

**DIVISION OF AVIATION
FISCAL YEAR 2017 BUDGET TESTIMONY
MAY 2, 2016**

EXECUTIVE SUMMARY

INTRODUCTION: Good morning Council President Clarke and Members of City Council. I am Chellie Cameron, Chief Executive Officer of the Philadelphia International Airport. Joining me today are Tracy Borda, Chief Financial Officer, Kieran Sheridan, Chief Operating Officer, and Folasade Olanipekun-Lewis, Chief Administrative Officer, as well as many other members of the Division of Aviation (the Division, or Aviation) staff.

DEPARTMENT MISSION AND FUNCTION

Mission: To improve, operate, and develop premier air transportation facilities to serve the Greater Philadelphia region that deliver superior standards of customer service and excellence while maintaining the highest levels of safety, security, convenience and efficiency.

Description of Major Services: The Division is comprised of the Philadelphia International Airport (PHL) and the Philadelphia Northeast Airport (PNE) (PHL and PNE, collectively “the Airport”). The Division operates as a self-sustaining entity operating without the use of local tax dollars. In its endeavor to be the region’s airport of choice, the Division collaborates with Airport stakeholders to offer the traveling public safe, clean, modern and convenient air transportation facilities while providing them the opportunity to sample a wide array of products and services that allow passengers a unique traveling experience.

PROPOSED BUDGET HIGHLIGHTS

Plans for FY 2017 include:

1. **Renewed Focus on Customer Service-** PHL began quarterly passenger satisfaction surveys earlier this year, which will enable the Airport to better understand the needs and desires of its domestic, international, local, and connecting passengers. PHL will develop metrics to gauge its success and utilize the results of these surveys to work with its airline partners and other aviation stakeholders, such as the Transportation Security Administration, Customs and Border Protection, etc., to implement short and long-term programs to meet the needs of the passengers.
2. **Capital Development-** The Airport will continue to work with its airline partners to invest in its infrastructure to modernize facilities, which will help promote employment opportunities for citizens of our City and region. PHL has received approval from the airlines for over \$1.6 billion to build new infrastructure and to rehabilitate and repair the Airport’s existing infrastructure. Over the next five years, airside improvements will include completion of Runway 9R-27L extension, new taxiways, aircraft holding bays, and aprons to allow aircraft to queue more efficiently for departure resulting in decreased operational costs to the airlines and a reduced impact to the environment as a result of less aircraft fuel burn while taxiing. Near-term terminal improvements include completion of the Terminal F expansion, which includes additional capacity for passenger and baggage processing and a secure automated exit to the newly-constructed Terminal F baggage claim facility.
3. **Facility Maintenance/Asset Management-** To optimize Airport operations and keep assets running at peak performance, the Division is in the process of implementing an upgraded version of Maximo, a state-of-the-art computerized maintenance management system. This project is the cornerstone of a larger enterprise asset management initiative to improve the performance of Airport facilities, effectively allocate resources, promote cost-effective decision making and enhance customer service through faster response, enhanced communication tools and more reliable facilities. The implementation has been divided into three phases which will take approximately two years to complete. Once complete, the Airport expects to develop key performance indicators to measure the effectiveness and efficiency of our maintenance efforts.

DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY

4. Air Service Development- PHL's air service routes and airline providers deliver a global network of traveling options for its business and leisure travelers, and the Airport continues to press forward with expanding its reach both domestically and internationally. In the last year, PHL has seen additional domestic service offerings from Frontier Airlines, JetBlue Airways, and Spirit Airlines. Internationally, new service announcements from Air Canada, American Airlines, Delta Air Lines, and Frontier Airlines provide expanded service to the Caribbean, Canada and Europe. Moving forward, PHL, working with its current and future airline partners, hopes to extend its reach to the Asian markets, specifically China, Japan or Korea.

5. Workforce Development- The Division realizes the importance of building partnerships with local communities to develop youth for potential opportunities in the workforce through structured internship programs. Working with governmental and community leaders, The Airport has built long-standing relationships with high schools and other organizations in order to show its commitment to developing our future workforce. Interns from various council districts throughout the City of Philadelphia and the surrounding communities are considered for temporary positions in the organization. Student interns are drawn from local public, private and charter high schools, as well as various colleges and universities. In 2014, a formal internship program was developed, which in some instances provided students with their first work experience. In 2015, the Division hired 27 high school and 40 college interns. PHL plans to continue its workforce development and internship initiatives over the next five years to help the City's youth gain pertinent job-related experiences and increase their knowledge of the transportation and STEM (Science, Technology, Engineering and Math) industries. Additionally, in 2016, the Airport held its fourth annual Job Fair, which invited qualified candidates from across the region to attend free job readiness workshops and interview with prospective employers for career opportunities. This year's event at Temple University's Liacouras Center attracted more than 1,600 job seekers who interviewed with over 40 employers.

