



DFW Airport Board
FY 2007 Budget
102 Revenue and Expense Fund

City of Dallas
Finance, Audit, and Accountability Committee

August 15, 2006



Agenda

- Budget Assumptions & Objectives
- Expense Budget Overview
- Non-Airline Revenues Overview
- Airline Revenues Overview
- Summary

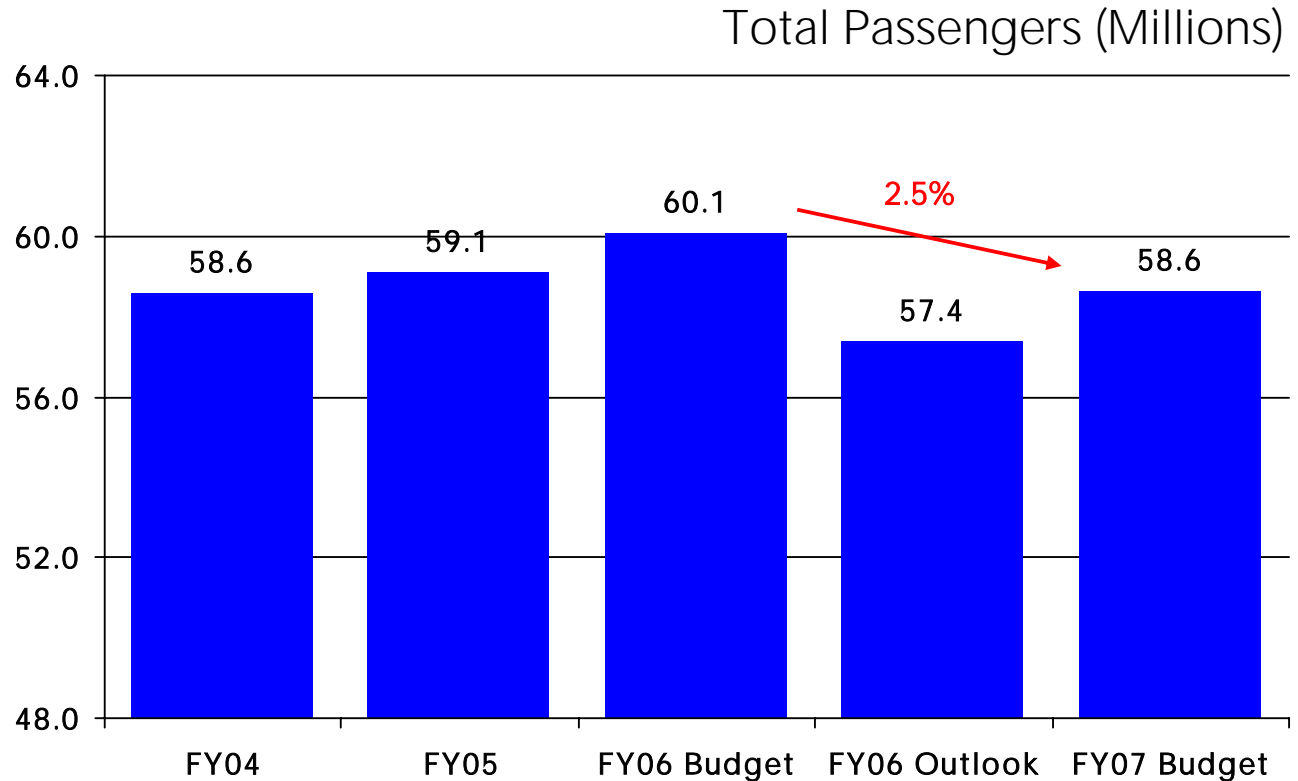


FY 2007 Budget Assumptions and Objectives



Fiscal Year 2007 Budget – Passengers

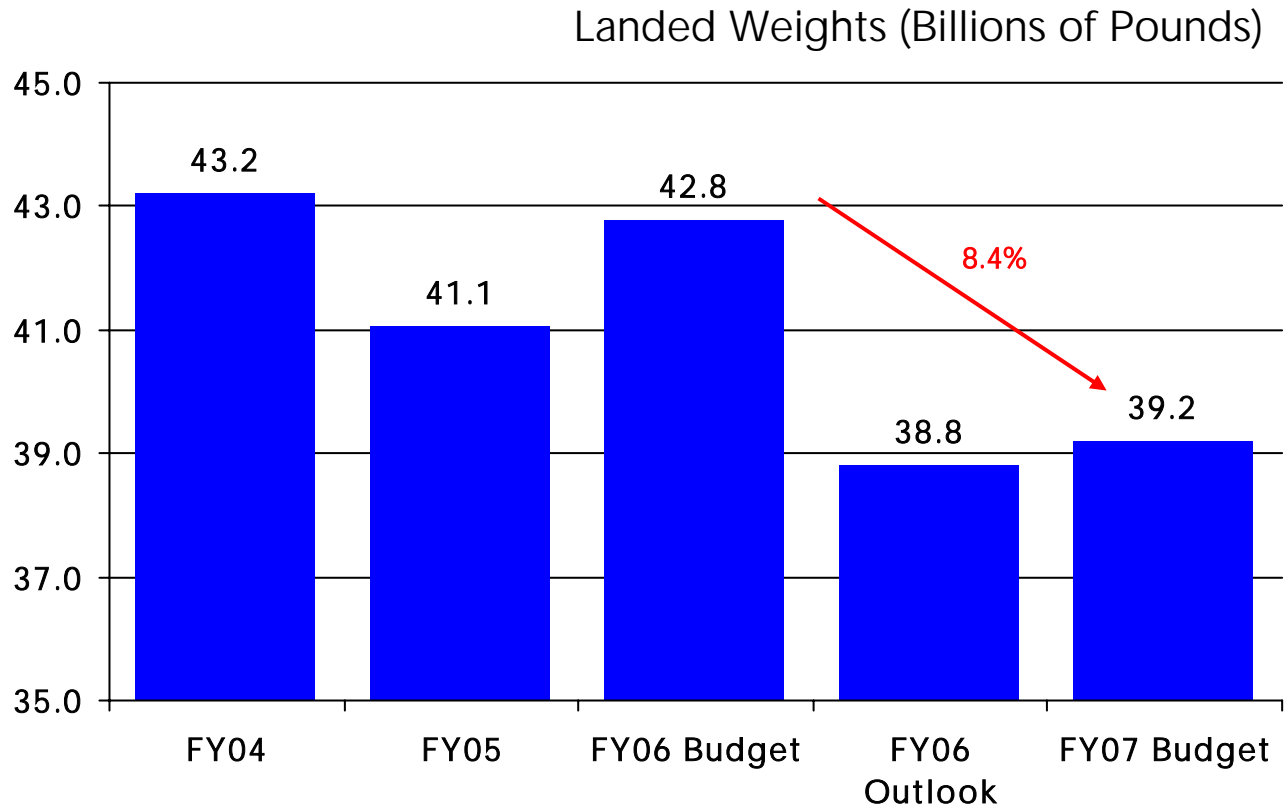
FY 2007 passengers are budgeted to be 2.5% less than the FY 2006 Budget, but 2.1% better than the FY 2006 Outlook





Fiscal Year 2007 Budget – Landed Weights

FY 2007 landed weights are budgeted to be 8.4% less than the FY 2006 Budget, but 1.1% better than the FY 2006 Outlook





FY 2007 Budget Objectives & Assumptions

- Mitigate situation where possible to reduce airline payments
- Grow non-airline revenue
- Contain and reduce costs where possible
- Maintain or lower the landing fee from current rate of \$4.94
- Maintain or lower cost per enplaned passenger from current rate of \$8.32



FY 2007 Budget Summary



Budget Summary

Required airline contribution reduced by 15.4% (\$38.6 million) due to lower expenses and higher non-airline revenues

| | Millions | | Inc (Dec) | % Inc (Dec) |
|---------------------------------|-----------------|-----------------|------------------|----------------|
| | FY06 Budget | FY07 Budget | | |
| Expense Budget | \$ 630.6 | \$ 618.7 | \$ (11.9) | (1.9%) |
| Less: Non-Airline Revenues | 380.0 | 406.7 | 26.7 | 7.0% |
| Amount Paid by Airlines* | \$ 250.6 | \$ 212.0 | \$ (38.6) | (15.4%) |
| Percent Paid by Airlines | 39.7% | 34.3% | | |

