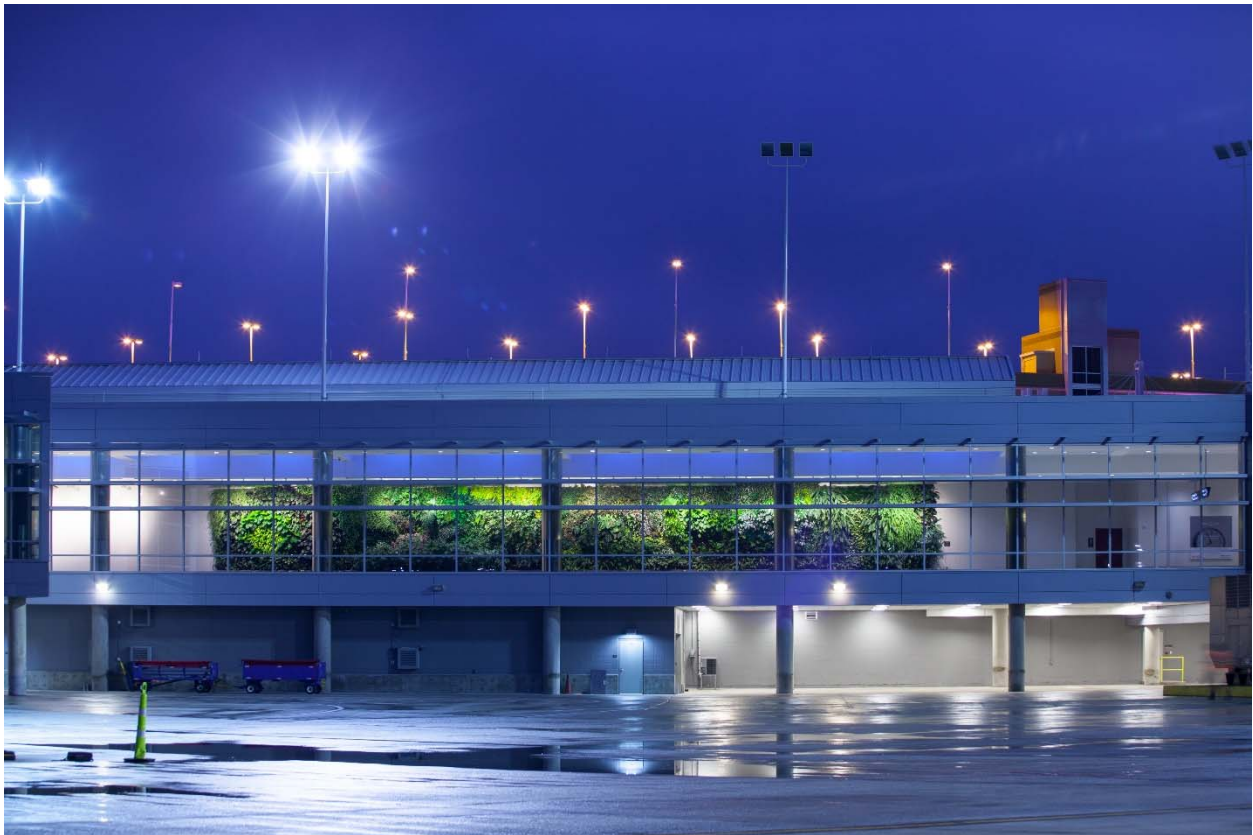




BIRMINGHAM AIRPORT AUTHORITY

FISCAL YEAR 2023

BUDGET BOOK



**Prepared for the Birmingham Airport Authority
Audit and Finance Committee
May 17, 2022**

Budget Development

The Birmingham Airport Authority's (BAA or the Authority) budget is developed in multiple steps. The first step involves determining the operating expenses. Each department submits their projected spending to the Finance Department. Finance reviews the individual departmental budgets, adjusts as necessary, and forwards the budgets to the Executive Department for review. The Executive Department, Finance and the individual departments work collectively to agree on the final budgets.

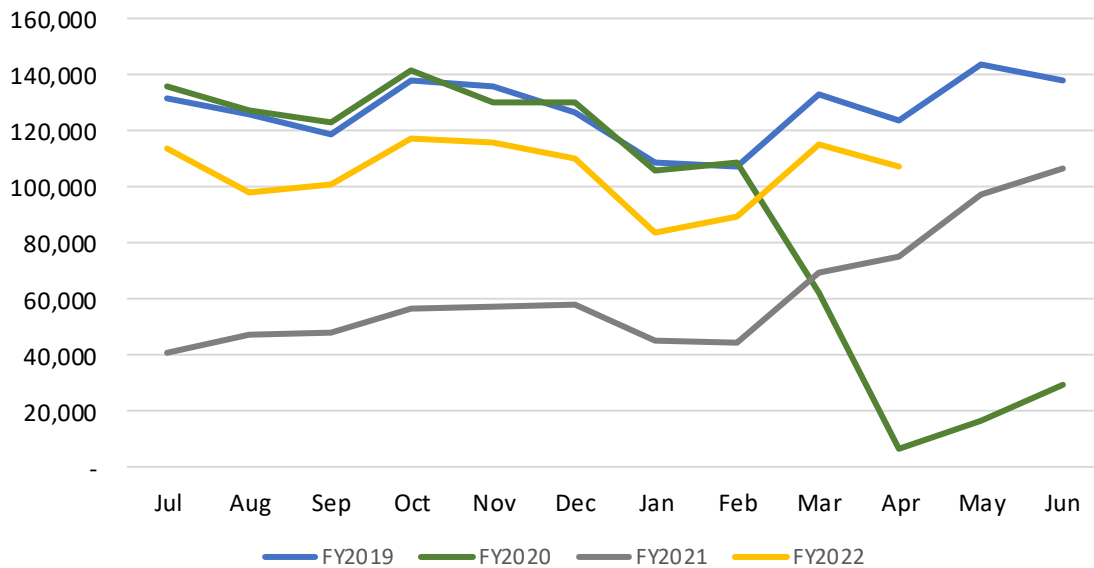
Once the operating expense budgeting process has been completed, the next step is to develop the operating revenue budget. The operating budget consists of airline and non-airline revenues. The non-airline revenues are projected based on historical revenues, projected traffic and existing leases and agreements. Lastly, the airline terminal and landing fee rates are calculated based upon the operating expenses and the methodology prescribed in the airline use agreement. After the rates have been determined, the airline revenues can be calculated, and the pro-forma financial statements created.