Staff Demographics Summary (as of February 2016)

	Total	Minority	White	Female
Full-Time Staff	741	529	212	227
Executive Staff	7	2	5	3
All Staff	748	531	217	230
Average Salary - Full-Time Staff	\$43,682	\$40,515	\$51,586	\$43,533
Average Salary - Executive Staff	\$174,286	\$165,000	\$178,000	\$181,667
Average Salary - All Staff	\$44,904	\$40,984	\$54,499	\$45,335
Median Salary - Full-Time Staff	\$39,792	\$36,290	\$46,372	\$36,610
Median Salary - Executive Staff	\$160,000	\$165,000	\$160,000	\$170,000
Median Salary - All Staff	\$39,792	\$36,490	\$46,715	\$38,319

Employment Levels (as of February 2016)

	Budgeted	Approved	Filled
Full-Time Positions	850	850	741
Part-Time Positions	0	0	0
Executive Positions	7	7	7
Overall Average Salary	\$43,663	\$43,663	\$44,904
Overall Median Salary	\$39,392	\$39,392	\$39,792

Financial Summary by Class - Division of Aviation

	Fiscal 2015 Actual Obligations	Fiscal 2016 Original Appropriations	Fiscal 2016 Estimated Obligations	Fiscal 2017 Proposed Appropriations	Difference FY17-FY16
Class 100 - Employee Compensation	\$43,299,856	\$46,218,000	\$44,218,000	\$47,716,649	\$3,498,649
Class 200 - Purchase of Services	\$70,371,728	\$96,372,841	\$85,000,000	\$103,125,441	\$18,125,441
Class 300 - Materials and Supplies	\$5,720,601	\$8,720,000	\$7,000,000	\$10,401,000	\$3,401,000
Class 400 - Equipment	\$797,477	\$3,330,000	\$2,600,000	\$3,495,000	\$895,000
Class 500 - Contributions	\$1,437,018	\$4,205,000	\$4,205,000	\$4,205,000	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$7,231,698	\$24,600,000	\$24,600,000	\$24,625,000	\$25,000
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
Total	\$128,858,378	\$183,455,841	\$167,623,000	\$193,568,090	\$25,945,090

Financial Summary by Class - Full Aviation Fund (inclusive of funding included in other City department budgets)

	Fiscal 2015 Actual Obligations	Fiscal 2016 Original Appropriations	Fiscal 2016 Estimated Obligations	Fiscal 2017 Proposed Appropriations	Difference FY17-FY16
Class 100 - Employee Compensation	\$104,409,072	\$129,068,250	\$127,033,824	\$132,390,694	\$5,356,870
Class 200 - Purchase of Services	\$97,693,140	\$137,169,138	\$125,795,297	\$144,338,618	\$18,543,321
Class 300 - Materials and Supplies	\$7,273,185	\$10,360,557	\$8,639,357	\$12,041,557	\$3,402,200
Class 400 - Equipment	\$1,850,215	\$8,939,800	\$8,209,800	\$9,109,800	\$900,000
Class 500 - Contributions	\$3,949,018	\$6,717,000	\$6,717,000	\$6,717,000	\$0
Class 700 - Debt Service	\$128,048,348	\$123,505,128	\$123,505,128	\$139,626,331	\$16,121,203
Class 800 - Payment to Other Funds	\$7,231,698	\$24,623,000	\$24,623,000	\$24,648,000	\$25,000
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
Total	\$350,454,676	\$440,382,873	\$424,523,406	\$468,872,000	\$44,384,594

DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY

FEDERAL DBE Contracts Summary (*as of December 2015) under the Federal Fiscal Year)

	FFY11	FFY12	FFY13	FFY14	FFY15	FFY16*
Total amount of contracts	\$21,590,781	\$44,351,953	\$69,167,994	\$16,135,893	\$39,866,021	\$3,478,618
Total amount to DBE	\$3,297,882	\$5,901,631	\$10,667,288	\$2,782,938	\$5,078,556	\$504,424
Participation Rate	15.3%	13.3%	15.4%	17.2%	21.9%	14.5%

Airport Concession Disadvantaged Business Enterprise (ACDBE) Program Summary (*full 1st quarter, partial 2nd quarter FFY16 – March 2016)

	FFY11	FFY12	FFY13	FFY14	FFY15	FFY16*
Total amount of contracts	\$247,012,526	\$227,758,861	\$238,178,244	\$264,931,026	\$281,563,592	\$98,297,211
Total amount to ACDBE	\$69,671,008	\$67,181,943	\$74,642,076	\$77,366,478	\$71,222,513	\$14,777,368
Participation Rate	28.2%	29.5%	31.3%	29.2%	25.3%	25.6%

M/W/DSBE Contracts Summary (*as of December 2015)

	FY11	FY12	FY13	FY14	FY15	FY16*
Total amount of contracts	\$54,712,591	\$81,401,374	\$72,689,280	\$69,514,053	\$115,731,427	\$50,428,091
Total amount to M/W/DBE	\$16,138,566	\$26,294,251	\$19,973,013	\$18,138,615	\$29,178,944	\$15,801,077
Participation Rate	29.5%	32.3%	27.5%	26.1%	25.21%	31.33%

**DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY
FUNDING REQUEST**

FUNDING REQUEST

The Aviation Fund is an enterprise fund of the City. The Aviation Fund is self-supporting, using aircraft landing fees, terminal building rentals, concession revenue and other facility charges to fund annual expenses. The FY 2017 proposed budget increases Aviation’s budget by \$25.9 million (15.5%) more than the FY 2016 current projection primarily due to higher salaries and benefits, ongoing engineering costs related to our capital program, expanded customer service programs, and greater maintenance requirements due to new and expanded facilities. Requested FY 2017 appropriations will provide sufficient resources to operate and maintain the 3.3-million square foot terminal complex and 2,410-acre PHL site, as well as PNE.