* Amount paid through landing fees and terminal rents

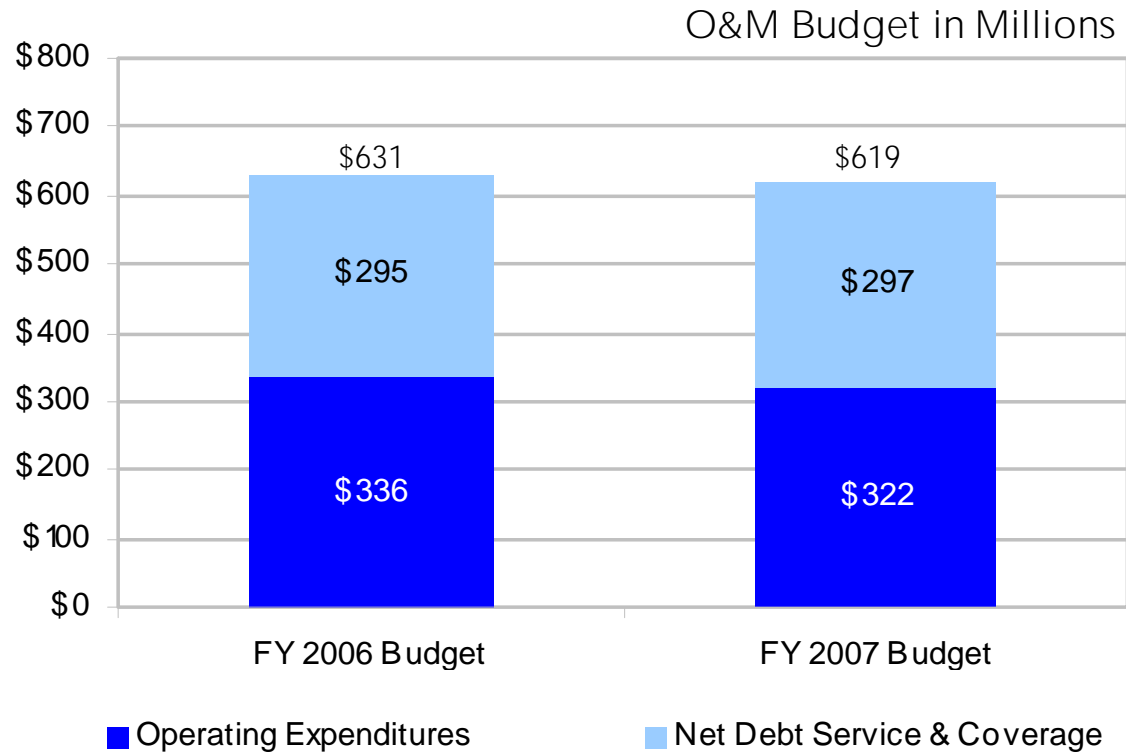


FY 2007 Expense Budget



FY 2007 O&M Budget - \$619 Million

FY 2007 Budget represents a \$12 million reduction (1.9%), compared to FY 2006 Budget





FY 2007 Budget Walkforward

| | <u>Millions</u> |
|--|------------------------------|
| FY06 Budget. as Approved | \$635.2 |
| Less: Pass-Through Expenses | <u>(4.5)</u> |
| FY06 Budget, as Adjusted | \$630.6 |
| Less: Budget Reductions | |
| Reduction in Reserve Requirement | (\$17.5) |
| Other Budget Savings/Reductions | <u>(17.6)</u> |
| Total Budget Reductions | <u>(\$35.1)</u> |
| Add - Major Cost Drivers | |
| Cost Annualization/Fixed Increases | \$8.7 |
| Scope Increases to Existing Programs | 5.6 |
| FY 2007 Merit Pool (5%, effective 1/1) | 3.9 |
| Increase in Debt Service | 2.4 |
| Other, Net | <u>2.7</u> |
| Total Budget Increases | <u>\$23.2</u> |
| FY07 Proposed Budget | <u><u>\$618.7</u></u> |



Operating Expense Comparison

| Description | Millions | | |
|-------------------------|-------------------|-------------------|-----------------|
| | FY 2006 Budget | FY 2007 Budget | Inc (Dec) |
| Salaries & Wages | \$97.9 | \$102.9 | \$5.0 |
| Benefits | 44.5 | 48.2 | 3.7 |
| Contract Services | 105.8 | 104.3 | (1.5) |
| Equipment & Supplies | 17.5 | 18.1 | 0.6 |
| Utilities | 36.4 | 37.4 | 1.0 |
| Insurance | 5.8 | 6.2 | 0.4 |
| Gen'l Admin & Other | 10.8 | 4.9 | (5.9) |
| Subtotal | \$318.9 | \$322.0 | \$3.0 |
| Operating Reserve | 17.2 | (0.3) | (17.5) |
| Total Ops Budget | \$336.1 | \$321.7 | (\$14.4) |
| Net Debt Service | 294.5 | 297.0 | 2.4 |
| Total Budget | \$630.6 | \$618.7 | (\$12.0) |

