

**DIVISION OF AVIATION
FISCAL YEAR 2016 BUDGET TESTIMONY
APRIL 28, 2015**

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

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

Description of Major Services: The Division of Aviation is comprised of the Philadelphia International Airport (PHL) and the Northeast Philadelphia Airport. The Division of Aviation operates PHL as a self-sustaining entity and is therefore responsible for the granting of all leases and licenses in the operation and use of its facilities.

PROPOSED BUDGET HIGHLIGHTS/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. Though it is budgeted under the Department of Commerce, it is overseen by the Deputy Mayor of Transportation and Utilities. The FY16 Proposed Budget increases Aviation's budget by an additional \$15.1 million (9%) more than the FY15 Current Projection.

Focus areas for FY16 include:

- 1) Prepare for this year's Papal Visit and next year's Democratic National Convention. The Airport's preparations will include security areas and aesthetic enhancements. Both events bring increased domestic and international travel activity, which should also bolster revenue.
- 2) Continue the Terminal F Expansion and Renovation Project. The new baggage claim and security checkpoint will be finished in the spring of 2016.
- 3) Make progress on all approved Capacity Enhancement Program projects, such as the Stage One Airfield Project, Terminal Modernization Program, and Consolidated Rental Car Facility.
- 4) Implement additional improvements to improve the passenger experience through expanded amenities such as the Arts & Exhibition program, comfort areas, new way-finding signage, digital media, and new and innovative concessions.
- 5) Utilize existing capital funding to rehabilitate aging portions of the terminal facilities. Focus is on bathrooms, roofs, glass replacement, mechanical rooms and other infrastructure needs.
- 6) Work to improve or maintain the Airport's bond ratings. Fitch, Moody's and Standard & Poor's (S&P) have maintained their ratings of "A", "A2", and A+, respectively, for PHL's outstanding airport revenue bonds. Fitch and Moody's affirmed a stable outlook to the Airport, whereas S&P revised its outlook to negative due to the increasing debt that may be issued as part of the Airport's future expansion plans and the uncertainty of the size and breadth of American Airlines' new network given its recent merger with US Airways. However, S&P stated that PHL could return to a stable outlook with settled airline agreement terms, which includes American Airlines position on preserving PHL as a hub operation.

The Division of Aviation operating budget request for FY16 totals \$183.4 million, an increase of \$15.1 million from the FY15 original appropriation of \$168.7 million. Requested FY16 appropriations will provide sufficient resources to operate and maintain the 3.1-million square foot terminal complex and 2,370-acre PHL site, as well as Northeast Philadelphia Airport. Overall, the total FY16 Aviation Fund request is \$440.3 million, a 2.9% increase from the FY15 operating budget estimated obligations of \$427.5 million. The \$12.8 million increase is primarily due to higher salaries and benefits and increased services due to new and expanded facilities. The first chart below shows the Division of Aviation's budget, and the second chart shows the entire Aviation Enterprise Fund's budget, which is inclusive of funding included in other City department budgets.

Financial Summary by Class - Division of Aviation

	Fiscal 2014 Actual Obligations	Fiscal 2015 Original Appropriations	Fiscal 2015 Estimated Obligations	Fiscal 2016 Proposed Appropriations	Difference FY16-FY15
Class 100 - Employee Compensation	\$39,305,765	\$42,616,666	\$42,218,000	\$46,218,000	\$4,000,000
Class 200 - Purchase of Services	\$75,558,276	\$86,567,000	\$86,567,000	\$96,372,841	\$9,805,841
Class 300 - Materials and Supplies	\$7,450,203	\$8,254,000	\$8,254,000	\$8,720,000	\$466,000
Class 400 - Equipment	\$1,017,867	\$2,480,000	\$2,480,000	\$3,330,000	\$850,000
Class 500 - Contributions	\$1,108,774	\$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	\$7,186,824	\$24,600,000	\$24,600,000	\$24,600,000	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
Total	\$131,627,709	\$168,722,666	\$168,324,000	\$183,445,841	\$15,121,841

