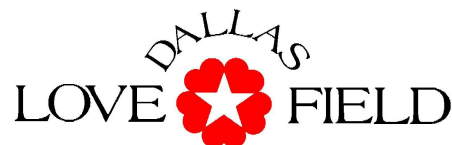


DEPARTMENT OF AVIATION RATES AND CHARGES STUDY

Council Key Focus Area – Economic Development

**Briefing to the Council Finance, Audit and
Accountability Committee**

January 8, 2007





Aviation Rates and Charges Overview

Purpose

- **Why a Rates and Charges Study?**
- **Scope of Services**
- **Deliverables**
- **Defining the Selection Process**
- **Timetable**



Why a Rates and Charges Study?

- Ensure the future financial position of the Dallas Airport System; cover operating, debt service and future capital improvement obligations
- Provide the airport with a budgetary tool to cover airport expenses now and in the future without impacting financial reserves.
- Provide in-depth market analysis comparing the City's aviation assets to other inner city airports that are similar operationally and/or financially
- Develop financial model for addressing economic downturns and to ensure that resources are available to meet all airport financial needs
- Provide periodic reviews of rates and charges to ensure adjustments are made to the model as conditions change



Scope of the Proposed Study

- Task 1- Determine the cost of service for the Dallas Airport System and establish a financial model for covering fiscal obligations in a manner that is equitable across all airport users and is based on its financial position
- Task 2- Comprehensive review of all current contractual agreements at Love Field and Dallas Executive (Concessions, Long-Term leases, Month-to-Month leases)
- Task 3- Survey of comparable airports and benchmarking to include airports that serve the same customers or which are similar operationally and/or financially
- Task 4- Review of reserve funding policies/strategies at other airports
- Task 5 - Begin coordination with the Master Plan Consultant for the Love Field Modernization Program which will prioritize facility enhancements to address the phase-out of the Wright Amendment by 2014



Deliverables Timeline

Consultant will provide a detailed cost of service analysis along with a financial model and recommendations for effective ways to cover financial obligations for all direct and indirect costs.	April, 2007
Consultant will provide recommendations for contract renewals as well as develop and produce a written report which describes the process and results of the review	April, 2007
Consultant will develop a side by side comparison of each airport fee. The analysis will cover total revenues, total expenses, debt service and what percentage each fee represents as a percentage of total revenues, expenditures and indebtedness	April, 2007
Provide recommendations to existing fee structures and define reserve policies for inclusion in the FY07/08 operating budget process	May, 2007



Deliverables Timeline Continued

Consultant to incorporate Master Plan improvements into the financial model	September, 2007
Make recommendations on financing options and appropriate rate/fee structures to cover consolidated expenses	October, 2007
Consultant will prepare a final report detailing recommended Master Plan improvements and recommendations for funding them for review by DAL management and the City of Dallas including a presentation for briefing stakeholders and Council members.	December, 2007



Consultant Selection Process

- A multidisciplinary committee will be formed, including representatives from Aviation, Convention Center, City Auditor's office and the Office of Financial Services as well as the City's external financial consultant.
- Review Committee's Tasks:
 1. Review and evaluation of proposals received
 2. Conduct in-person interviews of proposers
 3. Recommend award of contract



Project Timetable

- **January 8, 2007 - Council Transportation and Environment Committee**
- **January 8, 2007 - Council Finance, Audit and Accountability Committee**
- **January, 2007 - Release of RFP**
- **February, 2007 - Proposals Received**
- **February, 2007 - Selection Committee Review**
- **March, 2007 - Council Award of Contract**
- **May, 2007 – Initial Rates and Charges Report Received**
- **June, 2007 - Council Adopts Recommended Changes for FY08 Budget**
- **December, 2007 - Final Rates and Charges Report Receive**



Questions and Answers:



Exhibit

Summary of Rates and Charges for FY06-07

Parking Rates: Maximum Daily Short Term	Parking Rates: Maximum Daily Long Term	Reserved Parking for Tenants, TSA, and Employee Parking \$30 per Month	Landing Fee per 1,000 lbs. GLW	Fuel Flowage Fee per Gallon Fueled	Unimproved Ground Lease Per sq ft (Average)	Improved Ground Lease Per sq ft (Average)	Security Badging - ID badges \$5, Proximity Cards are \$20, criminal history checks are \$55
\$ 10.00	\$ 7.00	\$ 30.00	\$ 0.55	\$ 0.07	\$ 0.32	\$ 0.46	\$5.00 - \$80.00