



# City of Charlotte Community Recovery Task Force: CLT Airport Subcommittee

May 7, 2020



## American Airlines – 95 Years and Resilient

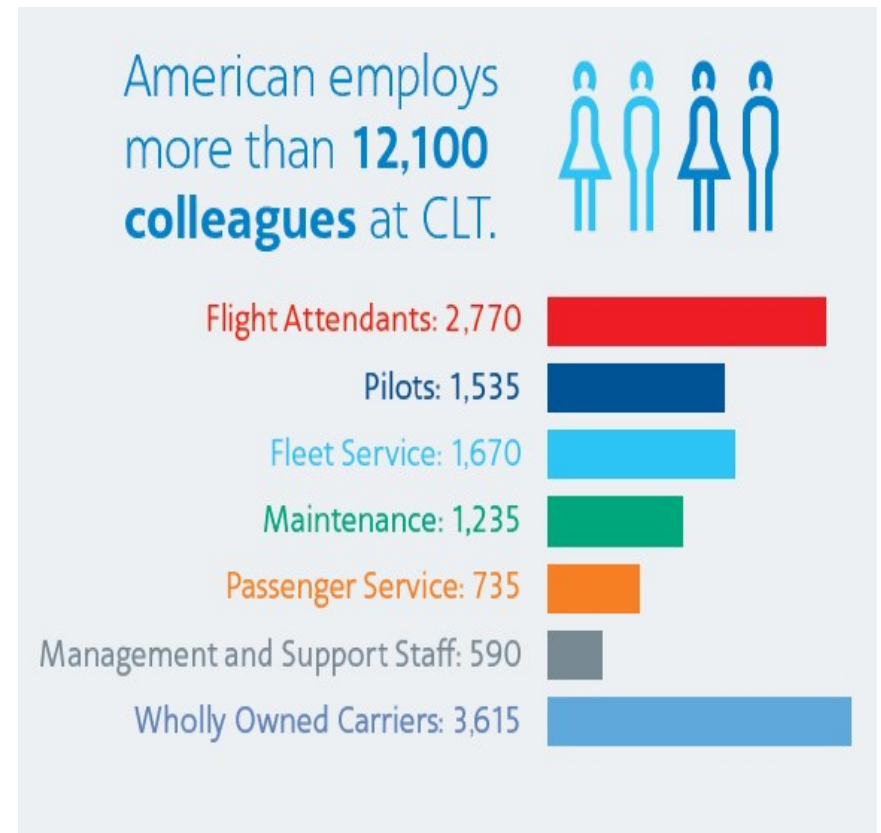
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- Approximately 130,000 employees company-wide
- Corporate headquarters located in Fort Worth, TX
- 6,745 daily departures to 340 destinations in 57 Countries
- Roughly 85% of employees are unionized - the highest percentage of unionized workers of any U.S. airline