The proposed budget includes:

- \$47,716,649 in Class 100, a \$3,498,649 increase over FY 2016 current projected expenditures. This funding is required to cover a 3.0% wage increase for District Council 47; overtime for special events; an increase in staff position levels from 850 in FY 2016 to 900 in FY 2017; and as a contingency for other potential wage increases for non-uniformed workers and employees with the Fire Department.
- \$103,125,441 in Class 200, an \$18,125,441 increase over FY 2016 current projected expenditures. This funding is required for increased costs related to the planning and design of ongoing and expanded airport capital projects; maintenance of new systems and terminal facilities that are coming on-line in FY 2017; additional assessments, customer satisfaction surveys and employee training to improve the passenger experience through expanded amenities and improved aesthetics; and necessary contingencies for any new airline initiatives.
- \$10,401,000 in Class 300, a \$3,401,000 increase over FY 2016 current projected expenditures. This funding is required for increased security badging supplies, additional building materials, general hardware and tools related to ongoing maintenance; runway deicing fluids; and replacement lighting for runways and taxiways.
- \$3,495,000 in Class 400, an \$895,000 increase over FY 2016 current projected expenditures. This funding is required to replace aged vehicles; upgrade handheld radios; and purchase additional IT equipment.
- \$4,205,000 in Class 500, no increase over FY 2016 current projected expenditures.
- \$0 in Class 700, no increase over FY 2016 current projected expenditures.
- \$24,625,000 in Class 800, a \$25,000 increase over FY 2016 current projected expenditures.
- \$0 in Class 900, no increase over FY 2016 current projected expenditures.

Overall, the total FY 2017 Aviation Fund request is \$468.9 million, a 10.4% increase from the FY 2016 operating budget estimated obligations of \$424.5 million, which includes \$108.8 million for appropriations directly related to the Police, Fire, Fleet Management, Technology, Public Property, Sustainability, Law, Risk Management and Finance Departments. The \$44.3 million increase is inclusive of the \$25.9 million increase explained above and also includes \$16.1 million in budgeted potential additional debt service payments should the Airport need to issue new bonds in FY 2017. The chart titled “Financial Summary by Class - Division of Aviation” shows the Division of Aviation’s budget, and the additional financial summary chart shows the entire Aviation Enterprise Fund’s budget, which is inclusive of funding included in other City department budgets.

DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY

STAFFING LEVELS

STAFFING

As of February 29, 2016, the Airport had 748 Civil Service and Exempt positions filled, not including temporary employees. The categorization of the workforce is as follows: 69% are men, and 31% are women including 573 District Council 33 positions, 87 District Council 47 staff, 76 non-represented, and 12 exempt/executive. The Airport historically has had a large turnover and difficulty filling custodial and skilled trades positions, which impacted our FY 2016 goal of 850 filled positions. The Airport’s staffing budget goal for FY 2017 is 900 permanent employees. This increase will allow the Airport to develop succession plans and begin to fill future vacancies related to its current 38 employees in the DROP program. Additionally, these positions allow for a contingency for future hires related to any potential airport and airline initiatives that center around the following three Airport priorities: (1) Improving customer service by enhancing the passenger experience through a robust customer engagement; (2) improving airport existing facilities; and (3) pursuing facility expansion opportunities that will strengthen the airport’s regional position as a world class hub.

During 2015, the Airport welcomed 44 new employees, of whom 45% were female, 55% were male, 50% were Black, 32% were White, 9% were Asian, 5% were Other Race category and 4% were Hispanic. Of these 44 new hires, 6 are bilingual and collectively speak 9 different languages including Hindi, Urdu, Napoli, Arabic, Spanish, Italian, Malayalam, Portuguese and Indonesian. 66 permanent members of the Airport staff are bilingual or multilingual. 28 languages are spoken among our permanent employees; however, this number grows to over 50 languages when you include the 37 temporary employees who are a part of our staff.

The Airport’s senior management team of seven individuals is diverse as well, and includes two White females (the Airport Chief Executive Officer and the Chief Financial Officer), a Black female (Chief Administrative Officer), a Hispanic male (Deputy Director for Capital Development), and three White males (Chief Operating Officer, Deputy Director of Aviation for Property Management and Business Development, and Deputy Director of Aviation for Operations and Security).