Budget Rationale and Assumptions

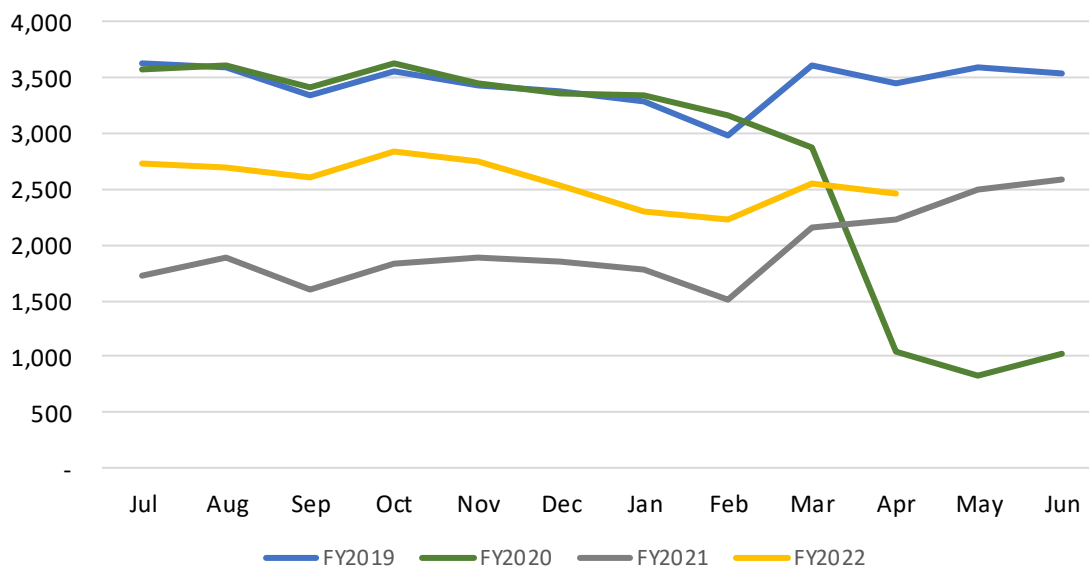
The major driver of the Authority's budget is air traffic, which consists of passengers and aircraft landed weight. This is largely dependent on the strength of the local economy and the region's ability to attract visitors. While the national and local economies are in the process of recovering from the impact of the COVID-19 virus, the economy is now faced with the highest inflation levels seen since 1981. Airline ticket prices are rising as airlines struggle to deal with jet fuel prices that have increased by more than 30% since February 2019.

Traffic at BHM is continuing to recover. Passenger enplanements as of FYTD April 2022 are 94% greater than the same period in FY2021 and account for 84% of the enplanements during the same period in FY2019. Landed weight as of FYTD April 2022 was 44% greater than the same period in FY2021 and accounted for 84% of the landed weight during the same period in FY2019.

Enplanements



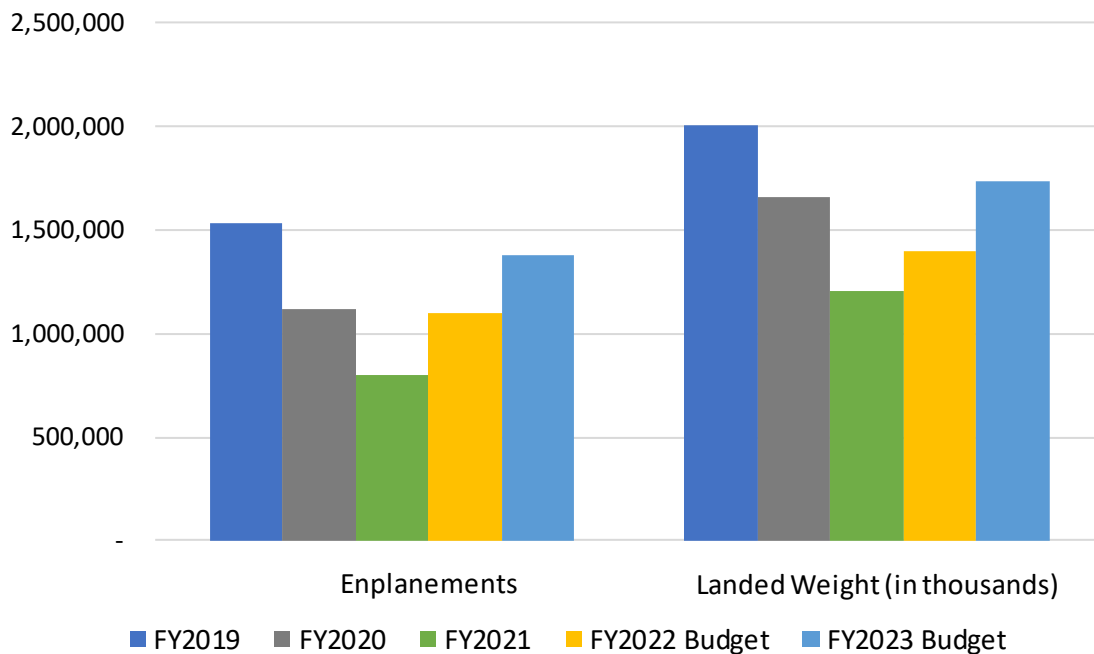
Passenger Operations



The FY2023 forecasts for passenger enplanements and landed weight are very important drivers in the revenue budget. The forecast was developed based on data obtained from the carriers serving BHM, a forecast of national traffic from airline industry trade group Airlines For America, and the improvement seen thus far at BHM. The forecast was adjusted slightly to account for the recent spike in inflation and the war in Ukraine, both of which have had a negative impact on jet fuel and airline ticket prices. The enplanement forecast for FY 2023, is

1,380,442 passengers. This projection is 10% lower than FY2019, 23% higher than FY2020, and 72% greater than FY2021. The landed weight forecast of 1,730,577 thousand pounds is 14% less than FY2019, 4% higher than FY2020, and 44% greater than FY2021. It is very important to understand that the forecast is just that, a forecast. We have no assurance that the traffic will materialize as expected or when it will recover to historical levels.

