

**DEPARTMENT OF AVIATION
FISCAL YEAR 2027 BUDGET TESTIMONY
APRIL 8, 2026**

INTRODUCTION

Good Morning, Council President Johnson and Members of City Council. I am Tracy Borda, Interim Chief Executive Officer. Joining me today are Delicsha Wilds, Chief Administrative Officer, and Kate Sullivan, Chief Commercial Officer. I am pleased to provide testimony on the Department of Aviation’s Fiscal Year 2027 Operating Budget.

DEPARTMENT MISSION & PLANS

Mission: “*Proudly Connecting Philadelphia with the World!*” - the Department of Aviation (“Department” or “Aviation”) is comprised of the Philadelphia International Airport (PHL) and the Northeast Philadelphia Airport (PNE). A self-sustaining entity, Aviation operates without the use of local tax dollars while generating over \$18.7 billion of economic activity for the region. Travelers through the PHL gateway have opportunities to experience a wide variety of products and services that are distinctly Philadelphian.

Plans for Fiscal Year 2027:

PHL is expanding its global reach through new international routes and strengthened airline partnerships, helping connect Philadelphia to more destinations while supporting regional economic growth. In preparation for major international events in 2026, the airport is focused on ensuring that every traveler’s first and last impression reflects the pride and character of the city, supported by facility upgrades and operational improvements.

PHL’s Guest Experience program is moving toward a real-time, data-driven model that integrates multiple feedback channels into a unified dashboard for leadership review. Efforts to improve the passenger journey will focus on reducing friction in stressful areas, such as parking, security, construction zones, and arrivals, supported by enhanced communication, wayfinding, and staff deployment. The airport also aims to strengthen its sense of place by incorporating Philadelphia-focused art and experiential elements throughout the terminals.

Growth in transatlantic service will continue in 2026 with new routes to Budapest and Prague, and extended seasonal service to Copenhagen, Edinburgh, and Milan. The airport is also expanding its low-cost carrier presence as Allegiant Airlines launches service to Des Moines, Grand Rapids, and Knoxville, increasing competition and likely reducing fares.

On the sustainability front, PHL plans to pursue Level 4 Airport Carbon Accreditation, requiring extensive emissions tracking, clear interim reduction targets, collaboration with airlines and tenants, and demonstrable progress toward carbon neutrality by 2050. Additional initiatives include installing Level 3 electric vehicle (EV) fast chargers to support an expanding electric fleet.

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Significant airfield improvements are underway at both PHL and PNE, including major reconstruction and rehabilitation projects on taxiways and runways, expected to be completed by 2026 and 2027, respectively. In advance of the FIFA World Cup, MLB All-Star Game, and America250, the airport is also completing extensive infrastructure upgrades across terminals, roadways, utilities, and public spaces, with most work already finished as of early 2026.

PHL's restroom renovation program continues with the reconstruction of dozens of facilities to improve comfort, accessibility, capacity, and sustainability, with a major phase scheduled for completion by the end of 2026.

Finally, Aviation is committed to strengthening its workforce through expanded employee engagement initiatives and increased development programs. This includes new affinity groups, a focus on communication and community-building, targeted upskilling for roles such as HVAC mechanics and stationary engineers, and partnerships with OHR and Community College for Municipal employment (CCME) to build a strong pipeline for critical maintenance positions.



Rocky Statue in Terminal A of PHL.



PHL Kickoff for 2026 Festivities.

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PROPOSED BUDGET OVERVIEW & OTHER BUDGET DRIVERS

Department of Aviation Financial Summary by Class						
	FY25 Original Appropriations	FY25 Actual Obligations	FY26 Original Appropriations	FY26 Estimated Obligations	FY27 Proposed Appropriations	Difference: FY27 Proposed-FY26 Estimated
Class 100 - Employee Compensation	\$63,500,000	\$65,970,809	\$69,200,000	\$71,200,000	\$77,600,000	\$6,400,000
Class 200 - Purchase of Services	\$156,229,000	\$124,784,555	\$156,229,000	\$156,229,000	\$156,229,000	\$0
Class 300/400 - Materials, Supplies & Equipment	\$11,800,000	\$9,026,290	\$12,800,000	\$12,800,000	\$14,800,000	\$2,000,000
Class 500 - Contributions	\$7,800,000	\$6,825,216	\$7,800,000	\$7,800,000	\$7,850,000	\$50,000
Class 800 - Payment to Other Funds	\$38,000,000	\$12,259,081	\$38,000,000	\$38,000,000	\$38,000,000	\$0
	\$277,329,000	\$218,865,951	\$284,029,000	\$286,029,000	\$294,479,000	\$8,450,000