Staff Demographics (as of February 2016)

	<i>Full-Time Staff (excluding executive salaries)</i>			<i>Executive Staff</i>	
	Male	Female		Male	Female
	African-American	African-American		African-American	African-American
<i>Total</i>	306	170	<i>Total</i>	0	1
<i>% of Total</i>	41.3%	22.9%	<i>% of Total</i>	0.0%	14.3%
<i>Average Salary</i>	\$38,451	\$40,945	<i>Average Salary</i>	\$	\$170,000
<i>Median Salary</i>	\$35,890	\$36,290	<i>Median Salary</i>	\$	\$170,000
	White	White		White	White
<i>Total</i>	176	36	<i>Total</i>	3	2
<i>% of Total</i>	23.8%	4.9%	<i>% of Total</i>	42.9%	28.6%
<i>Average Salary</i>	\$51,095	\$53,988	<i>Average Salary</i>	\$171,667	\$187,500
<i>Median Salary</i>	\$46,678	\$44,846	<i>Median Salary</i>	\$160,000	\$187,500
	Hispanic	Hispanic		Hispanic	Hispanic
<i>Total</i>	11	10	<i>Total</i>	1	0
<i>% of Total</i>	1.5%	1.3%	<i>% of Total</i>	14.3%	0.0%
<i>Average Salary</i>	\$42,361	\$45,347	<i>Average Salary</i>	\$160,000	\$
<i>Median Salary</i>	\$36,610	\$42,450	<i>Median Salary</i>	\$160,000	\$
	Asian	Asian		Asian	Asian
<i>Total</i>	17	9	<i>Total</i>	0	0
<i>% of Total</i>	2.3%	1.2%	<i>% of Total</i>	0.0%	0.0%
<i>Average Salary</i>	\$62,894	\$49,010	<i>Average Salary</i>	\$	\$
<i>Median Salary</i>	\$60,064	\$36,926	<i>Median Salary</i>	\$	\$
	Other	Other		Other	Other
<i>Total</i>	4	2	<i>Total</i>	0	0
<i>% of Total</i>	0.5%	0.3%	<i>% of Total</i>	0.0%	0.0%
<i>Average Salary</i>	\$41,330	\$41,603	<i>Average Salary</i>	\$	\$
<i>Median Salary</i>	\$42,217	\$41,603	<i>Median Salary</i>	\$	\$
	Bi-lingual	Bi-lingual		Bi-lingual	Bi-lingual
<i>Total</i>	41	22	<i>Total</i>	2	1
<i>% of Total</i>	5.5%	3.0%	<i>% of Total</i>	28.6%	14.3%
<i>Average Salary</i>	\$54,780	\$46,031	<i>Average Salary</i>	\$177,500	\$170,000
<i>Median Salary</i>	\$48,035	\$41,367	<i>Median Salary</i>	\$177,500	\$170,000
	Male	Female		Male	Female
<i>Total</i>	514	227	<i>Total</i>	4	3
<i>% of Total</i>	69.4%	30.6%	<i>% of Total</i>	57.1%	42.9%
<i>Average Salary</i>	\$43,748	\$43,533	<i>Average Salary</i>	\$168,750	\$181,667
<i>Median Salary</i>	\$40,579	\$37,585	<i>Median Salary</i>	\$160,000	\$170,000

**DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY
PERFORMANCE, CHALLENGES, AND INITIATIVES**

DEPARTMENT PERFORMANCE (OPERATIONS)

PHL’s enplaned passenger traffic was flat overall in FY 2015 (0.0%) whereas a fair amount of growth materialized in the first half of FY 2016 (5.4%). The increase from July to December 2015 outbound passenger traffic was mainly attributable to the expansion of air service from PHL’s low-cost carriers, most notably the rapid expansion of Frontier Airlines’ domestic operation. The Airport experienced a decline in aircraft operations (number of arrivals and departures) due mainly to changes in aircraft fleet mix instituted by PHL’s mainline carriers to enhance operational efficiencies. Operations decreased from FY 2014 to FY 2015 (-1.8%) and decreased slightly in the first half of FY 2016 (-1.3%) compared to the same time period in FY 2015. Freight and mail cargo activity improved slightly in FY 2015 (0.9%), but PHL yielded some of those gains in the first half of FY 2016 (-0.5%). Non-airline revenue, which represents net parking revenue, car rental concession fees, food/beverage/retail concession payments, advertising revenue, ground transportation fees and the airport hotel concessions, increased slightly in FY 2015 (0.1%) and is up 8.8% in the first half of FY 2016 compared to the same time period in FY 2015. Non-airline revenue generation is mainly influenced by passenger traffic. Passenger growth impacts food/beverage/retail concessions, ground transportation and parking revenue. The increase in estimated revenue for FY 2016 is based on an analysis of each revenue source with a projection of continuing growth in non-airline revenue at PHL.

Performance Measure	FY14	FY15	FY15- FY14 Change	FY15 Q1-Q2	FY16 Q1-Q2	FY16- FY15 Q1-Q2 Change	FY16 Goal	FY17 Goal
Enplaned passengers (million)	15.32	15.31	-0.1%	7.85	8.27	5.4%	15.50	15.8
Operations	421,549	414,121	-1.8%	213,782	211,029	-1.3%	425,000	405,000
Cargo (tons)	425,206	428,874	0.9%	225,759	224,529	-0.5%	440,000	432,000
Non-airline revenue (\$ million)	\$112.78	\$112.85	.1%	\$54.04	\$58.8	8.8%	\$120.00	\$120.00
Retail/beverage sales (\$ million)	\$195.94	\$200.76	2.5%	\$103.29	\$105.31	2.0%	\$202.00	\$202.00

DEPARTMENT CHALLENGES

There are several ongoing and current challenges facing the Division of Aviation.