Enplanements and Landed Weight

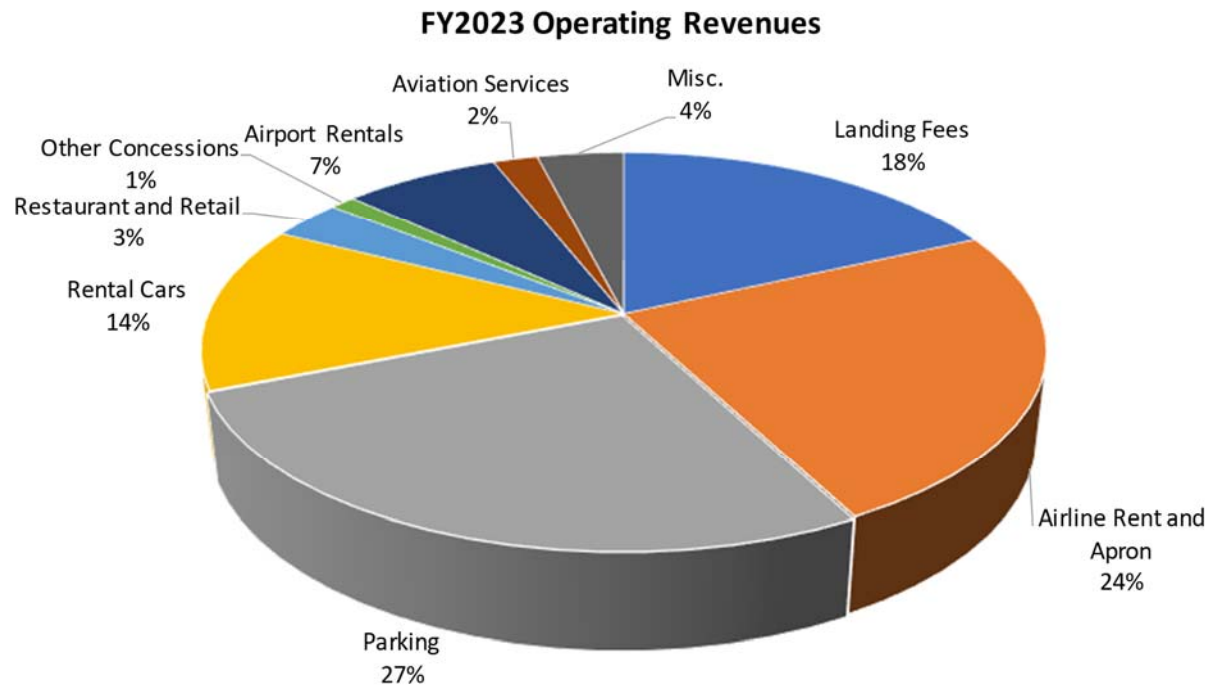


Operating Revenues

Total Operating Revenues for FY2023 are budgeted at \$53.8 million, which is \$13.6 million more than FY2021 and \$3.1 million than was budgeted in FY2022. The largest differences between the FY2022 and 2023 budgets are the continued improvement in concession revenue and the reduction in reimbursements of operating expenses from COVID-10 grants. Details of the Operating Revenue budget are discussed below.

Birmingham Airport Authority
FY2023 Budget Book

FY2023 Operating Revenues Budget					
	2021 Actual	2022 Budget	2023 Budget	2021 Actual vs. 2023 Budget	2022 Budget vs. 2023 Budget
Aviation Revenues					
Landing Fees	8,230,502	10,781,769	9,776,402	1,545,900	(1,005,367)
Airline Space Rental	7,417,827	8,896,600	11,883,301	4,465,474	2,986,701
Other Airline Fees and Charges	749,636	959,640	1,085,908	336,272	126,268
	\$16,397,964	\$20,638,009	\$22,745,611	\$6,347,647	\$2,107,602
Concession Revenues					
Automobile Parking	6,895,460	10,235,414	14,308,529	7,413,068	4,073,115
Rental Car Operations	4,495,813	4,966,810	7,283,690	2,787,878	2,316,880
Restaurants & Retail	886,413	1,197,251	1,753,270	866,857	556,019
Ground Transportation	107,435	160,435	185,983	78,548	25,548
Advertising	208,142	143,779	220,000	11,858	76,221
Vending and Other Concessions	105,424	153,652	224,260	118,836	70,608
	\$12,698,687	16,857,341	23,975,732	11,277,046	7,118,392
Airport Rentals					
Terminal Space Rent	432,223	695,262	662,723	230,501	(32,539)
Building Leases	2,320,661	2,311,675	3,169,500	848,840	857,826
	\$2,752,883	\$3,006,937	\$3,832,224	1,079,340	825,287
Aviation Services					
Airfield Operations	445,373	437,989	652,059	206,686	214,070
Fuel Commissions and Sales	323,689	305,738	444,474	120,785	138,736
	\$769,062	\$743,727	\$1,096,532	327,471	352,805
Miscellaneous Revenues					
Airport Services Sold	396,744	375,925	497,728	100,984	121,803
Miscellaneous Income	700	1,000	1,000	300	-
FAA COVID-19 Grants - Operating Exp. Reimb.	7,147,198	9,097,256	1,623,519	(5,523,679)	(7,473,737)
	7,544,642	9,474,181	2,122,247	(5,422,395)	(7,351,934)
Total Operating Revenues	\$40,163,237	\$50,720,194	\$53,772,346	\$13,609,109	\$3,052,152



Aviation Revenues

Aviation Revenues, which include landing fees, and airline rentals of terminal and apron space, are the Airport's second largest source of operating revenue and are expected to account for 42% of the operating revenue in FY2023. Aviation Revenues are budgeted at \$22.7 million, which is \$6.3 million and \$2.1 million more than FY2021 and the FY2022 budget, respectively.

Concession Revenues

Concession Revenues, which include parking, rental cars, and restaurants and retail, account for the largest category of operating revenues. These revenues are largely dependent on passenger enplanements and are expected to perform much better than in fiscal year 2022. Concession Revenues are projected to be \$24.0 million, which is \$11.3 million more than FY2021 revenues and \$7.1 million more than the FY2022 budget.