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

	Fiscal 2014 Actual Obligations	Fiscal 2015 Original Appropriations	Fiscal 2015 Estimated Obligations	Fiscal 2016 Proposed Appropriations	Difference FY16-FY15
Class 100 - Employee Compensation	\$118,426,365	\$119,636,516	\$122,096,473	\$129,068,250	\$6,971,777
Class 200 - Purchase of Services	\$106,627,707	\$126,341,956	\$126,341,456	\$137,169,138	\$10,827,682
Class 300 - Materials and Supplies	\$9,069,524	\$9,679,057	\$9,893,957	\$10,360,557	\$466,600
Class 400 - Equipment	\$1,980,101	\$8,289,800	\$8,089,800	\$8,939,800	\$850,000
Class 500 - Contributions	\$1,108,774	\$6,717,000	\$6,717,000	\$6,717,000	\$0
Class 700 - Debt Service	\$125,407,014	\$149,463,357	\$129,825,357	\$123,505,128	(\$6,320,229)
Class 800 - Payment to Other Funds	\$7,186,824	\$24,623,000	\$24,623,000	\$24,623,000	\$0
Class 900 - Advances/Misc. Payments	\$0	\$5,102,314	\$0	\$0	\$0
Total	\$369,806,309	\$449,853,000	\$427,587,043	\$440,382,873	\$12,795,830

Staff Demographics Summary (as of December 2014)

	Total	Minority	White	Female
Full-Time Staff	770	550	220	234
Executive Staff	6	1	5	2
Average Salary - Executive Staff	\$159,928	\$155,250	\$160,864	\$152,145
Median Salary - Executive Staff	\$155,250	\$155,250	\$155,250	\$152,145

Employment Levels (as of December 2014)

	Budgeted	Filled
Full-Time Positions	850	770
Part-Time Positions	0	0
Executive Positions	6	6

FEDERAL DBE Contracts Summary (*as of March 2015) – using Federal Fiscal Year (FFY)

	FFY10	FFY11	FFY12	FFY13	FFY14	FFY15*
Total amount of contracts	\$21,590,781	\$44,351,953	\$69,167,994	\$16,135,893	\$4,206,098	\$0
Total amount to DBE	\$3,297,882	\$5,901,631	\$10,667,288	\$2,782,938	\$787,604	\$0
Participation Rate	15.3%	13.3%	15.4%	17.2%	18.7%	0.0%

Airport Concession Disadvantaged Business Enterprise (ACDBE) Program Contracts Summary (*as of March 2015)

	FFY10	FFY11	FFY12	FFY13	FFY14	FFY15*
Total amount of contracts	\$206,359,703	\$247,012,526	\$227,758,861	\$238,178,244	\$264,931,026	\$47,427,317
Total amount to ACDBE	\$46,311,289	\$69,671,008	\$67,181,943	\$74,642,076	\$77,366,478	\$10,576,387
Participation Rate	22.4%	28.2%	29.5%	31.3%	29.2%	22.3%

M/W/DSBE Contract Summary (*as of December 2014)

	FY10	FY11	FY12	FY13	FY14	FY15*
Total amount of contracts	\$73,748,755	\$54,712,591	\$81,401,374	\$72,689,280	\$69,514,053	\$64,141,898
Total amount to M/W/DBE	\$17,311,818	\$16,138,566	\$26,294,251	\$19,973,013	\$18,138,615	\$20,109,918
Participation Rate	23.5%	29.5%	32.3%	27.5%	26.1%	31.4%

PERFORMANCE, CHALLENGES AND INITIATIVES

DEPARTMENT PERFORMANCE (OPERATIONS)