1. The Airport’s maintenance costs continue to increase due to an aging and growing infrastructure. We continue to look for ways to be fiscally responsible, while maintaining a safe and comfortable facility for our customers. As an Enterprise Fund, a growing operating budget results in increasing Rates and Charges for the airlines at a time when competition with other airports in our region, and within American Airlines’ hub network, is particularly acute. Consequently, the rise in our operating budget will directly impact the Airlines’ willingness to fund large amounts of new capital projects. To help offset rising maintenance costs, PHL and the airlines are embarking on a series of critical infrastructure projects, as well as implementing an upgraded version of Maximo, a state-of-the-art computerized maintenance management system. This project is the cornerstone of a larger enterprise asset management initiative to improve the performance of Airport facilities, effectively allocate resources, promote cost-effective decision making and enhance customer service through faster response, enhanced communication tools and more reliable facilities.
2. Hiring qualified candidates to fill vacant positions in the Department of Aviation is challenging. The majority of our workforce are Civil Service employees (98%) and the Division’s Human Resources Office continues to utilize the Civil Service processes to fill positions. This can be difficult due to the nature of the job, the location, the pay and the applicable Civil Service Regulations on hiring. Some of the regulations limit the pool of candidates that the Division can interview and hire. One measure we take to overcome this is holding our annual Job Fair, which was previously mentioned under our “Workforce Development” header.

STAFFING LEVELS

ACCOMPLISHMENTS & INITIATIVES

Air Service: PHL endeavors to be the region’s airport of choice by attracting new airlines to serve its passengers and offering air service to new destinations around the globe. PHL holds the status of being the trans-Atlantic gateway for American Airlines, PHL’s dominant carrier. PHL currently offers a generous mix of air carriers that serve over 132 nonstop destinations, including 36 international cities. In alignment with PHL’s goal to attract new airlines and offer new air service, PHL will continue its efforts to expand its air service offerings to underserved domestic and international markets.

During FY 2016 PHL, three separate carriers announced new air service to a total of 17 different domestic airports. While many of these airports can already be accessed from PHL by way of other carriers, this new service does include two new airports (St. Augustine, FL; Dallas, Love Field) allowing PHL to further expand its reach.

Advancing PHL’s Capacity Enhancement Program (CEP) and Capital Development Program: The CEP is a complex, long-term multi-billion dollar effort to expand the capacity, improve efficiency, and modernize the facility of PHL in order to maintain Philadelphia’s competitive position in the region. In addition to Federal funds, the CEP will be financed by Airport Revenue Bonds, which will constitute two thirds of the funding, and a variety of other funding sources such as user fees and additional grants.

PHL has received approval from its airlines partners for over \$1.6 billion to advance CEP projects and rehabilitate and repair the Airport's existing infrastructure. Airside improvements related to the CEP include new taxiways, aircraft holding bays, and aprons to allow aircraft to queue more efficiently for departure.

PHL will continue to advance the CEP, completing approved projects and forging the path forward for additional projects. The following capital projects are currently in planning and design:

- Terminal Modernization Program;
- Replacement of the current rental car facility surface lots with a new, multi-story consolidated car facility;
- The continued rehabilitation of existing airport infrastructure to include security upgrades, roof and window replacements, escalator upgrades, restroom renovations, roadway improvements, concession program enhancements and flight information display system upgrades;
- Various land acquisition projects

Expansion and Modernization of Terminals: Terminal F, one of the busiest terminals at PHL, now has a newly revamped and expanded “Central Hub.” Since undergoing a complete makeover, this center of the bustling facility has doubled in size to 60,000 square feet, featuring five times as many food, beverage and retail offerings, and a food court seating area that has grown by 400% to 300 seats. Terminal F is also being expanded and renovated to provide additional facilities for the processing of passengers and baggage and to enhance airline operations. The project reconfigures the terminal and adds approximately 80,000 square feet to the existing 205,000-square foot facility. The expansion will include a new baggage claim building on the arrivals roadway with two baggage carousels; enlarged passenger holdrooms; an enlarged club; crew lounges; additional airline operations facilities; a corridor linking Terminals F and E to allow passengers to move between all Airport terminals without having to leave the secure areas to be rescreened; a redesigned security checkpoint that has additional screening capacity and incorporates the latest screening technology; and other infrastructure improvements. Construction of the baggage claim building and ticketing is scheduled to be completed in 2016. The total estimated cost of the Terminal F expansion project is approximately \$160 million, and we anticipate the facility will open with LEED (Leadership in Energy and Environmental Design) Gold status.

In addition to the modernization of our terminals, it is also important to note that the airlines and concessions managers are continuing to take necessary efforts to ensure workers are receiving a living wage. We support this effort and any effort that compensates workers in accordance with Council’s Living Wage Ordinance.