Airport Rentals

The revenue from Airport Rentals is obtained come from space that is rented at the Airport by governmental agencies, cargo operators and hangar tenants. The budget for this category is \$3.8 million, which is \$1.1 million more than the revenues received in FY2021 and \$825 thousand more than was budgeted for FY2022.

Aviation Services

Aviation Services consist of revenue received from fixed-based operators (FBO), aircraft fuel sales, and companies that provide services to airlines. Aviation Services revenue is budgeted at

\$1.1 million, which is approximately 40% more than the amount received in FY2021.

Miscellaneous Revenues

The budget for Miscellaneous Revenues for FY2023 \$2.1 million. This is a decrease of \$5.4 million and \$7.4 million less respectively, than what was received in FY2021 and what was budgeted in FY2022. The large decline is because the majority of the final COVID 19 Grant (ARPA) will be drawn in FY2022. To our knowledge, there will be no additional COVID related grants from the FAA. The Airport's COVID-19 grant funds are considered operating revenue when used to reimburse operating expenses, and non-operating revenue when used for non-operating costs such as debt service.

Operating Expenses

The budget for Operating expenses is \$35.8 million, which is \$11.4 million more than FY2021 actuals and a \$3.7 million increase over the FY2022 budget. The Operating Expense budget is discussed below.

Salaries and Benefits

Employee salaries and benefits are the Authority's largest expense and together account for 37% of the FY2023 operating budget. Salaries and Benefits are largely driven by the size of the staff. Excluding the Pension Expenses for FY2023, which will not be determined until the end of the fiscal year, the budget for FY2023 is \$2.9 million higher than FY2021 expenditures and \$1.5 million higher than the FY2022 budget. The personnel budget for FY2023 includes approximately the same number of positions that were budgeted last year. However, the overall personnel cost has increased due to pay raises that have been implemented to help offset the continued inflationary pressures of the US economy and the higher cost of employee benefits.

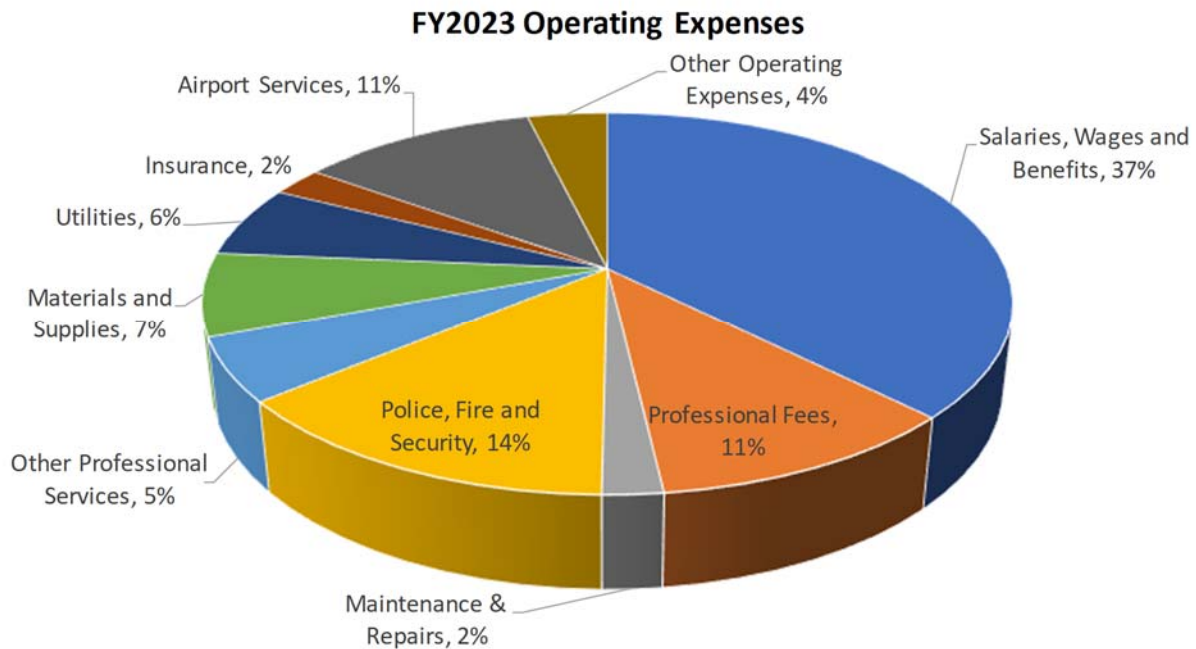
Birmingham Airport Authority
 FY2023 Budget Book

Full-Time Positions			
Department	FY2022		FY2023
	Budgeted	Filled *	Budgeted
Planning and Development	8	6	9
Maintenance	36	29	39
Custodial	28	19	17
Operations	45	25	42
Executive	7	4	8
Human Resource	4	4	7
Finance	7	6	7
Parking	3	3	4
Properties and Business Dev.	4	3	4
IT	6	4	6
Procurement	5	3	5
Total Positions	153	106	148