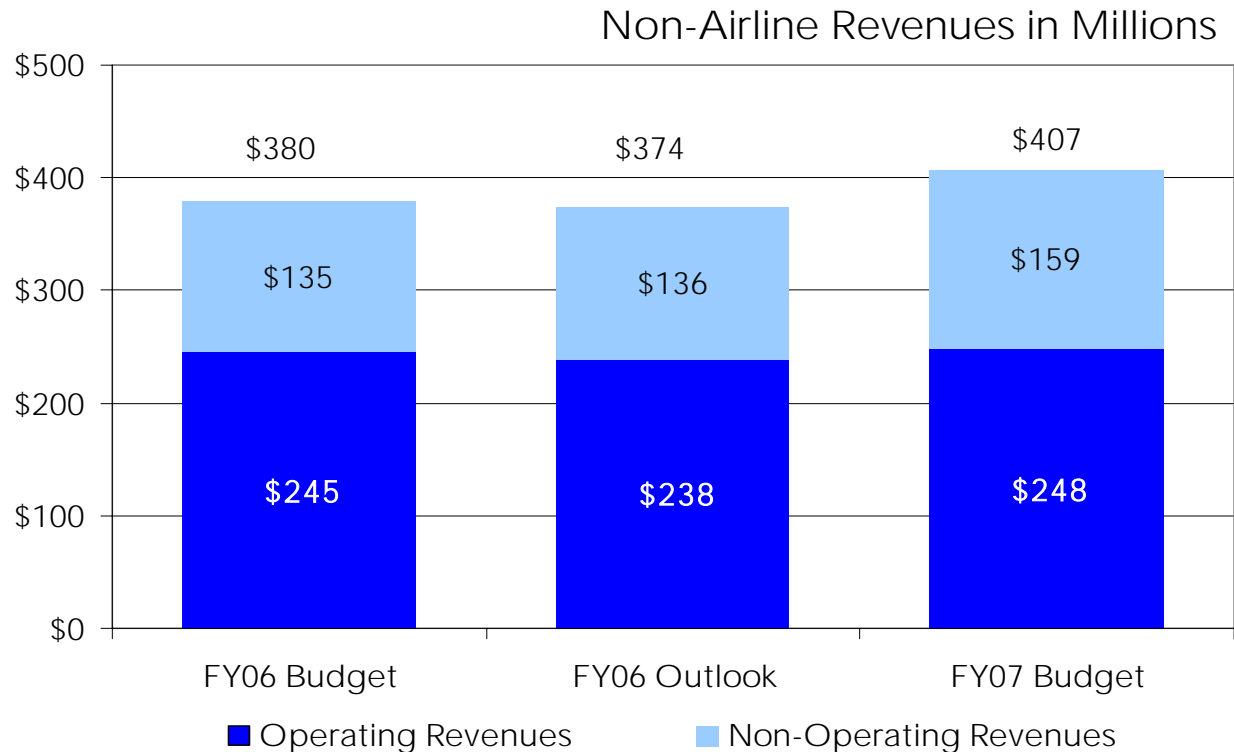


FY 2007 Non Airline Revenues



Non-Airline Revenues - \$407 Million⁽¹⁾

FY 2007 non-airline revenues are projected to grow \$32 million (8.6%) compared to FY 2006 Outlook.



FY 2007
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(1) Revenue projections are preliminary and subject to revision until final Rates, Fees and Charges are established.



Non-Airline Revenue Walkforward

| | <u>Millions</u> |
|-----------------------------------|---------------------|
| Non-Airline Revenue, FY06 Outlook | \$374 |
| Major Changes | |
| Transfers from Other Funds | 20 |
| Parking | 8 |
| Concessions | 3 |
| Other | 2 |
| Increase in Non-Airline Revenue | <u>\$33</u> |
| FY07 Non-Airline Revenue | <u><u>\$407</u></u> |