Leadership in Diversity & Inclusion: The Airport is committed to involving disadvantaged business enterprises (DBEs) that possess the necessary qualifications in its contract and business opportunities. The Airport plays an active role in setting and monitoring participation goals for the City’s M/W/D/DBE Program, and is also responsible for administering two federal DBE programs. The first federal program applies to all contracts that utilize grant funding from the U.S. Department of Transportation. The Airport receives significant funding from the Federal Aviation Administration, and all of these contracts carry federal DBE goals. The second federal program applies to all Airport concession contracts (the Airport Concession

**DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY
PERFORMANCE, CHALLENGES, AND INITIATIVES**

Disadvantaged Business Enterprise (ACDBE) Program). The Airport's Office of Business Diversity is responsible for following federal guidelines to set separate goals for these two programs, and it is one of five organizations in Pennsylvania (and the only City organization) authorized to certify firms for federal DBE participation. We consistently strive to meet or exceed goals for these three programs, as evidenced by our achievements.

PHL continues to show its leadership in diversity and inclusion through its contract awards, outreach events and accolades and has consistently achieved or surpassed its established Disadvantage Business Enterprises (DBEs) goals. PHL's federal DBE goal for the last Federal Fiscal Year was 14.39% and actual commitments/awards totaled 14.5%. For FFY 2015, the Airport's ACDBE participation goal was raised from 6.3% to 16.5%, and its achievement totaled 29.2%. The Airport's M/W/DSBE goal for Fiscal Year 2015 was 30%, and actual commitments/awards totaled 25.3%. In the first two quarters of Fiscal Year 2016 we're achieving 31.33%.

In October 2015, PHL held a Business Opportunity Forum that was attended by more than 500 business representatives. Attendees learned about the opportunities at the Airport, received instructions on how to respond to Request for Proposals and Invitation for Bids, and gained an understanding of diversity certification requirements and responsibilities. The event concluded with a networking session connecting prime contractors with minority firms. In addition, attendees had the opportunity to become familiar with the Airport's recently launched Job Portal website, www.phljobportal.org. The site is a resource for both employers needing to fill positions and individuals seeking employment with PHL, and other related airport entities such as concessions, airlines, car rental companies, as well as federal agencies, such as the Transportation Security Administration (TSA).

Enhancing the Customer Experience: PHL has continuously enhanced the customer's experience at the Airport through its Exhibitions, Hospitality and Concessions programs. PHL has one of the largest, award winning airport art programs in the country. The Exhibitions Program has presented more than 325 exhibits featuring a variety of themes in various mediums and art by artists and arts institutions from the Philadelphia area. In 2014, the Arts & Business Council of Greater Philadelphia presented PHL with the Business & Arts Partnership Award for this program.

The Airport is proud to partner with Minute Suites to offer nursing mothers private rooms for breastfeeding and expressing milk. Minute Suites is located on the secure-side walkway between Terminals B and A. East. Nursing mothers who are traveling can access a Mothers' Nursing Station, a private room free of charge for the first 30 minutes. Traveling mothers also have the option of using one of PHL's 42 Companion Care or family restrooms which have electrical outlets. These are located pre-Security and on the secure side throughout the Airport.

Just Plane Fun, the Airport's summer-long customer appreciation program, is designed to enhance the airport experience especially for travelers during the busy summer vacation season. Just Plane Fun offers free daily entertainment and activities for travelers of all ages, such as beauty makeovers, photo booths and magicians. The program also offers frequent promotional item giveaways.

To make unplanned overnight stays at the Airport more comfortable for stranded travelers, the Airport rolls out its hospitality program. The initiative created designated sleeping zones and passengers are provided cots, disposable pillows and blankets as well as vanity kits with personal care items.

The Airport's food, beverage and retail program, featuring some 170 local and national name brand eateries and shops, has been consistently recognized as one of the best in the industry. In the 10Best Readers' Choice travel award contest sponsored by USA TODAY, winners announced in March included Jet Rock Bar & Grill, Local Tavern and Chickie's and Pete's.

Facility Maintenance/Asset Management: To optimize PHL operations and keep assets running at peak performance, PHL is embarking on implementing an upgraded version of Maximo, a state-of-the-art computerized maintenance management system. This project is the cornerstone of a larger enterprise asset management initiative to improve the performance of Airport facilities, effectively allocate resources, calculate total cost of ownership with our assets, promote cost-effective decision making and enhance customer service through faster response, enhanced communication tools and more reliable facilities. The implementation has been divided into three phases which will take approximately two-three years to complete. Best practices and lessons learned have been incorporated into business processes, system design and implementation plan in order for PHL to achieve its objectives.

OTHER BUDGETARY IMPACTS

FEDERAL AND STATE

Grant Funding for Operating Requirements

The Transportation Security Administration (TSA) awards grants on an annual basis to help offset the Airport's cost of providing explosive detection through canine teams, and law enforcement officer support at security checkpoints. The current TSA Canine contract allocates \$665,500 per year to PHL for a total of four years ending in December 31, 2019. The Airport received \$665,500 in Federal Fiscal Year (FFY) 2015. The Law Enforcement Officer (LEO) Program funding received in FFY 2015 was \$1,209,760. The current LEO Other Transaction Agreement (OTA), which ends in December 31, 2018, funds FFY 2016 with another \$934,560.00.