Full Aviation Fund Financial Summary by Class						
	FY25 Original Appropriations	FY25 Actual Obligations	FY26 Original Appropriations	FY26 Estimated Obligations	FY27 Proposed Appropriations	Difference: FY27 Proposed-FY26 Estimated
Class 100 - Employee Compensation	\$160,801,771	\$156,612,076	\$170,367,523	\$174,356,671	\$184,588,179	\$10,231,508
Class 200 - Purchase of Services	\$180,923,637	\$149,868,180	\$182,060,831	\$182,060,831	\$184,618,425	\$2,557,594
Class 300/400 - Materials, Supplies & Equipment	\$16,352,572	\$12,613,640	\$17,712,048	\$17,712,048	\$19,692,080	\$1,980,032
Class 500 - Contributions	\$8,812,000	\$6,825,217	\$10,312,000	\$11,312,000	\$11,362,000	\$50,000
Class 700 - Debt Service	\$151,145,020	\$145,291,510	\$145,590,623	\$145,590,623	\$161,255,892	\$15,665,269
Class 800 - Payment to Other Funds	\$38,019,000	\$9,129,560	\$38,019,000	\$38,019,000	\$38,019,000	\$0
	\$556,054,000	\$480,340,183	\$564,062,025	\$569,051,173	\$599,535,576	\$30,484,403

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Contracts Summary (Professional Services only)						
	FY23	FY24	FY25	FY26	FY26 YTD (Q1 & Q2)	FY27 Projected
Total amount of contracts	\$69,170,709	\$93,217,916	\$97,406,573	\$70,875,666	\$65,468,049	\$87,264,000
Total amount to S/LBE	N/A	N/A	N/A	N/A	N/A	N/A
Total amount to M/W/DSBE	\$30,338,258	\$29,469,926	\$30,085,662			
S/LBE Participation Rate	N/A	N/A	N/A	N/A	N/A	N/A
M/W/DSBE Participation Rate	44%	32%	31%			

**FY26 and FY27 M/W/DSBE projected participation rates not available. S/LBE not yet available as the City works to build the S/LBE registry and begin setting small and local business participation goals.*

Total S/LBE Contract Participation Goal (Public Works; Services, Supplies & Equipment; and Professional Services combined)			
	FY25	FY26	FY27 Projected
S/LBE Contract Participation Goal	N/A	N/A	N/A

**S/LBE not yet available as the City works to build the S/LBE registry and begin setting small and local business participation goals.*

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Proposed 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 proposed FY27 Aviation Fund budget totals \$294,479,000, an increase of \$8,450,000 over FY26 estimated obligation levels. This increase is primarily due to increases in personnel costs, materials/supplies and equipment.

The proposed budget includes:

- \$77,600,000 in Class 100, a \$6,400,000 increase over FY26 current projected expenditures. This increase stems from our active hiring efforts, labor agreements, and an increase in positions.
- \$156,229,000 in Class 200, level with FY26 funding.
- \$14,800,000 in Class 300/400, a \$2,000,000 increase over FY26 current projected expenditures. This increase stems from a slight increase in passenger traffic and general cost increases for goods.
- \$7,850,000 in Class 500 a \$50,000 increase over FY26 current projected expenditures. This increase stems from an increase in property taxes for Delaware County.
- \$38,000,000 in Class 800, level with FY26 funding.

Overall, the total FY27 Aviation Fund request is \$599.5 million, a \$30.5 million or 5.4% increase from the FY26 operating estimated obligations of \$569.1 million. The \$599.5 million request includes the \$294.5 million in appropriations requested for the Department of Aviation as noted above, as well as \$161.3 million for debt service and \$143.7 million for appropriations directly related to Police, Fire, Fleet Services, Technology, Public Property, Sustainability, Law, and Finance. The overall increase in the Aviation Fund of approximately \$30.5 million stems primarily from the increases mentioned above, as well as additional costs related to negotiated wage increases for Aviation Fund staff in other City departments and debt service.

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STAFFING LEVELS

The department is requesting 1,000 budgeted positions for FY27, an increase of 50 positions over FY26.

The increase is attributed to an increase in trades positions.