The number of PHL outbound passengers increased slightly in FY14 (0.7%) and the trend is continuing in the first half of FY15 relative to the same period in FY14 (1.2%). The cost per enplanement, the amount paid by PHL's signatory passenger airlines for landing fees, per passenger fees, and terminal rents, increased by 11.1% from FY13 to FY14 due to increased operating expenses that resulted in part from severe winter weather, which impacted FY14 costs for personal services (overtime), contractual services, and materials and supplies. Additionally, a settlement with the City's International Association of Fire Fighters Local 22, increased salary and fringe benefits costs, and increases in FY14 debt service also contributed to a higher cost per enplanement. The estimated cost per enplanement for FY15 also increased by 9.6%, in part to accommodate the payroll and fringe benefit costs attributable to employee salary increases. The Airport experienced a decrease in aircraft operations with the difference entirely attributable to commuter aircraft traffic as PHL's mainline carriers continue to adjust their respective fleet mixes. Operations decreased by 3.8% from FY13 to FY14 and have decreased slightly in the first half of FY15 compared to the same time period in FY14. Cargo activity improved in FY14 by 2.0% and through the first half of FY15 (3.5%). 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 by 8.9% in FY14 and is up 1.4% in the first half of FY15 compared to the same time period in FY14. Non-airline revenue generation is mainly influenced by enplaned passenger traffic. Increased passenger traffic in FY14 impacted food/beverage/retail concession, ground transportation and parking revenue. The increase in the estimated revenue for FY15 is based on an analysis of each revenue source with a projection of continuing growth in non-airline revenue at PHL. The number of Airline gates has remained flat at 126 gates.

Performance Measure	FY08	FY13	FY14	FY14- FY13 Change	FY14 Q1-Q2	FY15 Q1-Q2	FY15- FY14 Q1-Q2 Change	FY15 Goal	FY16 Goal
Enplaned passengers (million)	16.05	15.22	15.32	0.7%	7.76	7.85	1.2%	15.50	15.50
Cost per enplanement*	\$8.31	\$10.57	\$11.74	11.1%	\$11.74	\$12.87	9.6%	\$12.37	\$13.12
Operations	499,281	438,264	421,549	-3.8%	216,078	213,782	-1.1%	416,000	425,000
Cargo	597,821	416,668	425,206	2.0%	218,214	225,759	3.5%	441,000	440,000
Non-airline revenue (\$ million)	\$121.13	\$103.52	\$112.78	8.9%	\$53.29	\$54.04	1.4%	\$114.18	\$120.00
Retail/beverage sales (\$ million)	\$149.74	\$184.52	\$195.94	6.2%	\$97.41	\$103.29	6.0%	\$191.22	\$202.00
Airline Gates	120	126	126	0.0%	126	126	0.0%	126	126

*The cost per enplanement (CPE) is the amount paid by PHL's signatory passenger airlines for landing fees, per passenger fees, and terminal rents

DEPARTMENT CHALLENGES

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

1. A new Use and Lease extension must be negotiated with tenant airlines prior to the current agreement's expiration date of June 30, 2015. The Airport's hub carrier, American Airlines, is still completing its merger activities. The result of this is that key projects, including the Terminal Modernization Program, have not progressed as quickly as hoped while American evaluates PHL's role in its network and the amount of capital investment it is willing to put into our facilities. PHL continues to meet and work with its airline partners to remain cost competitive and advance capital projects.
2. 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 comfortable and safe facility for our customers. As an Enterprise Fund, a growing operating budget results in increasing Rates and Charges for our Airline partners at a time when all businesses have an acute awareness of their economic constraints. 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.

3. Fill key staffing vacancies, particularly in our maintenance and facilities units. PHL continues to explore various targeted recruitment methods and participates in various job fairs to combat these challenges. We also continue to evaluate retirement forecasts, develop succession plans to best fill vacancies, and strategize with OHR.
4. Enlarge the bidder pool for professional service and public works contracts from both local and diversity standpoints, and continued growth in meeting and exceeding our ACDBE Goals. To assist with this effort, in October 2014, PHL held a Business Opportunity Forum that was attended by nearly 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. Additional more highly-targeted outreach sessions are also held throughout the year.

