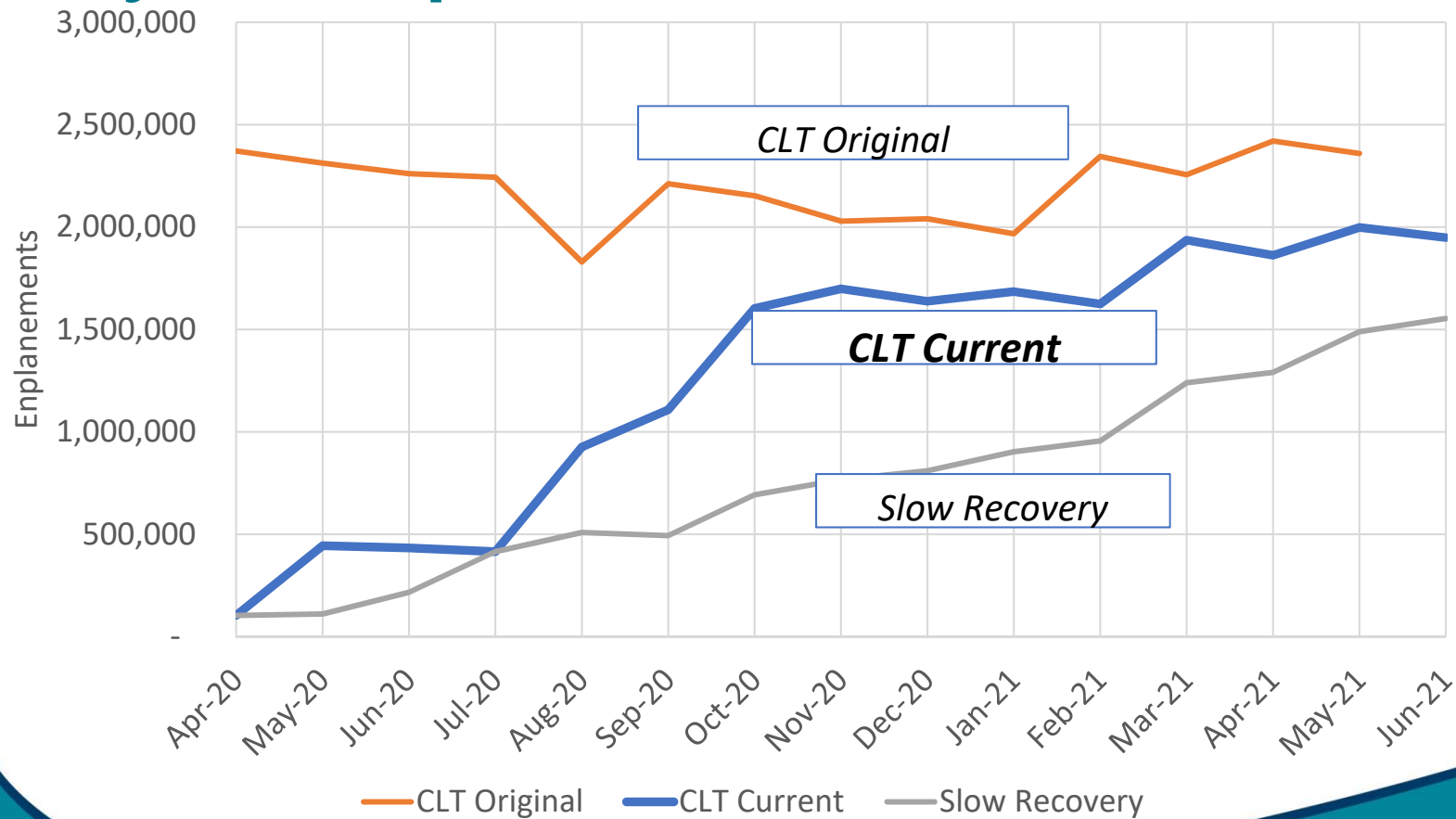
# Projected Enplanement Activity

Index of Enplaned Passengers (2019=100)