* As of 4/30/22

Birmingham Airport Authority
FY2023 Budget Book

FY2023 Operating Expenses Budget					
	2021 Actual	2022 Budget	2023 Budget	2021 Actual vs. 2023 Budget	2022 Budget vs. 2023 Budget
Salaries & Benefits					
Salaries & Wages	7,548,172	8,133,574	9,048,831	1,500,659	915,257
Employee Benefits	2,855,393	3,787,428	4,383,784	1,528,390	596,356
Pension Expenses	119,470	-	-	(119,470)	-
Subtotal Salaries & Benefits	10,523,035	11,921,002	13,432,615	2,909,579	1,511,613
Professional/Contracted Services					
Professional Fees	2,006,612	2,873,432	3,819,192	1,812,580	945,760
Maintenance & Repairs	689,583	990,915	729,500	39,917	(261,415)
Facilities & Grounds	283,430	285,000	285,000	1,570	-
Police, Fire and Security	4,051,053	6,275,912	4,928,614	877,561	(1,347,298)
ARFF	-	147,290	153,866	153,866	6,576
Technical Support Contracts	213,109	576,683	688,794	475,685	112,111
Other Contracts	786,856	1,125,282	788,072	1,216	(337,210)
Subtotal Professional/Contracted Services	8,030,643	12,274,514	11,393,038	3,362,395	(881,476)
Materials/Supplies/Maintenance					
Office Supplies	86,140	134,261	122,263	36,123	(11,998)
Facilities & Grounds	36,934	36,141	73,650	36,716	37,509
Uniforms	105,809	98,810	53,580	(52,229)	(45,230)
Airfield Supplies	74,637	703,800	1,001,660	927,023	297,860
Technical/Trade Supplies	1,194,492	628,492	547,493	(646,999)	(80,999)
Vehicle/Fuel Supplies	158,642	262,554	263,791	105,149	1,237
Technology Supplies (IT/ET)	88,140	314,588	473,665	385,525	159,077
Subtotal Materials/Supplies/Maintenance	1,744,794	2,178,646	2,536,102	791,308	357,456
Other Operating Expenses					
Utilities	1,917,559	1,715,702	2,110,151	192,593	394,449
Employee Relations	37,383	69,000	69,000	31,617	-
Public Relations	199,511	269,000	237,220	37,709	(31,780)
Furniture, Fixtures and Equipment (FF&E)	66,202	143,450	155,312	89,110	11,862
Insurance	738,117	961,284	877,548	139,430	(83,736)
Travel, Training & Meeting	42,502	236,668	283,832	241,330	47,164
Permits, Licenses and Fees	-	6,600	1,385	1,385	(5,215)
Dues & Subscriptions	138,410	198,845	126,751	(11,659)	(72,094)
Airport Services	653,812	1,464,961	4,052,265	3,398,452	2,587,304
Equipmental Rental	86,628	117,834	109,020	22,392	(8,814)
Other Operating Expenses	214,365	579,782	448,482	234,117	(131,300)
Subtotal Other Operating Expenses	4,094,488	5,763,126	8,470,965	4,376,477	2,707,839
TOTAL OPERATING EXPENSES	\$24,392,960	\$32,137,287	\$35,832,720	\$11,439,759	\$3,695,432



Professional/Contractual Services

This budget category includes fees paid for consultants, contractual repairs and police and fire costs. These services are budgeted to grow by 42% over the amount expended in FY2021 and decrease by 7% from the amount budgeted in FY2022. The key reason for the higher cost of Professional/Contractual Services from FY2021 to the current budget is increased parking management services and Police and Fire costs. The largest driver of the decline from the FY2022 budget is the decrease in Police and Fire costs. The budget for Police and Fire costs were dramatically higher in FY2022 due to higher salaries and employer pension contributions. The Authority and the City are in the process of negotiating a new agreement that is expected to lower the cost to the Authority in FY2023.

Materials/Supplies/Maintenance

Materials and supplies used by the Airport, such as office supplies, uniforms, paint, and janitorial supplies are budgeted in this section. The Authority expects to spend \$791,000 more in FY2023 than was spent in FY2021 and \$357,000 more than was budgeted in FY2022. The increase is due to higher anticipated expenditures for airfield painting, computer equipment, and CCTV cameras.

Other Operating Expenses

Other Operating Expenses include several expense types, the largest being Utilities, Insurance and Airport Services. Other Operating Expenses are budgeted to be \$4.4 million higher than in

FY2021 and \$2.7 million more than was budgeted in FY2022. Costs in FY2021 were lower than normal as the Authority was intentional about cost control in response to the COVID-19 pandemic. The main drivers of the increase are utility costs, contracted janitorial costs, and contracted costs for grass cutting and debris pickup on BAA owned vacant properties.

Departmental Budgets

The operating expense budget, by department, is presented below. While the greatest increases from the FY2022 budget to the FY2023 budget have already been described, they can also be observed in the table below.

Departmental Operating Budget Summary						
Department	No.	2021 Actual	2022 Budget	2023 Budget	2021 Actual vs. 2023 Budget	2022 Budget vs. 2023 Budget
Planning and Development	30	831,661	1,037,770	1,248,086	416,425	210,317
Maintenance	31	6,402,160	8,420,153	9,852,960	3,450,799	1,432,807
Insurance	32	746,819	935,329	789,684	42,866	(145,645)
Summer Intern Program	99	33,007	15,000	19,355	(13,652)	4,355
Custodial	33	1,914,810	2,334,821	3,505,080	1,590,271	1,170,260
Operations	34	3,411,971	3,229,596	3,475,388	63,418	245,793
Executive	35	2,753,031	2,966,174	3,193,800	440,769	227,625
Human Resources	36	729,656	639,290	1,025,052	295,396	385,762
Finance	37	1,174,019	1,305,330	1,267,558	93,538	(37,773)
Parking	38	1,684,830	1,778,281	2,680,278	995,448	901,997
Properties and Business Dev.	39	659,944	745,210	938,039	278,095	192,828
Legal	40	0	0	0	0	0
IT	41	0	1,659,057	1,927,414	1,927,414	268,356
Procurement	42	0	623,575	802,456	802,456	178,881
ARFF	43	0	171,790	178,956	178,956	7,166
Police and Fire	75	4,051,053	6,275,912	4,928,614	877,561	(1,347,298)
		\$24,392,960	\$32,137,287	\$35,832,720	\$11,439,759	\$3,695,432

Maintenance

The budget for the Maintenance department is budgeted to increase by 17% in FY2022 from \$8.4 million to nearly \$10 million. Virtually half of the increase is committed to airfield maintenance. Funds have been allocated to the department to refresh airfield markings and to make repairs to the terminal apron. The Authority has experienced an uptick in dumping on vacant property owned by BHM. The Maintenance department does not have sufficient staffing to maintain the properties so the Authority will contract out the responsibility to cut grass and ensure that any debris dumped on the properties is properly disposed.

Custodial

Starting in FY2023, the Authority will transfer most of the janitorial function at the Airport to an outside contractor. The Custodial department has been understaffed and has therefore not been able to maintain the level of service the Authority desires to provide. The cost of the contract is the reason for the \$1.2 million increase in the department's budget.