ACCOMPLISHMENTS & INITIATIVES

Air Service: The Philadelphia International Airport (PHL) endeavors to be the region's airport of choice by attracting new airlines to serve the PHL passengers and offering air service to new destinations around the globe. PHL holds the status of being the trans-Atlantic gateway for US Airways/American Airlines, PHL's dominant carrier. The merger between US Airways and American Airlines in 2013 has created additional opportunities for PHL travelers to access a stronger oneworld global airline network. PHL currently offers a generous mix of air carriers that serve over 130 nonstop destinations, including 39 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.

- American Airlines – International. In November 2014, American Airlines announced a second daily nonstop flight to London (Heathrow) starting in late March 2015.
- American Airlines – Domestic. In May 2014, US Airways began twice-daily service to Watertown, NY; in June 2014, US Airways began new daily service to Charleston, WV; also in June 2014, US Airways began an additional daily flight to Lexington, KY and Memphis, TN for a total of three daily non-stop flights to these cities; in September 2014, US Airways began twice-daily flights to Grand Rapids, MI; and in October 2014, US Airways began twice-daily flights to Fort Wayne, IN. Each is operated as US Airways Express.
- Qatar Airways. In April 2014, Qatar Airways commenced service to Doha, the capital city of the Persian Gulf state, making Philadelphia its fifth U.S. city. Qatar Airways is the first foreign flag carrier to start service at PHL in more than two decades, and the first foreign flag carrier to the Middle East from PHL.
- Spirit Airlines. In October 2014, Spirit Airlines announced new daily nonstop service to Chicago, IL (O'Hare) that will commence in mid-April 2015. In February 2015, Spirit announced it will begin new daily nonstop service to Atlanta, GA in June 2015.
- Delta Airlines. In November 2014, Delta Air Lines announced new daily nonstop service to London (Heathrow) starting in early April 2015.
- Frontier Airlines. In December 2014, Frontier Airlines began daily nonstop service to Miami, Orlando, and Tampa Bay, FL, and five days per week service to Cancun, Mexico. In February 2015, Frontier announced it will begin flights to Atlanta, GA, Charlotte, NC, and Chicago, IL (O'Hare) in March 2015 and new seasonal daily nonstop service to Houston, TX and Minneapolis, MN beginning April 30, 2015.
- Southwest Airlines. In February 2015, Southwest Airlines announced daily nonstop service to Dallas Love Field beginning August 9, 2015.

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 the airport 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 \$1.1 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. In 2014 and 2015, phases of the Stage One Airfield Project got underway with construction of a new taxiway and realignment of an existing taxiway. The second phase, which is in design, will provide a 1,500-foot extension of Runway 9R-27L that will increase the total runway length to 12,000 feet, providing the capability to accommodate large, long-haul aircraft flying to any point on the globe. The Stage One Airfield Project is estimated to be complete by the end of 2017 and will cost approximately \$118 million. Additional airfield work that was completed during 2014 included a \$23 million project for the extension of Taxiway K, which has increased aircraft taxi flow between the terminal complex and runways in both east and west operations.

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

- Stage One Airfield Project (\$118 million budget);
- Terminal Modernization Program (\$247 million budget);
- Replacement of the current rental car facility surface lots with a new, multi-story consolidated car facility (\$321 million);

- An automated people-mover system between concourses (\$30 million design budget);
- 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 (\$67 million);
- Various land acquisition projects

Expansion and Modernization of Terminals: Terminal F, one of the busiest terminals at PHL, has been upgraded into the newly revamped and expanded “Central Hub.” Since undergoing a complete makeover, this center of the bustling facility reopened in 2013 and 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 began in late 2013 and is scheduled to be completed in 2016. The total estimated cost of the Terminal F expansion project is approximately \$160 million, and the work will be LEED (Leadership in Energy and Environmental Design) silver certified.