Charlotte Douglas International Airport

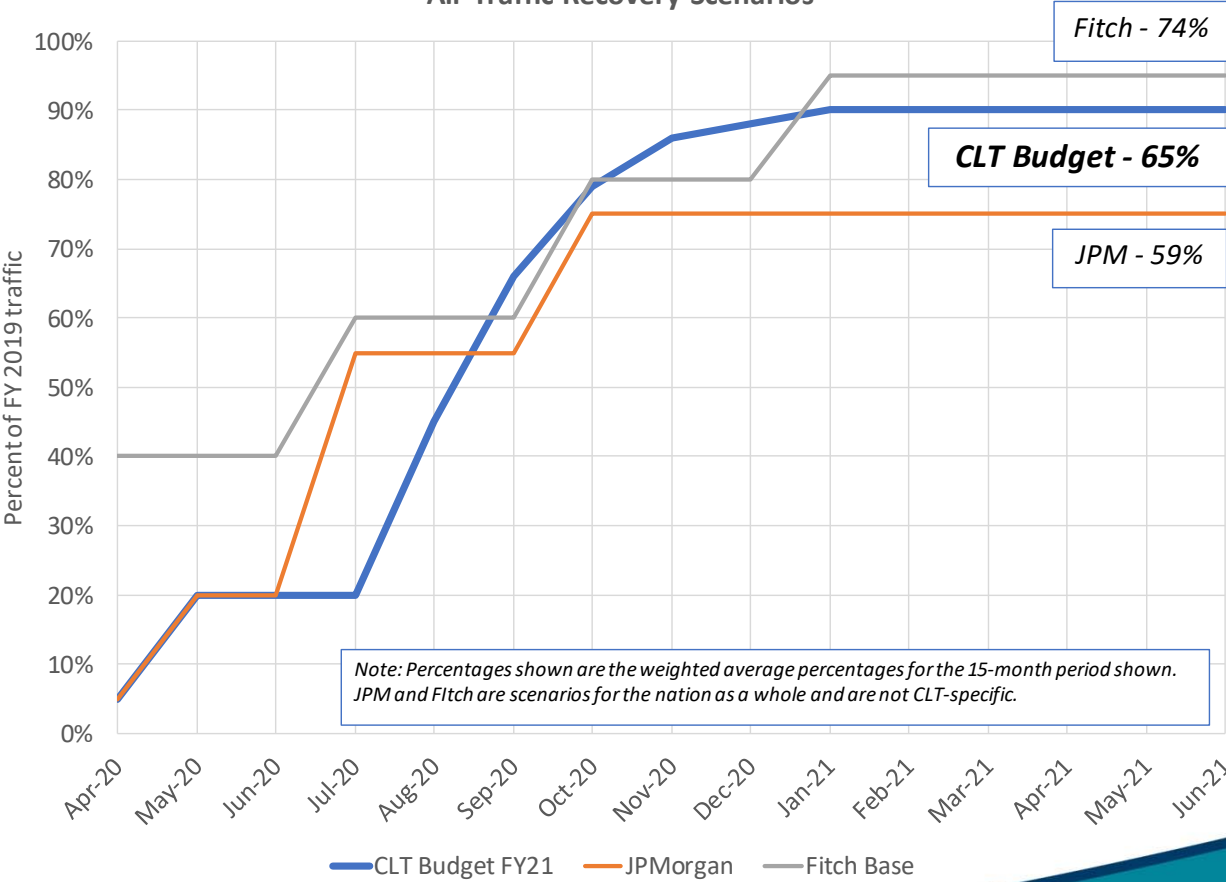


# Projected Enplanement Scenarios



# Travel Industry Forecast

Air Traffic Recovery Scenarios



# CLT Priorities in Responding to Covid-19

- **CLT Priorities**

- 1. *Sustaining Airport Operations***

- Supporting Mission Critical Operations

- 2. *Protecting Aviation Employees***

- Obligation of 2020 CARES Act

- 3. *Commitment to Investors***

- Comply with obligations of the CLT Bond Order

- 4. *Support CLT Business Partners***

- Financial relief and flexibility



# CLT's Immediate Reaction to Covid-19

- Advancement of the Signatory Airlines' Share of the FY20 Net Remaining Terminal Complex Revenue.
- Application of the North Carolina Airport Improvement Grant Program to CLT's Debt Service Obligations.
- Reductions in Operation and Maintenance Expenses for FY20 and FY21 and Corresponding Impacts on Airline Rates and Charges.
- Adjustments to CLT's Capital Improvement Program
- Federal Airport Stimulus Program – 2020 Cares Act



# CLT Financial Response to Covid-19

## Operating Expenses

- Immediately Reduce Operating Expenditures in FY 2020 and Budget FY 2021
  - Immediate freeze on all hiring
  - Restrictions on Overtime
  - Elimination of additional positions in FY 2021
  - Reduction in service level on demand impacted contracts
    - Traffic Control/Queuing Services/Valet Parking/Airport Information Counter
  
- Elimination or reduction of discretionary spending to include:
  - Travel and Training
  - Memberships
  - Marketing



# CLT Financial Response to Covid-19

## Debt Service & Capital Outlays

- Use of Grant Funding to pay Debt Service
  - NCAIP Grants in FY 2020
  - NCAIP Grants or CARES Grants in FY 2021
  
- Elimination or Postponement of Capital Outlays
  - Capital Equipment
  - Rolling Stock