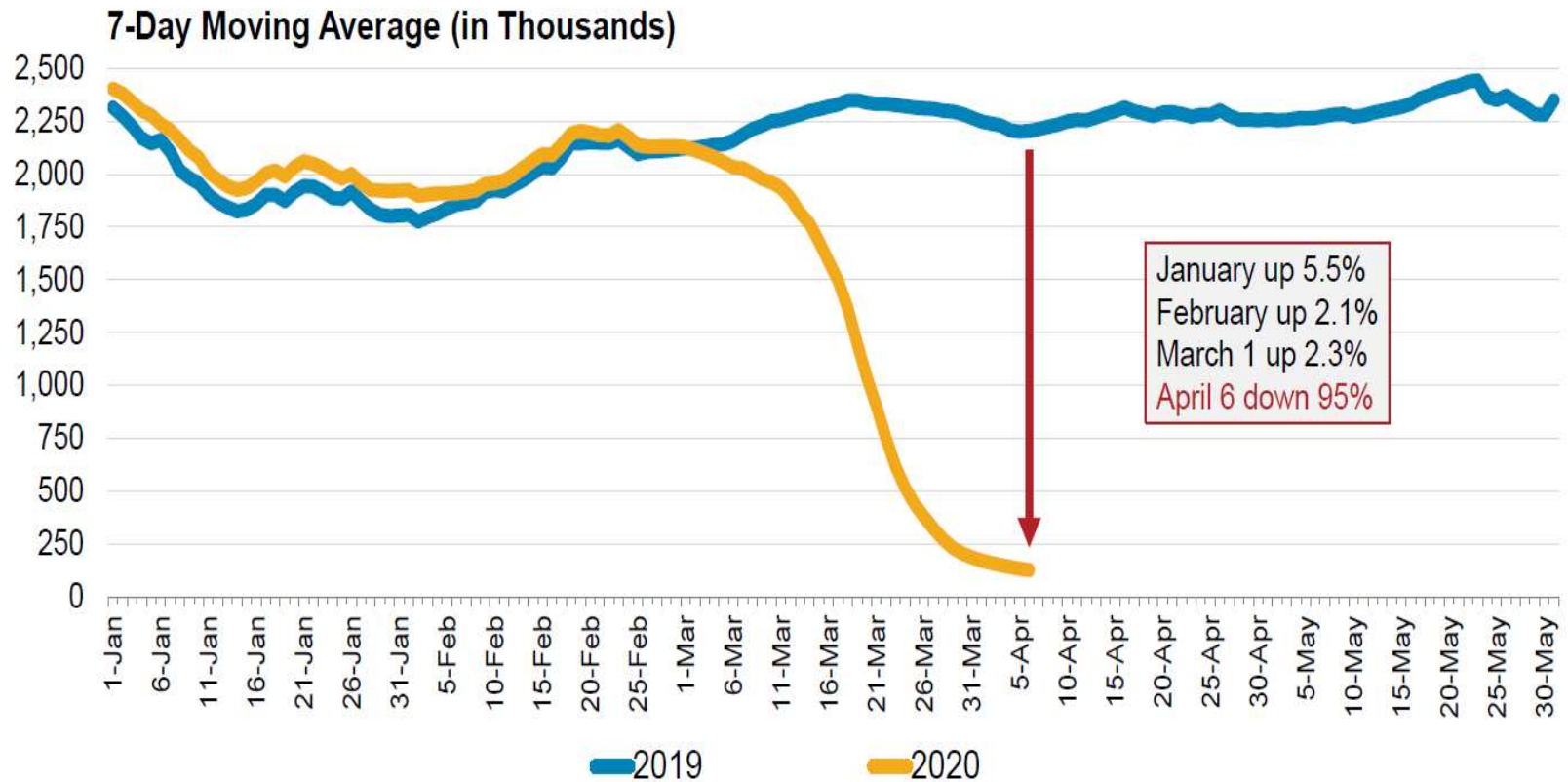
## CLT: Second Largest Hub for the World's Best Workforce

- Spend more than \$1.4B in payroll locally; fifth largest employer in Mecklenburg
- February 2020 Milestone – 700+ daily flights to 149 destinations in 25 countries
- In recent years, American has committed more than \$740 million in terminal and airfield improvements at CLT
  - \$106 million in direct investments to improve leased terminal spaces and off-airport facilities

**Total Economic Output: \$13.2 Billion**  
**Total Employment Impact: 127,829**



# COVID's impact on travel: TSA Checkpoint Traveler Throughput



January up 5.5%  
 February up 2.1%  
 March 1 up 2.3%  
 April 6 down 95%

Sources: Transportation Security Administration

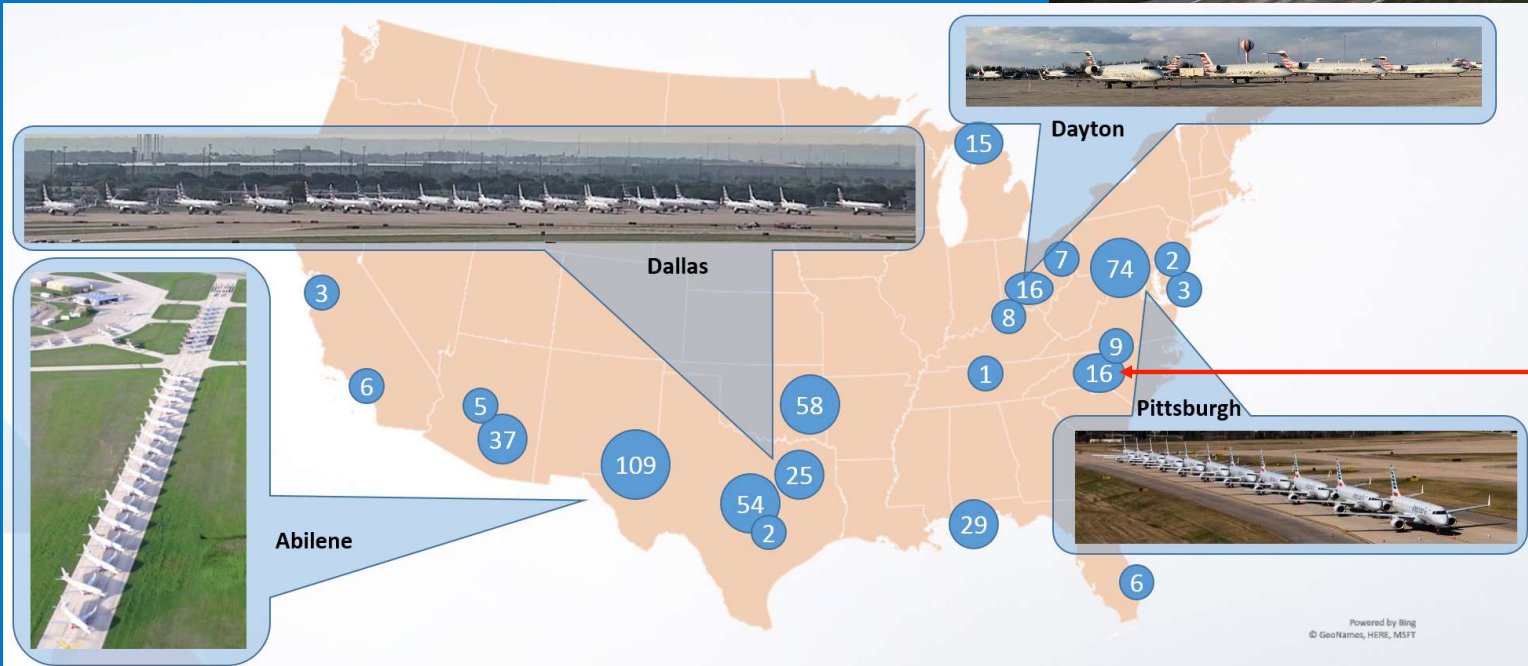
\* U.S. and foreign carrier customers traversing TSA checkpoints; 2019 is year-ago same weekday