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/DSDBE Program, but 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 Disadvantaged Business Enterprise (ACDBE) Program). The Airport’s Compliance Unit 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 Federal Fiscal Year (FFY) 2014 (October 1, 2013 thru September 30, 2014) was 14.39% and actual commitments/awards totaled 18.7%. For FFY 2014, the Airport’s ACDBE participation goal was 6.3%, and its achievement totaled 29.2%. The Airport’s M/W/DSBE goal for Fiscal Year 2014 was 30%, and actual commitments/awards totaled 26.1%.

In October 2014, PHL held a Business Opportunity Forum that was attended by nearly 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. PHL’s Exhibitions Program has presented more than 325 exhibits featuring a variety of themes in various mediums and art forms. The Airport’s art program was implemented to enhance the airport experience for the traveling public through visual arts and to provide visibility for regional artists and art institutions.

PHL's Exhibitions Program provides millions of visitors from around the world access to a wide variety of art forms 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 its acclaimed Exhibitions Program.

In 2014, the Airport made major progress on upgrades of its WiFi system. The number of access points was increased from 115 to 578, and WiFi data throughput at PHL has increased four-fold.

Just Plane Fun, the Airport's summer-long customer appreciation program, debuted in 2010. Designed to enhance the airport experience 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, and an end of summer raffle with great prizes.

PHL launched Oh, Say It Ain't Snow! Weather the Blues at PHL in the winter of 2015 in response to the glowing reviews and growing popularity of our "Just Plane Fun" summer program. PHL had four locations featuring Adirondack chairs, colorful beach umbrellas, and artificial turf. These Sahara Sam locations included live music, artist's demonstrations, caricature artists, and giveaways.

To make unplanned overnight stays at the Airport more comfortable for travelers, the Airport introduced its Enhanced Hospitality Program in 2012. 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. Since 2008, the concessions program has won numerous awards including Best Specialty Retail Program, B/C Connector (Airports Council International – North America, 2011), Airport with the Best Concessions Management Team, Large Airport Division (Airport Revenue News, 2011), and Highest in Overall Passenger Satisfaction Amenities/Food & Shops, Large Airport Division (JD Power and Associates, 2008).

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, 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. Best practices and lessons learned have been incorporated into business processes, system design and implementation plan in order for PHL to achieve its objectives.

STAFFING

The Division of Aviation FY16 Position request is for 850 full time positions. As of December 2014, the Airport had 776 positions filled, not including temporary employees. The categorization of the workforce is as follows: 70% are men, and 30% are women including 604 District Council 33 positions (78%), 86 District Council 47 staff (11%), 79 non-representative (10%) and 7 exempt (1%).

In 2014 the Division welcomed 76 new employees, of which 62% were African-American, 8% were White females, 5% were Hispanic, 5% Asian, 3% were in the Other race category, and the remainder of 17% were white male.

The senior management team at PHL is diverse as well, and includes a Hispanic male (Deputy Director for Capital Development), two White females (the Airport Chief Operating Officer and the Acting Deputy Director for Finance and Administration), and three White males (Airport Chief Executive Officer, Deputy Director of Aviation for Property Management and Business Development, and Deputy Director of Aviation for Operations and Facilities.)

At PHL, 44 staffers are bilingual or multilingual. Among this talented group 22 languages are spoken. In addition, one Airport employee can utilize sign language.

Staff Demographics (as of December 2014)