Parking

The Parking department budget is \$920 thousand more than in FY2022. The Authority is in the process of restructuring the Operations department and a portion of its responsibility is covering the parking garage. Certain Operations positions will be shifted to a different function and the parking functions will be performed by a contractor. The research for the transition is not yet complete but the Authority has budgeted funding to accomplish the goal in FY2023.

Pro-Forma Financial Statements

Statements of Revenues, Expenses and Changes in Net Position

The Authority's Income Statement is presented below. The changes in Operating Revenues and Expense are described in detail above. The Non-Operating Revenues/(Expenses) budget is \$21.4 million, which is \$6.5 million lower than in FY2021 and \$4.1 more than the FY2022 budget. The decline from FY2021 is due to the \$15.5 million decrease in budgeted FAA grant receipts, which includes the non-operating COVID-19 grants. PFC and CFC revenue is budgeted to increase by \$2.1 million compared to the FY2022 budget. Net position is budgeted to increase by \$3.4 million compared to last year's budget.

FY2023 Income Statement					
	2021 Actual	2022 Budget	2023 Budget	2021 Actual vs. 2023 Budget	2022 Budget vs. 2023 Budget
Aviation Revenues	16,397,964	20,638,009	22,745,611	6,347,647	2,107,602
Concession Revenues	12,698,687	16,857,341	23,975,732	11,277,046	7,118,392
Airport Rentals	2,752,883	3,006,937	3,832,224	1,079,340	825,287
Aviation Services	769,062	743,727	1,096,532	327,471	352,805
Miscellaneous Revenues	7,544,642	9,474,181	2,122,247	(5,422,395)	(7,351,934)
Total Operating Revenues	40,163,237	50,720,194	53,772,346	13,609,109	3,052,152
Salaries & Benefits	10,523,035	11,921,002	13,432,615	2,909,579	1,511,613
Professional/Contracted Services	8,030,643	12,274,514	11,393,038	3,362,395	(881,476)
Materials/Supplies/Maintenance	1,744,794	2,178,646	2,536,102	791,308	357,456
Other Operating Expenses	4,094,488	5,763,126	8,470,965	4,376,477	2,707,839
Total Operating Expenses	24,392,960	32,137,287	35,832,720	11,439,759	3,695,432
Results From Operations Before Depreciation	15,770,277	18,582,907	17,939,627	2,169,350	(643,280)
Depreciation Expense	17,908,859	18,881,686	18,881,686	972,827	-
Results From Operations	(2,138,582)	(298,779)	(942,059)	1,196,523	(643,280)
Interest Income	263,607	280,617	249,860	(13,747)	(30,757)
Settlement - Insurance & Other	(27,667)	-	-	27,667	-
Gain/(Loss) on Investments	(48,308)	-	-	48,308	-
PFC Revenue and Interest	3,182,058	4,419,111	5,479,275	2,297,217	1,060,164
CFC Revenue and Interest	2,990,954	3,719,211	4,742,786	1,751,832	1,023,575
TSA Contributions	231,938	211,956	5,200,000	4,968,062	4,988,044
FAA Contributions	25,970,326	13,464,649	10,500,000	(15,470,326)	(2,964,649)
Interest Expense	(4,674,020)	(4,766,500)	(4,766,500)	(92,480)	-
Non-Operating Revenues/(Expenses)	27,888,888	17,329,044	21,405,421	(6,483,467)	4,076,377
Change In Net Position	\$25,750,306	\$17,030,265	\$20,463,362	(\$5,286,944)	\$3,433,096

Statement of Net Position

The Balance Sheet for FY2023 is below. It projects that assets, liabilities and net position grow by \$10.4 million more than the FY2022 budget to \$651.1 million.

FY2023 Statement of Net Position					
	2021 Actual	2022 Budget	2023 Budget	2021 Actual vs. 2023 Budget	2022 Budget vs. 2023 Budget
ASSETS					
Cash and Cash Equivalents	39,327,600	48,375,586	45,104,126	5,776,526	(3,271,460)
Investments	197,317	30,586,341	16,501,116	16,303,799	(14,085,225)
Trade Accounts Receivable (net)	1,807,188	602,251	1,029,954	(777,234)	427,703
Grants Receivable	2,452,625	597,648	634,896	(1,817,729)	37,248
Prepaid Expenses	621,525	652,014	475,402	(146,123)	(176,612)
Inventory	275,883	274,383	276,704	821	2,321
Cash and Cash Equivalents - Restricted	8,121,926	7,121,789	12,341,381	4,219,455	5,219,592
OPEB Trust Account - Restricted	-	1,407,119	1,747,824	1,747,824	340,705
PFC Cash - Restricted	6,003,109	7,240,162	10,639,248	4,636,139	3,399,086
CFC Cash - Restricted	1,748,294	1,617,809	4,107,972	2,359,678	2,490,163
PFC & CFC Receivable - Restricted	856,257	770,631	846,257	(10,000)	75,626
Total Current Assets	61,411,724	99,245,734	93,704,880	32,293,156	(5,540,854)
Investments	30,157,050	-	27,164,500	(2,992,550)	27,164,500
Prepaid Expenses	604,204	-	-	(604,204)	-
Capital Assets, net of Acc. Depreciation	537,884,721	523,852,219	520,800,590	(17,084,131)	(3,051,629)
Total Non - Current Assets	568,645,975	523,852,219	547,965,090	(20,680,885)	24,112,871
Total Assets	630,057,699	623,097,953	641,669,970	11,612,271	18,572,017
Deferred Amounts on Refundings	531,260	-	-	(531,260)	-
Deferred Outflows Relating to Pension	8,603,028	17,219,908	9,157,786	554,758	(8,062,122)
Deferred Outflows Relating to OPEB	360,441	104,827	-	(360,441)	(104,827)
Total Deferred Outflows of Resources	9,494,729	17,324,735	9,157,786	(336,943)	(8,166,949)
Total Assets and Deferred Outflows of Resources	\$639,552,428	\$640,422,688	\$650,827,756	\$11,275,328	\$10,405,068