## Reducing costs

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- Reduced system capacity by 80% in April and May, and 70% in June
- Reduced 2020 expenditures by more than \$12 billion (including fuel)
- Accelerated fleet retirements: E-190s, B-757s, B-767s and A330-300s
- Suspended all nonessential hiring
- Paused non-contract pay increases, reduced executive and board pay
- Deferred marketing expenditures; reduced contractor, event, training expenses

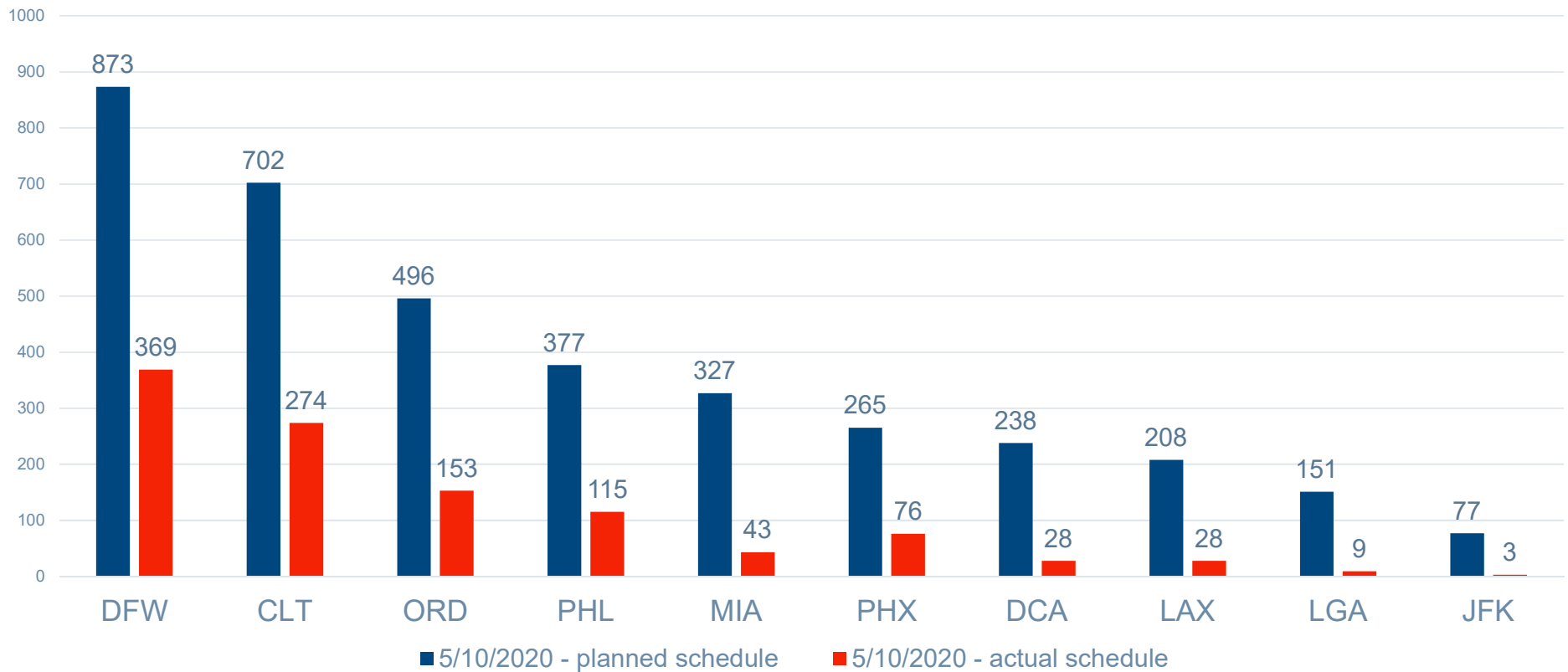
# 470 aircraft removed from active service and parked across the country