<i>Full-Time Staff</i>				<i>Executive Staff</i>			
Male		Female		Male		Female	
	African-American		African-American			African-American	
<i>Total</i>	318	180	<i>Total</i>	0	0		
<i>% of Total</i>	41.3%	23.4%	<i>% of Total</i>	0.0%	0.0%		
	White		White			White	
<i>Total</i>	184	36	<i>Total</i>	3	2		
<i>% of Total</i>	23.9%	4.7%	<i>% of Total</i>	50.0%	33.3%		
	Hispanic		Hispanic			Hispanic	
<i>Total</i>	12	11	<i>Total</i>	1	0		
<i>% of Total</i>	1.6%	1.4%	<i>% of Total</i>	16.7%	0.0%		
	Asian		Asian			Asian	
<i>Total</i>	16	6	<i>Total</i>	0	0		
<i>% of Total</i>	2.1%	0.8%	<i>% of Total</i>	0.0%	0.0%		
	Other		Other			Other	
<i>Total</i>	6	1	<i>Total</i>	0	0		
<i>% of Total</i>	0.8%	0.1%	<i>% of Total</i>	0.0%	0.0%		
	Bi-lingual		Bi-lingual			Bi-lingual	
<i>Total</i>	536	233	<i>Total</i>	4	3		
<i>% of Total</i>	69.6%	30.3%	<i>% of Total</i>	66.7%	50.0%		
	Male		Female			Male	
<i>Total</i>	536	234	<i>Total</i>	4	2		
<i>% of Total</i>	69.6%	30.4%	<i>% of Total</i>	66.7%	33.3%		

CONTRACTING

M/W/DSBE Participation on Large FY15 Contracts: In October 2014, PHL held a Business Opportunity Forum that was attended by nearly 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).

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 FY14, 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.

**M/W/DBE Participation on Large Contracts
FY15 Contracts**

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DBE Participation Achieved	\$ Value of M/W/DBE Participation	Total % and \$ Value Participation - All	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
					WBE: 5-10%	3%	\$394,792		
					DSBE:	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
					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
					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
					WBE: effort	19%	\$813,975		
					DSBE:	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
					WBE: 5-10%	22%	\$664,202		
					DSBE:	0%	\$0		

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) 2014. The Law Enforcement Officer (LEO) Program funding received in FFY 2014 was \$1,209,760. The current LEO modification, which ends in September 30, 2015, funds FFY 2015 with another \$1,209,760.

Grant Funding for Capital Projects

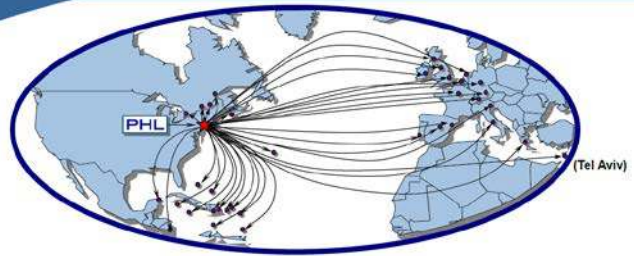
The Federal Aviation Administration (FAA) awarded a Letter of Intent to the Airport in August 2011 to assist with its multi-billion dollar, multi-year Capacity Enhancement Program (CEP). The LOI was approved under the FAA's Airport Improvement Program, as authorized by Title 49, United States Code, and totals \$466.5 million over a 16-year period, from FFY 2013 through FFY 2028. In FFY 2014, the Airport was offered \$29.8 million in funding, and it anticipates receiving \$22.9 million in FFY 2015 and \$34.0 million in FFY 2016. The funding is disbursed according to a schedule determined by the FAA in accordance with the Airport's CEP.

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.

OTHER RELEVANT DATA AND CHARTS

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) 2014, PHL accommodated 30.7 million passengers, including more than 4.5 million international passengers, on nearly 419,000 aircraft takeoffs and landings. On average, over 84,000 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 432,000 tons of freight and mail annually by commercial airlines and several cargo carriers. During CY 2014, twenty-nine tenant airlines operated over 553 daily flights to 131 cities, including an average of 55 flights to 40 international destinations.

PHL has extensive international service to Europe, Caribbean, and the Middle East



Since 2003, PHL has invested over \$1.0 billion in facility development, improvements and/or major rehabilitation projects, including international Terminal A West (\$550 million) and Terminals D/E expansion (\$346 million). Current key projects include the Terminal F Expansion (\$160 million), Terminal A-East Improvements (\$79 million), Rehabilitation of Runway 9L-27R (\$43 million), and Taxiway K Extension (\$23 million).