LIABILITIES AND NET POSITION					
Accounts Payable - Trade	5,221,512	2,991,929	1,083,642	(4,137,870)	(1,908,287)
Security Deposits and Unearned Revenue	4,500	70,850	70,850	66,350	-
Total Current Liabilities and Payments from Unrestricted Assets	5,226,012	3,062,779	1,154,492	(4,071,520)	(1,908,287)
Accounts Payable - Construction	1,011,292	1,471,107	1,389,431	378,139	(81,676)
Accrued Interest	2,330,289	2,383,250	2,383,250	52,961	-
Current Maturity of Revenue Bonds	-	-	5,230,000	5,230,000	5,230,000
Total Current Liabilities Payable from Restricted Assets	3,341,581	3,854,357	9,002,681	5,661,100	5,148,324
Accrued Wages & Benefits	585,412	805,756	479,348	(106,064)	(326,408)
Revenue Bonds Payable	122,701,750	102,130,000	96,900,000	(25,801,750)	(5,230,000)
Net OPEB Liabilities	362,116	(64,431)	-	(362,116)	64,431
Net Pension Liabilities	11,041,421	48,798,692	17,041,421	6,000,000	(31,757,271)
Total Non-Current Liabilities Payable	134,690,699	151,670,017	114,420,769	(20,269,930)	(37,249,248)
Deferred Inflows Relating Refunding	-	-	12,571,750	12,571,750	12,571,750
Deferred Inflows Relating to OPEB - GASB 75	370,046	430,531	-	(370,046)	(430,531)
Deferred Inflows Relating to Pension	28,361,907	6,190,761	18,344,108	(10,017,799)	12,153,347
Total Deferred Inflows of Resources	28,731,953	6,621,292	30,915,858	2,183,905	24,294,566
Total Liabilities and Def. Inflows of Resources	171,990,245	165,208,445	155,493,800	(16,496,445)	(9,714,645)
Net Position					
Net Investment in Capital Assets	421,175,955	434,301,459	424,828,522	3,652,567	(9,472,937)
Restricted for:				0	-
Capital projects	9,311,991	9,172,033	21,573,001	12,261,010	12,400,968
Debt service	55,637	-	9,996,500	9,940,863	9,996,500
Total Restricted Net Position	9,367,628	9,172,033	31,569,501	22,201,873	22,397,468
Unrestricted	37,018,600	31,740,749	38,935,933	1,917,333	7,195,184
Total Net Position	467,562,183	475,214,241	495,333,956	27,771,773	20,119,715
TOTAL LIABILITIES AND NET POSITION	639,552,428	640,422,688	650,827,756	11,275,328	10,405,068

Airline Rates and Charges

The rates and charges that airlines pay to operate at the Airport are calculated in accordance with the methodology described in the Airport Use and Lease Agreement. The 5-year Airline Use and Lease Agreement expired on June 30, 2021 as the signatory airlines did not request to extend the agreement. The Authority agreed to extend the previous agreement through December 2021 and airline rents, fees and charges were calculated in accordance with the old agreement through FY2022. Negotiations for the new Airline Use and Lease Agreement are concluding and the new agreement, anticipated to go into effect on July 1, 2022, will implement a revised rate setting methodology that implements current industry practices in accordance with Federal regulations.

Under the new Airline Use and Lease Agreement, airline rents, fees, and charges for airlines will utilize a hybrid rate-setting methodology that provides a residual approach to recover costs associated with the Airfield Area and a compensatory approach to recover costs associated with the Terminal Building (including Terminal Aprons and other costs associated with the Loading Bridges).

Under the residual methodology, the Airport will calculate the Landing Fee Rate from revenue derived from Airline landing fees plus revenues from other applicable sources to ensure the funds received are sufficient to meet the cost requirements of the Airfield Area for the current fiscal year. Landing fees are imposed on commercial passenger and cargo airline service based on the aircraft maximum authorized gross takeoff weight, to the nearest 1,000 pounds¹.

Under the compensatory rate setting methodology, the Airport will calculate the Terminal Rental Rate (per square foot) based on the Airport FY2023 budgeted costs of operating the terminal during the fiscal year. The airlines will pay a rental rate based upon the airline usable square footage within the terminal. Airlines will also be charged for other rents, fees and charges that will be calculated on a cost recovery basis. It is important to understand that the rates, fees, and charges that the airlines will pay in FY2023 were developed and shared with the airlines prior to the execution of the Authority's budgeting process. The aviation revenues in the budget are based on those rates that were developed early in the negotiation process.

Pursuant to the new rate-setting methodology, the FY2023 Airline Rates and Charges are as follows:

¹ The Authority excludes the following class of aircraft from paying a landing fee: General and Corporate Aviation, Military Operations and Emergency Landings.

FY2023 Airline Rates and Charges		
Rate Type	FY2022 Budget	FY2023 Budget
Passenger Airline Landing Fees ¹ (\$ per 000 pounds)	\$7.67	\$5.71
Cargo Airline Landing Fees ¹ (\$ per 000 pounds)	\$7.67	\$5.71
Terminal Building Rent ¹ (\$ Per Square Ft.)	\$78.50	\$92.57
Common Use Facilities Rent ^{1,2} (\$ per Sq. Ft. allocated on 80/20 formula)	\$78.50	
Joint Use Facilities Rent ³ (\$ per Sq. Ft. allocated on enplanements)		\$92.57
Terminal Aircraft Parking Positions ^{1, 4} (\$ Per Square Ft.)	\$1.30	\$31,271
Cargo Building Apron Rate (per square ft.)		\$0.34
Annual Loading Bridge Fee ¹	\$7,105	\$9,761

¹ Per the Airline Use and Lease Agreement, in FY2022 the rate for Non-Signatory airlines was 1.25x the Signatory Rate.

In the new agreement there will not be a distinction between signatory and non-signatories.

² Includes baggage claim areas and baggage makeup belts.

³ Includes baggage claim areas, baggage makeup belts, CBRA, and TSA screening area.

⁴ Cost per square foot in FY2022. Per position in FY2023.

Financial Indicators

The Days Cash on Hand, Debt Service Coverage Ratio, and the Airline Cost Per Enplanement financial indicators are calculated below. The Days Cash on Hand and the Airline Cost Per Enplanement are projected to improve when compared to the FY2022 budget. The Debt Service Coverage Ratio is projected to decline as the FY2023 debt service will more than double when the first principal payment on the 2020 Series Bonds becomes due.