Non Airline Revenue Comparison (In Millions)

| | FY 2006 Budget | FY 2006 Outlook | FY 2007 Budget | FY 2007 Over (Under) Outlook |
|-----------------------------------|-------------------|--------------------|-------------------|---------------------------------------|
| Non-Airline Operating Rev | | | | |
| Parking | \$90.1 | \$90.1 | \$97.5 | \$7.4 |
| Concessions | 41.0 | 36.6 | 39.7 | 3.1 |
| FIS, GA, Common-Use Gates | 28.0 | 24.9 | 24.8 | (0.1) |
| Rental Car Facility | 24.1 | 27.2 | 27.5 | 0.3 |
| Utilities | 24.2 | 18.5 | 18.1 | (0.4) |
| Commercial Development | 20.0 | 20.8 | 20.5 | (0.2) |
| Employee Transportation | 7.0 | 7.7 | 7.5 | (0.2) |
| Taxi, Limo, & Shuttle Fees | 4.9 | 5.2 | 6.1 | 0.9 |
| Other Rev | 5.7 | 8.3 | 6.2 | (2.1) |
| Total Non-Airline Ops Rev | \$245.0 | \$239.2 | \$248.0 | \$8.8 |
| Non-Operating Revenue | | | | |
| Passenger Facility Charges (PFCs) | \$117.2 | \$117.1 | \$119.1 | \$2.0 |
| Interest Income | 9.9 | 11.4 | 12.3 | 0.9 |
| Reimbursements from Other Funds | 7.8 | 7.4 | 13.3 | 5.9 |
| 7/7/7 Program | - | - | 14.0 | 14.0 |
| Total Non-Operating Rev | \$134.9 | \$136.0 | \$158.7 | \$22.7 |
| Total Non Airline Revenue | \$380.0 | \$375.2 | \$406.7 | \$31.5 |

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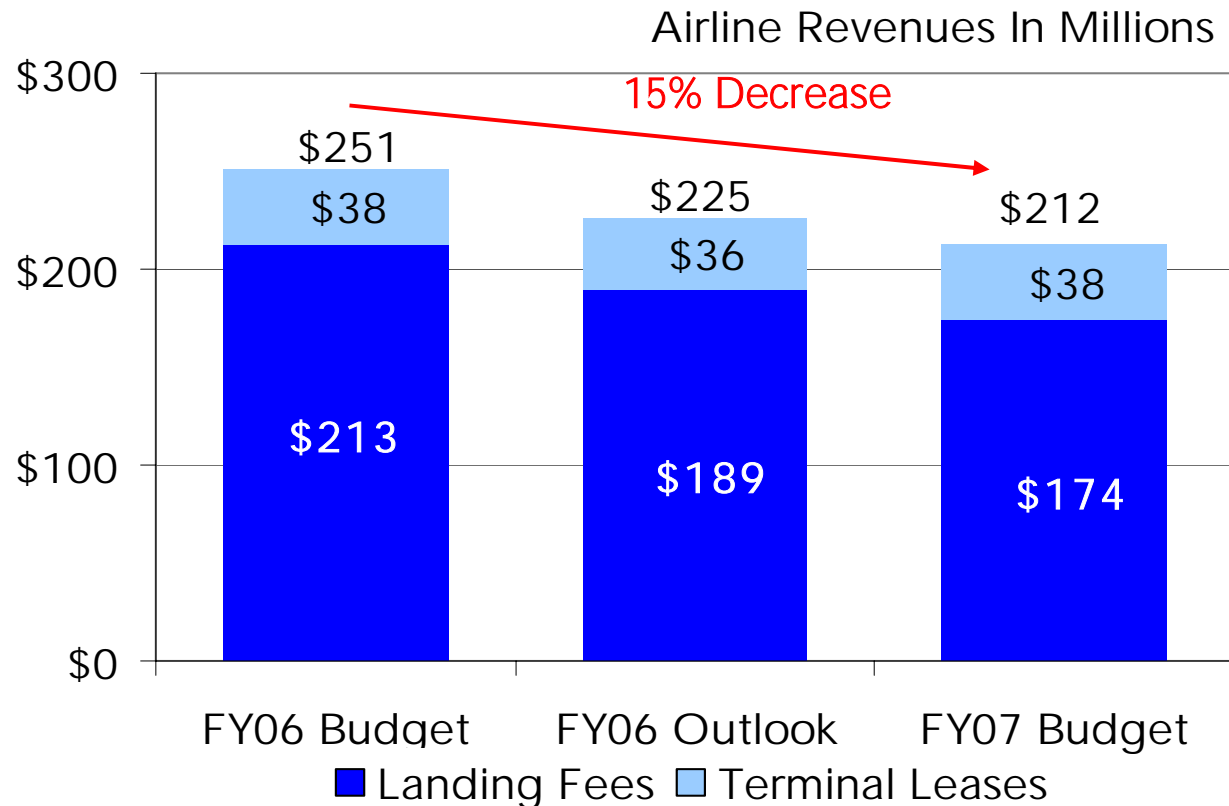