Employment Levels (as of November 2025)			
	FY26 Budgeted	Filled as of November 2025	FY27 Proposed
Number of Full-Time Positions	950	870	1,000
Number of Exempt Positions	39	31	48
Number of Executive Positions (deputy level and above)		14	
Average Salary of All Full-Time Positions		\$62,180	
Median Salary of All Full-Time Positions		\$52,192	

NEW HIRES

New Hires (from 7/1/2025 to November 2025)					
	Total Number of New Hires	Burmese	Hindi	Hausa	Spanish
Black or African American	46			1	
Asian	3	1	1		
Hispanic or Latino	6				2
White	13				
Other	3				
Total	71	1	1	1	2

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New Hires (from 11/1/25 to March 2026)	
	Total Number of New Hires
Black or African American	29
Asian	5
Hispanic or Latino	2
White	7
Other	1
Total	44

VACANCY RATE AND ALLOWANCE

Vacancy Rate Summary (Aviation Fund)						
	FY25 Actual Vacancy Rate	FY26 Budgeted Vacancy Allowance	FY26 Vacancy Rate	FY26 Budgeted Vacancy Allowance Rate	FY27 Budgeted Vacancy Allowance	FY27 Budgeted Vacancy Allowance Rate
Departmental Total	18.6%	(\$728,557)	8.4%	1.2%	(\$936,476)	1.4%

OTHER BUDGETARY IMPACTS

Federal and State (Where Applicable)

Grant Funding for Capital Projects

Under the Bipartisan Infrastructure Law (BIL) - Airport Infrastructure Grants (AIG), PHL was awarded \$26.2 million in Federal Fiscal Year (FFY)2025 and \$27.2 million in FFY2026, while PNE was awarded \$687,000 in FFY2025 and \$675,000 in FFY2026. Under competitive BIL Airport Terminal Program (ATP) grants, PHL was awarded \$27.5 million in (FFY) 2025 to modernize the airport Terminals D & E by upgrading perimeter walls and glass. Under the FAA’s Airport Improvement Program (AIP), PHL received \$22.64 million for the rehabilitation of Runway 9R-27L Phase Two. Under the same program, PNE received \$6.77 million for the rehabilitation of Runway 15-33. For FFY2026, Aviation anticipates receiving approximately \$30 million for this upcoming grant season.

In addition, PHL received two Airfield Safety & Resiliency Infrastructure grants in early (FFY) 2026. Part of the FAA discretionary program, PHL competed and was awarded \$850,000 for Taxiway P and received \$1 million for PNE’s Taxiway Charlie rehabilitation project. Finally, PHL received an FAA Voluntary Airport Low Emissions (VALE) grant of \$451,000 to replace the variable refrigerant heat recovery system at the Bloss building.

CONTRACTING EXPERIENCE

Top Five Largest Contracts, FY26											
Vendor Name	Service Provided	Dollar Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DSBE and SBE Participation Achieved	\$ Value of M/W/DSBE and SBE Participation	Total % Participation - All DSBEs	Total \$ Value Participation - All DSBEs	Local Business	Waiver for Living Wage Compliance?
Global Program Partners	Capacity Enhancement Program/Capacity Improvement Program Management	\$104,640,760	5/20/2011	5/25/2012	MBE: 15 - 20%	35%	\$36,624,266	40%	\$41,856,304	Yes	No
					WBE: 10 - 15%	5%	\$5,232,038				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
First Transit	Shuttle Bus Services	\$112,684,714	5/18/2017	6/1/2018	MBE: 8 -10%	0%	\$0	0%	\$0	No	No
					WBE: 20 - 25%	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
Elliott-Lewis Corporation	Computer Information Systems Management	\$71,727,357	03/31/201	10/1/2021	MBE: 20 - 25%	5%	\$3,328,149	6%	\$4,045,423	Yes	No
					WBE: 15 - 20%	1%	\$717,274				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
Parkway Garage	Ground Transportation Management	\$45,677,696	9/1/2019	11/1/2019	30 -32%	0%	\$0	0%	\$0	Yes	No
					WBE: 30 - 32%	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				
Hill International	Capital Program Administration	\$24,001,065	1/21/2021	7/1/2021	MBE: 20 - 25%	0%	\$0	0%	\$0	Yes	No
					WBE: 15 - 20%	0%	\$0				
					DSBE: BGFE	0%	\$0				
					S/LBE: BGFE	0%	\$0				

**Non-Profit Vendor Demographics not applicable*

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PROGRAM BASED BUDGETING:

Program Name: Guest Experience

Program Number: 92-02

Program Description: At PHL, the Aviation team strives every day within its terminals to elevate the airport experience by offering services and amenities that not only meet but exceed the needs and expectations of all guests. By offering meaningful interactions at every step of their journey, a talented Guest Experience team makes each guest feel welcomed, valued, and appreciated. The Guest Experience (GX) program collaborates with the entire PHL Airport community, including business partners and stakeholders, to enhance overall customer service and improve the airport experience for both guests and team members. The unit oversees and facilitates PHL's GX Stakeholder Council, which brings representatives from across the airport community together on a quarterly basis to develop a shared vision and prioritize impactful initiatives.