Financial Indicators		
	FY2022 Budget	FY2023 Budget
Days Cash on Hand		
Cash and Investments	\$78,961,928	\$88,769,742
Total Operating Expenses	\$32,137,287	\$35,832,720
Days Cash on Hand	897	904
Debt Service Coverage Ratio		
Results from Operations Before Depr.	\$18,582,907	\$17,939,627
Annual Debt Service *	\$4,766,500	\$9,996,500
Coverage Ratio	3.90	1.79
Airline Cost per Enplanement		
Airline Space Rentals	8,896,600	11,883,301
Landing Fees	10,781,769	9,776,402
Apron and Facility Fees	959,640	1,085,908
Total Airline Costs	\$20,638,009	\$22,745,611
Less: Cargo and Non Airline Rev.	(1,601,773)	(1,247,382)
	\$19,036,236	\$21,498,229
Enplanements	1,103,025	1,380,442
Airline CPE	\$17.26	\$15.57

* FY2023 Includes \$5,000,000 of principal that will be funded with PFCs.

COVID-19 Grants

The federal government has approved funding to assist airports with the traffic downturns experienced due to the coronavirus outbreak in the U.S. In general, airports may use these funds for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

Since FY2020, the airport has been awarded \$18.7 million under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, \$5.4 million via the Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and \$13.5 million as part of the American Rescue Plan Act of 2021 (ARPA). These funds have been instrumental in allowing BHM to maintain its financial stability during this unprecedented time in aviation history. A summary of the use of these grants is presented below.

COVID-19 Grants Summary						
	Award	Reimbursed	Remaining			
CARES Grant	18,745,394	18,745,394	-			
CRRSAA Grant	5,446,076	5,119,184	326,892			
ARPA Grant	13,532,558	\$12,233,743	1,298,815			
	\$37,724,028	\$36,098,321	\$1,625,707			
Grant Reimbursement Details						
	FY2020	FY2021			FY2022	Reimb.
	CARES	CARES	CRRSAA	Total	ARPA	To Date
Debt Service	2,898,553	3,107,052	-	3,107,052	5,525,609	11,531,214
Payroll	2,374,536	6,635,355	758,435	7,393,790	5,594,884	15,363,209
Bond Issuance	-	2,008,859	-	2,008,859		2,008,859
Loan Retirement	-	1,209,197	4,360,749	5,569,946	1,113,249	6,683,195
Other Expenses	-	511,843	-	511,843		511,843
	\$5,273,089	\$13,472,305	\$5,119,184	\$18,591,489	\$12,233,743	\$36,098,321

Capital Purchases

The Authority's Capital Improvement Program and Capital Outlay projects and funding sources are shown below. Capital Outlays are capital projects that are \$100,000 or less that are expensed in the year of purchase rather than amortized. Under the new airline agreement, starting in FY2024, the airlines will be charged amortization for certain capital projects. This is a major change from the current airline agreement as it allows BAA to recover its portion of funds used for capital assets.

Birmingham Airport Authority
FY2023 Budget Book

BIRMINGHAM AIRPORT AUTHORITY
FY2023 CAPITAL IMPROVEMENT PROGRAM & CAPITAL OUTLAYS

	2023	SOURCE OF FUNDS			
		AIP	BAA	AIRLINES	TOTAL
Airfield & Apron					
Airfield Safety and Capacity Program (Prev. Taxiway A Relocation)	1,000,000	900,000	100,000		1,000,000
Taxiway B / F Rehabilitation	7,000,000	6,300,000	700,000		7,000,000
Airfield Maintenance Facility	70,000		70,000		70,000
Airfield Sweeper Replacement	350,000		350,000		350,000
Snow Removal Equipment Building (Design and Construction)	529,882		529,882		529,882
Perimeter Intrusion Detection System	550,000		550,000		550,000
GA Improvements	1,515,007	1,363,506	151,501		1,515,007
Taxiway H Realignment	1,500,000	1,350,000	150,000		1,500,000
Pump Station Work (Backup Generator, Control Panel, Gate Door)	284,000		284,000		284,000
Airfield Lighting System Software Upgrade	80,000		80,000		80,000
Regulator Replacement Program	95,000		95,000		95,000
Runway 18 REIL Conversion to LED	10,000		10,000		10,000
Allocated Maintenance Projects (Triturator Motor Replacement)	3,100		3,100		3,100
Solar Panel Replacement	15,000		15,000		15,000
Subtotal Airfield & Apron	13,001,989	9,913,506	951,501	2,136,982	13,001,989
Terminal					
Rainwater Harvesting System Repairs	600,000		600,000		600,000
Allocated Maintenance Projects (Triturator Motor Replacement)	4,200		4,200		4,200
Subtotal Terminal	604,200	-	-	604,200	604,200
Roadways					
Digital Signage Upgrades	500,000		250,000	250,000	500,000
Subtotal Roadways	500,000	-	250,000	250,000	500,000
Other					
FY2023 Vehicle Replacement	350,000		350,000		350,000
Subtotal Other	350,000	-	-	350,000	350,000
TOTAL AIRLINE COST CENTER CAPITAL COSTS	14,456,189	9,913,506	1,201,501	3,341,182	14,456,189
Cargo					
Air Cargo - Design and Construct Apron and Building	17,100,000		17,100,000		17,100,000
Allocated Maintenance Projects (Triturator Motor Replacement)	1,000		1,000		1,000
Subtotal Cargo	17,101,000	-	17,101,000	-	17,101,000
Parking					
Parking Guidance System	500,000		500,000		500,000
Economy Parking Lot (Design and Construction)	373,618		373,618		373,618
Parking Deck AHU Unit Installation	40,000		40,000		40,000
Allocated Maintenance Projects (Triturator Motor Replacement)	400		400		400
Subtotal Parking	914,018	-	914,018	-	914,018
Other					
Utility Master Plan	300,000		300,000		300,000
Allocated Maintenance Projects (Triturator Motor Replacement)	1,300		1,300		1,300
Subtotal Other	301,300	-	301,300	-	301,300
TOTAL AIRPORT COST CENTER CAPITAL COSTS	18,316,318	-	18,316,318	-	18,316,318
TOTAL CAPITAL IMPROVEMENT PROGRAM	32,772,507	9,913,506	19,517,819	3,341,182	32,772,507