FY 2007 Airline Revenue



FY 2007 Airline Revenues - \$212 Million

Total airline revenues expected to decrease by \$39M (15%) from FY06 Budget and only 34% of total budget



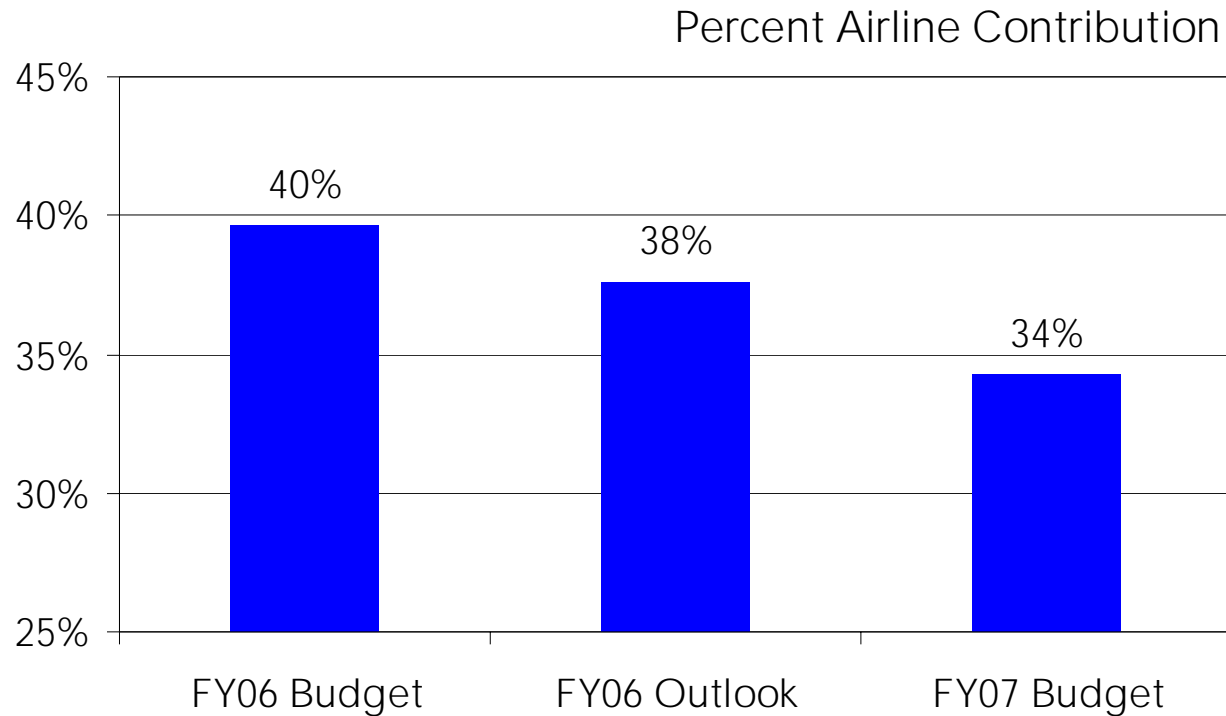


102 Budget Summary



Reduced Airline Share – Objective Accomplished

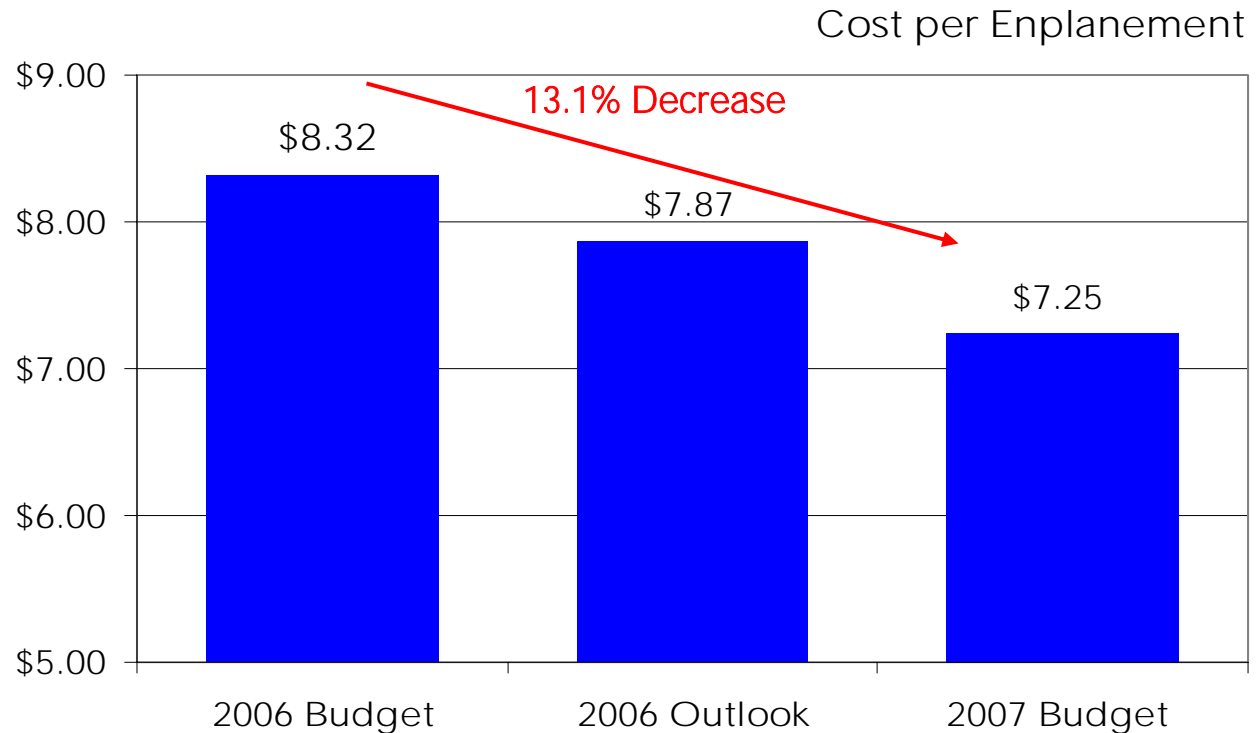
Airline revenues from terminal rentals and landing fees decreased from 40% in FY 2006 Budget to 34%





Cost per Enplanement – Objective Accomplished

FY 2007 Cost per Enplaned Passenger reduced to \$7.25, down 13.1% from FY 2006 Budget and 7.9% from FY 2006 Outlook