Grant Funding for Capital Projects

The Federal Aviation Administration (FAA) awarded a Letter of Intent to the Airport in August 2011 to assist with its multi-billion dollar, multi-year Capacity Enhancement Program (CEP). The LOI was approved under the FAA's Airport Improvement Program, as authorized by Title 49, United States Code, and totals \$466.5 million over a 16-year period, from FFY 2013 through FFY 2028. In FFY 2015, the Airport was awarded \$22.9 million in funding, and it anticipates receiving \$34.0 million in FFY 2016 and \$22.0 million in FFY 2017. The funding is disbursed according to a schedule determined by the FAA in accordance with the Airport's Capital Enhancement Program.

PHL receives a state grant for \$800,000 annually from the Pennsylvania Department of Transportation's Aviation Development Program. These grants have traditionally been used to help with the Airport's local share of projects receiving federal grant funding.

CONTRACTING OVERVIEW

M/W/DSBE Participation on Large FY 2016 Contracts: In October 2015, PHL held a Business Opportunity Forum that was attended by over 500 business representatives. Attendees learned about the opportunities at the Airport, received instructions on how to respond to Request for Proposals and Invitation for Bids, and gained an understanding of diversity certification requirements and responsibilities. The event concluded with a networking session connecting prime contractors with minority firms. In addition, attendees had the opportunity to become familiar with the Airport's recently launched its Job Portal website, www.phljobportal.org. The site is a resource for both employers needing to fill positions and individuals seeking employment with PHL, and other related airport entities such as concessions, airlines, car rental companies, as well as federal agencies, such as the Transportation Security Administration (TSA). The Office of Business Diversity, Contracts Program Management Office and Concessions Developer hold targeted and general outreach events. We're planning an event this June partnering with other transit agencies including AMTRAK and SEPTA.

Through the years, PHL has received numerous accolades in recognition of its achievements in supporting DBEs in all areas of Airport development, construction, contracting, leasing, management and employment. In FY 2014, the Women's Transportation Seminar (WTS) Philadelphia Chapter named PHL the recipient of its 2013 Diversity Award. This award honors an individual, group, or organization that has made significant contributions in promoting diversity and cultural awareness within their organization, the transportation industry, or in a project or activity that supports the goals and mission of WTS. Additionally, PHL was the recipient of the Airport Architectural, Engineering, and Construction Award presented by the Airport Minority Advisory Council at its business diversity conference in June 2014. This award is given to an airport that has met or exceeded DBE participation goals over two or more years in an architectural, engineering, or construction project.

DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY
OTHER BUDGETARY IMPACTS

M/W/DSBE Participation on Large Contracts
FY16 Contracts

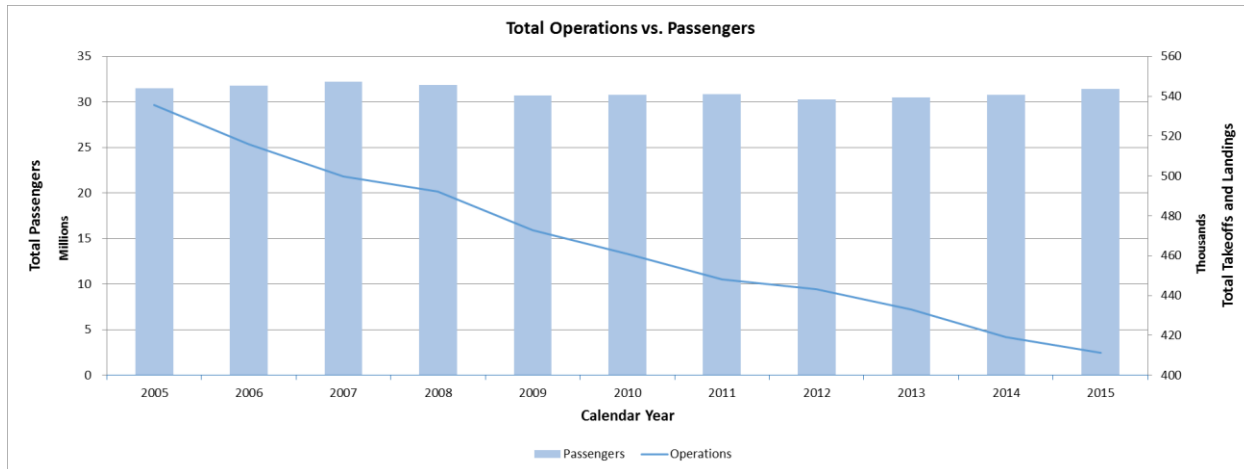
Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE Participation Achieved	\$ Value of M/W/DSBE Participation	Total % and \$ Value Participation - All DSBEs	Local Business	Living Wage Compliant?
Elliot-Lewis Corporation	Facility Maintenance Services	\$13,159,733	9/24/2011	7/1/2012	MBE: 5-10% (And)	13%	\$1,710,765	16%	yes	yes
					WBE: 5-10%	3%	\$394,792			
					DSBE: 0	0%	\$0			
First Transit Philadelphia, PA	Shuttle Bus Service	\$10,762,400	7/7/2010	6/1/2011	MBE: 7-10% (And/Or)	12%	\$1,313,013	12%	yes	yes
					WBE: 7-10%	0%	\$21,525			
					DSBE: 0	0%	\$0			
Elliot-Lewis Corporation	Computer Information/ Systems Management	\$4,456,552	2/20/2013	10/1/2013	MBE: 20-30% (And/Or)	39%	\$1,720,229	40%	yes	yes
					WBE: 20-30%	2%	\$80,218			
					DSBE: 0	0%	\$0			
Parkway Garage Inc.	Ground Transportation	\$4,399,864	8/27/2010	11/1/2011	MBE: best	3%	\$149,595	22%	yes	yes
					WBE: effort	19%	\$813,975			
					DSBE: 0	0%	\$0			
Parkway Garage Inc.	Public Information and Passenger Amenities Program	\$2,978,486	2/20/2013	10/1/2013	MBE: 5-10% (And/Or)	3%	\$80,419	25%	yes	yes
					WBE: 5-10%	22%	\$664,202			
					DSBE: 0	0%	\$0			