16 aircraft currently parked at CLT Airport

# COVID's impact on demand: Schedule changes by Hub

May 2020 Planned v. Actual Schedules  
Sample Peak Day Departures



## Caring for customers

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- Enhanced cleaning procedures, providing sanitizing wipes, and requiring face masks
- Limiting customers on each flight
- Extended waivers and offering refunds
- Made it easier for customers to earn elite status this year
- Extended elite status to early 2022
- Extended Admirals Club memberships by six months



## Caring for our team

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- Aircraft and work area cleanliness; social distancing measures; temperature checks
- Face coverings, gloves, hand sanitizer and wipes provided for frontline team members
- Nearly 39,000 team members opted for paid leave or early retirement programs
- Two weeks paid sick time for COVID-19 cases or ordered quarantine
- Received \$5.8 billion in Payroll Support Program guaranteeing employment for team members through September 30, 2020.

## Caring for the communities we serve

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- Transporting 6.5 million pounds weekly of critical cargo
- Donated 100+ tons of food to foodbanks in hubs
- Raised approx. \$3 million for the Red Cross
- Donated thousands of supply kits, care packages
- With UNICEF, allocated \$460,000 to support their relief work in Central and South America



CLT Team Members  
Collect and Donate  
Food to Camino  
Community Center

## Coronavirus Aid, Relief, and Economic Security Act: Payroll Support Program (PSP) and Loan Guarantees

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- Earmarked \$25 billion for passenger carriers, \$4 billion for cargo, and \$3 billion for contractors to be exclusively used for employee wages, salaries and benefits.
- American secured \$5.8 billion from U.S. Treasury for PSP
  - Funds must be used for payroll
  - Cannot involuntarily furlough any mainline or regional employee through Sept. 30, 2020
  - Requirement to maintain scheduled service to spokes
  - Limits on stock buy backs, executive comp, etc.
- American has applied for \$4.7B in government loans to address liquidity issues

# CARES Act: Economic Impact of Payroll Support for American Airlines Employees in North Carolina

Additional Federal Income Taxes	\$37,091,734
Additional State Income Taxes	\$8,607,310
Additional Federal Payroll Taxes	\$50,234,556
Saved Federal Pandemic Unemployment Compensation	\$124,664,603
Saved State Unemployment Benefits	\$93,760,472
Additional consumer spending statewide from AA employees disposable income	\$119,067,355

## Quantified Benefits

Employees Statewide	13,208
Total 2019 W-2 Earnings	\$713,897,724
Average 2019 W-2 Earnings Per Employee	\$54,050

**SOURCE:** COMPASS LEXECON Summary of Quantified Benefits to U.S. Treasury, State Treasuries, and Broader U.S. Economy From CARES Act Payroll Support for American Airlines' Employees Under 60% and 85% Furlough Assistance Avoidance Assumptions – April 2020

## Operating Costs

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- Airports are self-sustaining enterprises with costs paid by the users of the facilities
- Airport Infrastructure is funded through federal grants, Passenger Facility Charges (PFC), and tenant rents and fees.
- Airline rental rates and charges are determined by taking the total cost of the Airport's O&M and debt service minus revenues generated by concessions and parking
- State and local taxes do not support operations

# COVID's impact on Airport revenue: CLT's Budget

## 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

### Airline Revenues:

- Rates and Charges
- Landing Fees

### Non-Airline Revenues:

- Terminal Concessions  
(Retail/F&B/Rental Cars/Advertising)
- Parking

## Looking Forward

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- We are adapting as best we can in this unpredictable environment
- We have confidence that CLT will continue to run an efficient and low-cost operation at our second-largest hub
- We will be ready to welcome RNC-related traffic in late August
- We expect the pandemic will bring about long-term changes to the air travel experience
- We will be a stronger and more efficient company because of this experience

Thank You!  
Any Questions?