FY27 Strategic Goals:

- **Data Driven Approach:** GX will institute a real-time, data-led guest experience management model, integrating net promoter scores (NPS), post-trip surveys, QR code feedback, operational metrics, and sentiment analysis into a single dashboard that will be reviewed monthly by executive leadership to ensure timely corrective action and sustained improvement.
- **Journey Map Enhancements:** GX will reduce friction and uncertainty at high-stress journey moments, including parking, security, construction zones, and arrivals, through improved communications, wayfinding, digital tools, and staff deployment, with the goal of driving measurable gains in passengers' confidence and likelihood to recommend PHL.
- **Sense of Place:** GX will enhance emotional connection and sense of place throughout terminals, leveraging brand art and experiential elements to reinforce Philadelphia pride and delight travelers.

FY27 Performance Measures:

Performance measures associated with this program are under development.

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PROGRAM BASED BUDGETING:

Program Name: Air Service Development

Program Number: 92-02

Program Description: The Air Service Development program drives growth in air service to both existing and unserved destinations and among existing and new carriers by nurturing relationships with the airlines, presenting compelling business cases for additional air service opportunities, and working to facilitate airlines' introduction of additional service to PHL. Air Service Development leads efforts based on gathered intelligence to strategize, build for, and onboard short-, mid-, and long-term opportunities that support the diverse needs of the Greater Philadelphia region and the Aviation Department's mission: *Proudly Connecting Philadelphia with the World.*

FY27 Strategic Goals:

- **Support Continued Transatlantic Passenger Growth:** Transatlantic growth is anticipated to continue with two new European routes announced for summer 2026, Budapest and Prague. Additionally, Copenhagen, Edinburgh, and Milan will be served for more months out of the year during 2026.
- **Strategic Positioning in Low-Cost and Ultra Low-Cost Carrier Segment:** New entrant carrier Allegiant Airlines has announced it will begin operations at PHL starting in May 2026 with service to three destinations: Des Moines, Grand Rapids, and Knoxville. This is expected to bring added competition and lower fares to these markets.

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FY27 Performance Measures:

Measure	FY25 Actual	FY26 Target	FY27 Target
Number of boarding passengers (millions) ¹	15.4	15.1	15.2
Operations (number of arrivals and departures)	325,041	≥ 310,000	≥ 315,000
Freight and mail cargo (tons)	468,126	430,000	470,000
Non-airline revenue (millions)	\$227.56	≥ \$210.00	≥ \$215.00

¹ The FY26 and FY27 target decreases compared to the FY25 actual are due in large part to low-cost carriers reducing scheduled flights as part of a restructuring of capacity across their networks.

PROGRAM BASED BUDGETING:

Program Name: Sustainability

Program Number: 92-02

Program Description: Aviation strives to operate in a manner that minimizes environmental impacts, operating costs, and maintenance needs through sustainable management of resources in the areas of water, waste, air, noise, and energy.

FY27 Strategic Goals:

- **Increase to Level 4 Airport Carbon Accreditation at PHL:** Aviation will pursue Level 4 Airport Carbon Accreditation for PHL, which will require expanded data collection, such as calculating emissions from all goods, services, and construction activities; absolute emission reductions on a six-year rolling average; collaboration with airlines and other tenants on emission reduction efforts; a strategic plan to meet the 2050 net-zero goal; establishment of an interim emission reduction goal; and, demonstrated annual progress towards both net-zero and emission reductions goals. Achieving and maintaining Level 4 accreditation will provide a robust and detailed framework and annual progress review for achieving carbon neutrality by 2050.
- **Install Level 3 Electric Vehicle Fast Chargers:** Aviation plans to complete construction on five Level 3 electric vehicle fast chargers at the Maintenance Service Building and airside at A-West, allowing airport staff from Airport Operations and Facilities Maintenance, whose roles require them to drive extensively on the airport campus, to expand their electric vehicle fleet and rely on convenient, fast charging.

FY27 Performance Measures:

Measure	FY25 Actual	FY26 Target	FY27 Target
Recycling diversion rate	24%	25%	25%
Natural gas consumption per passenger (British thermal units) ¹	9,330	< 15,000	< 15,000
Fossil fuel usage (gallons) ²	433,990	< 550,000	< 350,000

¹ Natural gas usage in FY25 was lower due to a mild winter and upgrades to energy efficiency. The targets in subsequent years reflect typical winter conditions.

² The FY27 target reflects an expected decrease in fossil fuel usage due to the transition of lightweight electric vehicles to electric models.