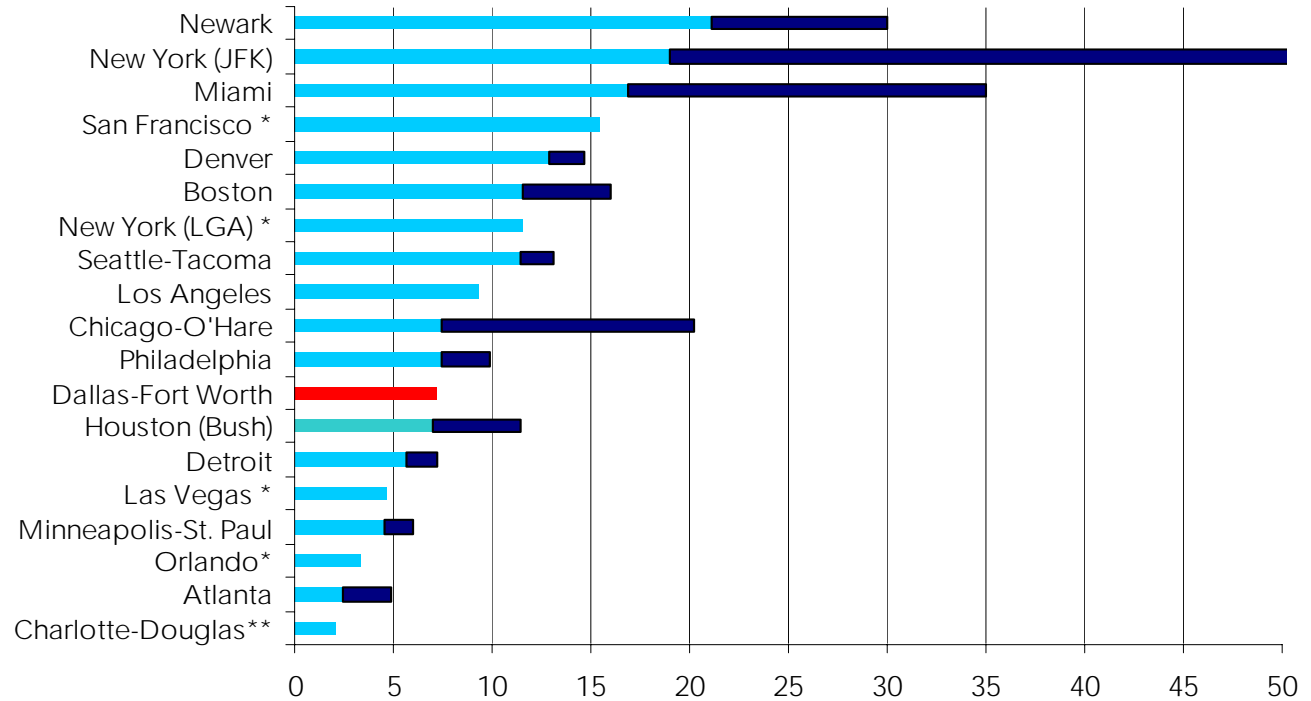


* FY 2006 Outlook includes projected end of year settlement



Comparison with other Airports

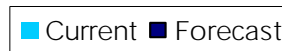
Cost per Enplaned Passenger Comparison - DFW FY 2007 = \$7.25



Source: Leigh Fischer

* Forecasted amounts not available

