

VERBAL TESTIMONY
MAY 3, 2021
FY2022 OPERATING BUDGET

Good afternoon, Council President Clarke and Members of City Council. My name is Chellie Cameron, and I am the Chief Executive Officer of the Division of Aviation, which is responsible for operating the Philadelphia International Airport (PHL) and the Northeast Philadelphia Airport (PNE). Joining me today at this hearing are Tracy Borda, Chief Financial Officer (CFO), Delicsha Wilds, Deputy Director of Human Resources, and other staff members from the Division of Aviation.

I am here today to present testimony on behalf of the Division of Aviation's Fiscal Year 2022 operating budget. Our proposed FY22 operating budget for the Division of Aviation is \$150.6 million to fund operations at PHL/PNE. This funding is included as a part of a larger FY22 Aviation Fund request of \$390.4 million to support City operations at PHL/PNE. As I am sure you are aware, the past fourteen months have been extremely challenging for our airport system and the broader aviation industry. A decline in leisure and business travel due to the onset of the COVID-19 pandemic has led to a significant decrease in passenger activity and earned revenue. This decline came on the heels of record-breaking travel numbers in 2019 when PHL served over 33 million passengers. In 2020, passenger numbers plummeted and are comparable to those seen in our facility 35 years ago in 1986. While passenger traffic through our facility continues to slowly improve and we expect to see an uptick in traffic this spring and summer, aviation industry experts predict a three to five-year recovery dependent on a variety of different variables.

The two main variables hampering PHL's recovery are international travel and business travel. Although travel to Mexico, the Caribbean and Doha is robust, PHL currently has little connectivity to European markets due to on-going U.S. and European travel restrictions and because many countries are dealing with another wave of infections and vaccinating their citizens. Additionally, travel to Canada is weak because of restrictions put in place by the Canadian government. Prior to the pandemic, PHL served as the transatlantic gateway for American Airlines. Our slow recovery in reconnecting to

transatlantic markets is also impacting our domestic connectivity, resulting in less domestic travelers passing through our facility. The second variable impacting PHL's recovery is business travel. Prior to the pandemic, business travelers made up approximately 45 percent of our overall traffic. Recent survey data shows only about 10 percent of our current passengers are traveling for business.

Within our terminal complex, our concessionaires, many of which are local and minority- or women-owned businesses, have struggled to stay afloat during the past year. These entities have not only had to contend with the downturn in travel and the strain on their workforce due to the pandemic, but they have also had to deal with noticeable changes in traveler spending. Last spring, our team developed a relief program to support these important partners within our airport community. Our strategy focused on prioritizing opening our local and minority- or women-owned business first under a reduced rental structure to ensure their ability to survive and be in a position to thrive once this situation improves, and I am happy to be able to report to you that as of today, 100% of our minority- and women-owned concession businesses are open.

The past year also brought a unique set of challenges to our team with respect to protecting our passengers and workforce during this health crisis. The safety of all those working at our airports has weighed heavily on me throughout the pandemic. Early on, I made the decision - prior to guidance being issued by the Federal Aviation Administration - to require mask-wearing in our facility. We also invested quickly in new cleaning and air filtration technologies to mitigate the spread of contagions. Additionally, we installed floor decals and signage throughout our facility to help draw attention to our social distancing and mask wearing measures. I'm happy to say our new health safety measures helped PHL achieve the Airport Health Accreditation (AHA) from Airports Council International as well as the Star Facility Accreditation from Global Biorisk Advisory Council (GBAC).

Our team has also been focused on ensuring all employees have equitable access to the vaccine, whether they work for the Division of Aviation or any of the hundreds of other

companies at the airport. As soon as vaccine availability opened up for all residents and employees in the City of Philadelphia, we communicated this information to the workforce.

In addition to the pandemic, last year also brought about a renewed focus on the importance of racial equity. As a result of the police-involved shooting of George Floyd, my team established a Racial Equity Advisory Council (REAC) with the goal of driving lasting change on this issue for the airport community. The REAC is working on a long-term Racial Equity Strategic Plan that addresses areas for growth by the Division of Aviation on this issue. The Division of Aviation was also included as a part of the City's first cohort in developing a citywide Racial Equity Plan. The overarching goal of this work is to embed Diversity, Equity and Inclusion principles in the Division's foundation, building an inclusive culture that cultivates a sense of belonging for all employees. To that end, I have worked to promote both minorities and women to create a senior team at the airport that is more representative of our city. My staff and I are committed to our Diversity, Equity and Inclusion work and promise that we will update this body periodically on these efforts and communicate if there is any assistance City Council can provide.

In closing, I want to thank City Council for the support you have all provided my team over the course of last year. We have a long way to go before I can reliably say that we have recovered, however, one thing that I have learned over the past year is how quickly things can change. Thank you for offering me time to speak to our challenges and the state of the Airport. I'm happy to take any questions you may have at this time.