**DIVISION OF AVIATION- FY 2017 BUDGET TESTIMONY
OVERVIEW OF PERMANENT BILINGUAL EMPLOYEES**

Number of Bilingual Employees (as of February 2016)													
	Spanish	French	Greek	Arabic	Malayalam	Hindi	Cantonese & Mandarin	Urdu	Napoli	Korean	Swahili	Hebrew	Ibo
Executive	1	1	-	-	-	-	-	-	-	-	-	-	-
Public Affairs	2	1	-	-	-	-	-	-	-	-	-	-	-
Financial Services	-	-	-	-	1	1	1	-	-	-	-	-	-
Properties	-	-	-	-	-	-	1	-	-	-	-	-	-
Human Resources	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Services	1	-	-	-	-	-	-	-	-	-	-	-	1
Security & Information Technology	3	2	-	-	-	-	-	1	-	-	-	-	-
Engineering	-	-	-	-	2	1	-	-	-	-	-	-	-
Electrical Services	-	-	-	-	3	1	-	-	-	-	-	-	-
Operations	2	-	-	1	-	1	-	-	-	1	2	1	-
Communications Center	4	2	1	2	-	-	-	-	-	-	-	-	-
Maintenance Administration	-	-	-	-	-	1	-	1	1	-	-	-	-
Building Maintenance	1	-	-	-	-	-	-	-	-	-	-	-	-
Custodial Services	2	1	-	-	-	-	-	-	-	-	-	-	-
Electronic Services	-	-	-	-	2	-	-	-	-	-	-	-	-
Pavements & Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Utility Maintenance	1	-	-	-	-	-	-	-	-	-	-	-	-
Total - All Divisions	14	5	1	3	8	5	2	2	1	1	2	1	1
Total - # of Bilingual Employees		66											
Total - # of Languages Spoken		28											

	Yoruba	German	Gaelic	Indonesian	Bengali	Italian	Albanian	Portugese	Bantu	Haitian Creole	Russian	Ukrainian	Armenian	American Sign Language
Executive	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Public Affairs	-	1	-	-	-	1	-	1	-	-	1	-	-	-
Financial Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Human Resources	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Technical Services	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Security & Information Technology	-	4	1	1	-	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Services	-	-	-	-	-	-	1	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Communications Center	-	1	-	-	-	1	1	1	1	1	-	-	-	1
Maintenance Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building Maintenance	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Custodial Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electronic Services	-	-	-	-	-	-	-	-	-	-	-	1	-	-
Pavements & Grounds	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Utility Maintenance	-	-	-	-	-	-	-	1	-	-	-	-	1	-
Total - All Divisions	2	5	1	1	1	3	2	2	1	1	1	1	1	1
Total - # of Bilingual Employees		66												
Total - # of Languages Spoken		28												

OTHER RELEVANT DATA AND CHARTS



The chart above illustrates how PHL’s passenger levels have remained consistent while operations (takeoffs and landings) have declined since 2005. This operational decline can be attributed to larger aircraft and airlines increasing the number of passengers on each flight.

The Airport serves residents and visitors from a broad geographic area that includes eleven counties within four states: Pennsylvania, New Jersey, Delaware and Maryland. In Calendar Year (CY) 2015, PHL accommodated 31.4 million passengers, including more than 4.5 million international passengers, on nearly 411,000 aircraft takeoffs and landings. On average, over 86,000 passengers use the Airport facilities daily. The Airport’s origin and destination market encompasses over 6.0 million residents in the 11-county Metropolitan Statistical Area in Pennsylvania, New Jersey, Delaware and Maryland. PHL moves over 400,000 tons of freight and mail annually by commercial airlines and several cargo carriers.

TOP 10 DOMESTIC ORIGINATING/DESINATION DESTINATIONS

1. Atlanta
2. Orlando
3. Chicago (O’Hare)
4. Boston
5. Dallas/Fort Worth
6. Charlotte
7. Phoenix
8. Miami
9. Las Vegas
10. Tampa/St. Petersburg

TOP 5 INTERNATIONAL ORIGINATING/DESINATION DESTINATIONS

1. London-Heathrow (U.K.)
2. Cancun (Mexico)
3. Toronto (Canada)
4. Frankfurt (Germany)
5. Punta Cana (Dominican Republic)