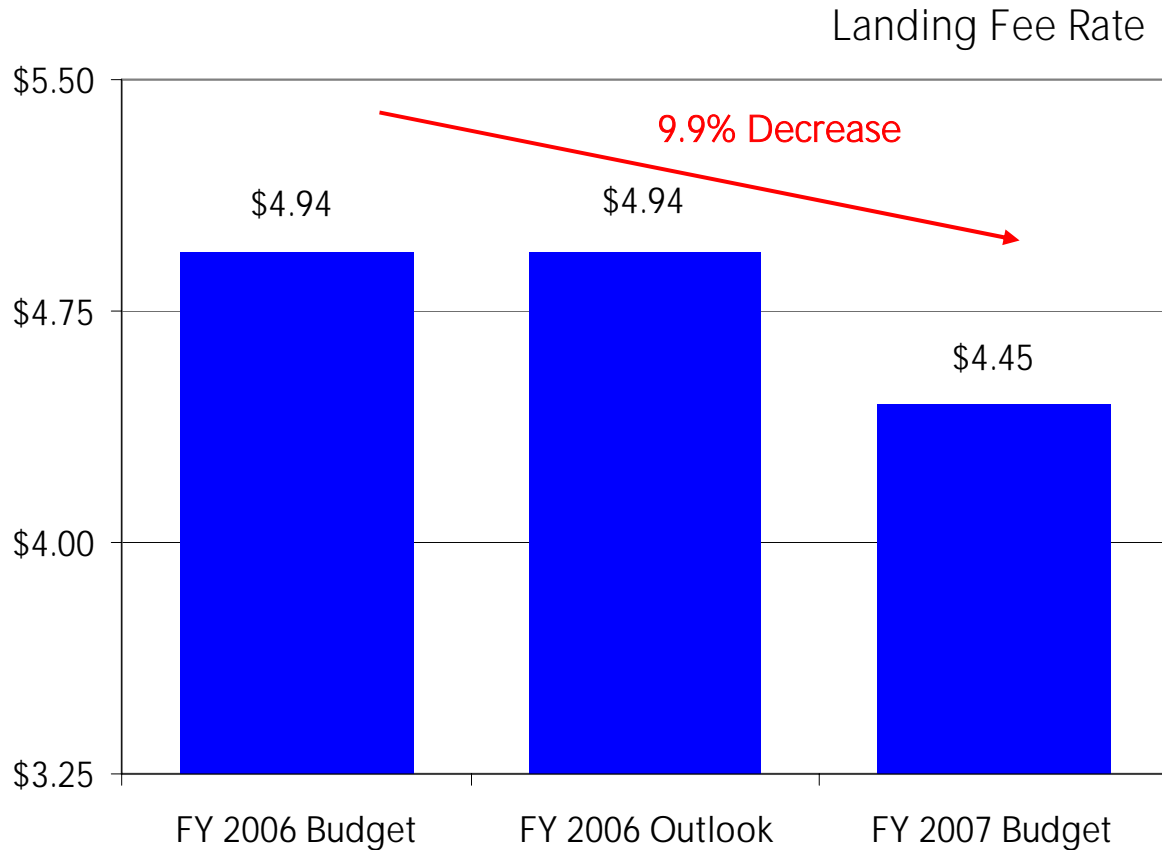
** Forecast amounts lower than current levels





Landing Fee - Objective Accomplished

FY 2007 landing fee rate reduced to \$4.45, down 9.9% from FY 2006 Budget and the FY 2006 Outlook



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