# CLT Financial Response to Covid-19

## Major Capital Projects - Suspended

- Concourse A Expansion Phase II
- Joint Operations Center
- Concession Distribution & Receiving Center
- FIS/Concourse D Renovations Design

## Major Capital Projects – Proceeding

- Terminal Lobby Expansion
- Concourse E Expansion – Phase 9
- West Ramp Expansion Phase 2
- Fuel Farm Expansion – Phase III
- Design & Construction of North End Around Taxiway
- Design & Construction of South Crossfield Taxiway and Deicing Pads



# Airline Cost Per Enplanement

	<b>FY 2019 Actual</b>	<b>FY 2020 Budget</b>	<b>FY 2020 Estimate</b>	<b>FY 2021 Budget</b>	<b>FY 2021 Slow Recovery</b>
Signatory Airlines	\$1.50	\$1.95	\$2.39	\$2.34	\$4.73
Non- Signatory Airlines	\$5.58	\$4.08	\$9.13	\$9.10	\$13.54
Total All CLT Airlines	\$1.55	\$1.99	\$2.42	\$2.38	\$4.77



# Budget Summary

Description	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimated	FY 2021 Budget	FY2021 Slow Recovery	FY 2021 Bud To FY 2020 Change
Enplanements (millions)	24.0	24.2	18.8	18.4	11.1	-23.8%
Operating Revenues*	\$232.6	\$245.3	\$202.2	\$200.4	\$147.4	-18.3%
Operating Expenses*	\$124.6	\$141.4	\$136.5	\$133.1	\$120.0	-5.9%
Net Operating Revenues*	\$108.0	\$103.9	\$65.7	\$67.3	\$27.4	-35.2%
<b>Net Airline Payments *</b>	<b>\$49.1</b>	<b>\$64.2</b>	<b>\$59.2</b>	<b>\$56.3</b>	<b>\$64.9</b>	<b>-12.2%</b>

*\*in \$millions*



# CLT Proforma Financial Metrics

CLT METRIC	2020	2021	2022	2023	2024	2025
<b>Days Cash on Hand (DCOH)</b>	<b>1,039</b>	<b>1,088</b>	<b>1,004</b>	<b>929</b>	<b>884</b>	<b>899</b>
Management's Target (DCOH)	800	800	800	800	800	800
<b>PFC Fund Remaining Balance (\$M)</b>	<b>\$135.6</b>	<b>\$162.3</b>	<b>\$148.4</b>	<b>\$143.2</b>	<b>\$91.4</b>	<b>\$51.0</b>
Management's Target (\$M)	\$50	\$50	\$50	\$50	\$50	\$50
<b>PFC Leverage (%)</b>	<b>55.4%</b>	<b>64.2%</b>	<b>60.6%</b>	<b>70.1%</b>	<b>93.0%</b>	<b>100.0%</b>
Management's Target (%)	80%	80%	80%	80%	80%	80%
<b>GARB Debt per Enplaned Passenger</b>	<b>\$43</b>	<b>\$42</b>	<b>\$43</b>	<b>\$52</b>	<b>\$49</b>	<b>\$78</b>
Management's Target	\$60	\$60	\$60	\$60	\$60	\$60
<b>DSC - (Bond Ordinance)</b>	<b>N/A</b>	<b>N/A</b>	<b>3.46x</b>	<b>2.71x</b>	<b>2.59x</b>	<b>2.24x</b>
Management's Target	2.00x	2.00x	2.00x	2.00x	2.00x	2.00x
<b>DSC - (Ratings Method*)</b>	<b>2.09x</b>	<b>2.10x</b>	<b>1.84x</b>	<b>1.57x</b>	<b>1.51x</b>	<b>1.50x</b>
Management's Target	1.50x	1.50x	1.50x	1.50x	1.50x	1.50x
<b>Airline Cost per EPAX (CPE)</b>	<b>\$2.42</b>	<b>\$2.38</b>	<b>\$2.83</b>	<b>\$2.99</b>	<b>\$3.77</b>	<b>\$5.57</b>
Management's Target (CPE)	n/a	n/a	n/a	n/a	n/a	n/a

\* DSC (Ratings Method) treats PFCs and Grants to pay Debt Service as revenue and does not include rolling coverage.

- Metrics required to maintain AA Ratings



# CARES ACT Federal Stimulus Funds

- CLT allocation \$135 million
- Funds can be used for any lawful airport expense
- Potential CLT Grant Uses:
  - FY 2021 Debt Service
  - PFC Collection Shortfall
    - Existing PFC Debt Service
    - Existing PFC Pay-as-you-go Projects
  - FY 2021 O&M Expenses
  - FY 2021 Capital Projects



Questions?