PROGRAM BASED BUDGETING:

Program Name: Capital Development

Program Number: 92-02

Program Description: Aviation has an ongoing multi-year, multi-billion-dollar capital development program to make critical improvements and develop new infrastructure at both PHL and PNE. The program brings innovations and improvements to the landside, terminal, and airfield, improving customer experience, laying the groundwork for future development, incorporating sustainability, and enhancing Aviation’s role as a regional economic engine.

FY27 Strategic Goals:

- **Advancing PHL and PNE Airfield Improvements:** Aviation is working to reconstruct and rehabilitate its various airfield assets, including apron, taxiway, and runway pavement to improve safety and serviceability and eliminate structural deficiencies. The following projects or phases of projects are expected to be completed in FY27:
 - o Taxiway S Reconstruction, Package 2 began construction in fall 2025 and is anticipated to be completed by the end of 2026. This project consists of several subsequent packages to be completed over the next several years.
 - o Taxiway E Rehabilitation began in summer 2025 and is anticipated to be completed by the end of 2026.
 - o PNE Runway 15-33 Rehabilitation, Package 1 began in fall 2025 and is anticipated to be completed by summer of 2026. This project consists of several subsequent phases to be completed over the next several years.
- **PHL Infrastructure Improvements for Special Events in 2026:** Infrastructure improvements are a key component of PHL's preparations for 2026, when Philadelphia will welcome visitors from all over the world for the FIFA World Cup tournament, Major League Baseball (MLB) All-Star Game, and America250. Critical improvements are underway throughout all PHL terminals and outside areas, including passenger waiting areas, restrooms, garages, roadways, electrical substations, mechanical systems, signage, and more. Nearly 85 percent of the improvements, approximately \$425 million in capital investments, were complete as of March 2026.
- **Restroom Renovation Program:** As part of its continuous commitment to enhancing the guest experience, PHL has been modernizing passenger-facing restrooms with the goals of improving quality and comfort, accommodating more travelers, expanding accessibility for people with disabilities, and implementing sustainability measures. Presently under construction, PHL’s Restroom Renovations Phases 5 through 8 include the demolition and reconstruction of 30 existing public restrooms and the construction of two new public restroom sets and two ancillary spaces, which include service animal relief areas, lactation suites, and assisted changing rooms. Aviation expects to complete Phase 6, which includes eight sets of restrooms, by the end of 2026.

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FY27 Performance Measures:

Measure	FY25 Actual	FY26 Target	FY27 Target
Spend on capital projects (millions) ¹	\$239.41	\$250.00	\$300.00
Square feet of taxiway/runway rehabbed	2,694,000	≥ 2,000,000	≥ 2,000,000

¹This measure reflects capital expenditures.

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PROGRAM BASED BUDGETING:

Program Name: Workforce Development

Program Number: 92-02

FY27 Proposed Aviation Fund: \$295,479,000

Program Description: Aviation is dedicated to enhancing career opportunities and fostering a welcoming work environment. By building awareness and identifying innovative solutions, the program aims to ensure that all employees have access to career growth and development opportunities. It focuses on creating a dynamic workplace where everyone can thrive and contribute their unique skills. Through targeted training and support initiatives, the program empowers employees to reach their full potential and drive the aviation industry forward.

FY27 Strategic Goals:

- **Expand Employee Engagement Programs:** Aviation will increase its Employee Engagement Score by fostering a supportive and inclusive workplace through key initiatives, including Airport Empowerment Groups (AEGs) and introducing new Airport Affinity Groups (AAGs) that reflect the diverse interests of employees. The program focuses on five pillars: communication, community, connection, celebration, and commitment. By encouraging active participation and strengthening connections across the workforce, Aviation seeks to enhance engagement, improve morale, boost productivity, and increase retention.
- **Advance Aviation Workforce Development Programs:** Aviation plans to expand its upskilling Program to further enhance its workforce's skills, with a particular focus on training heating, ventilation, and air conditioning (HVAC) mechanics for Stationary Engineer roles. In addition, Aviation will continue to work with City College for Municipal Employment (CCME) to leverage workforce development efforts, partnering with Community College of Philadelphia's Advanced Manufacturing Industrial Maintenance Mechanic (IMM) Program and PowerCorpsPHL to train and hire members to fill vacant Machinery Equipment Mechanic positions.

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FY27 Performance Measures:

Measure	FY25 Actual	FY26 Target	FY27 Target
Number of upskilling/reskilling program participants ¹	N/A	5	10
Number of summer college internship program participants ¹	N/A	40	40

¹FY25 data is not available as this measure was introduced in FY26.