



**DFW Airport Board
FY 2007 Budget
102 Revenue and Expense Fund**

**City of Dallas
Full Council Briefing**

August 16, 2006



Agenda

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

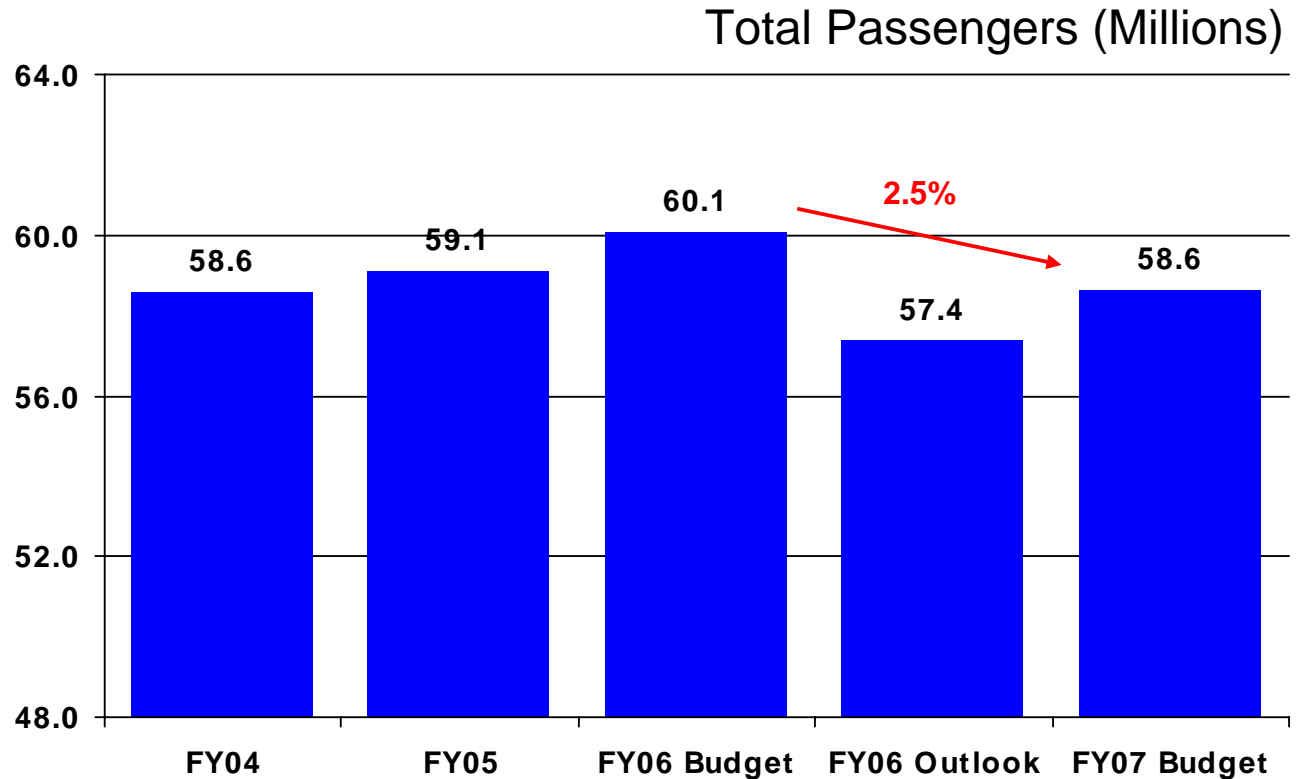


FY 2007 Budget Assumptions and Objectives



Fiscal Year 2007 Budget – Passengers

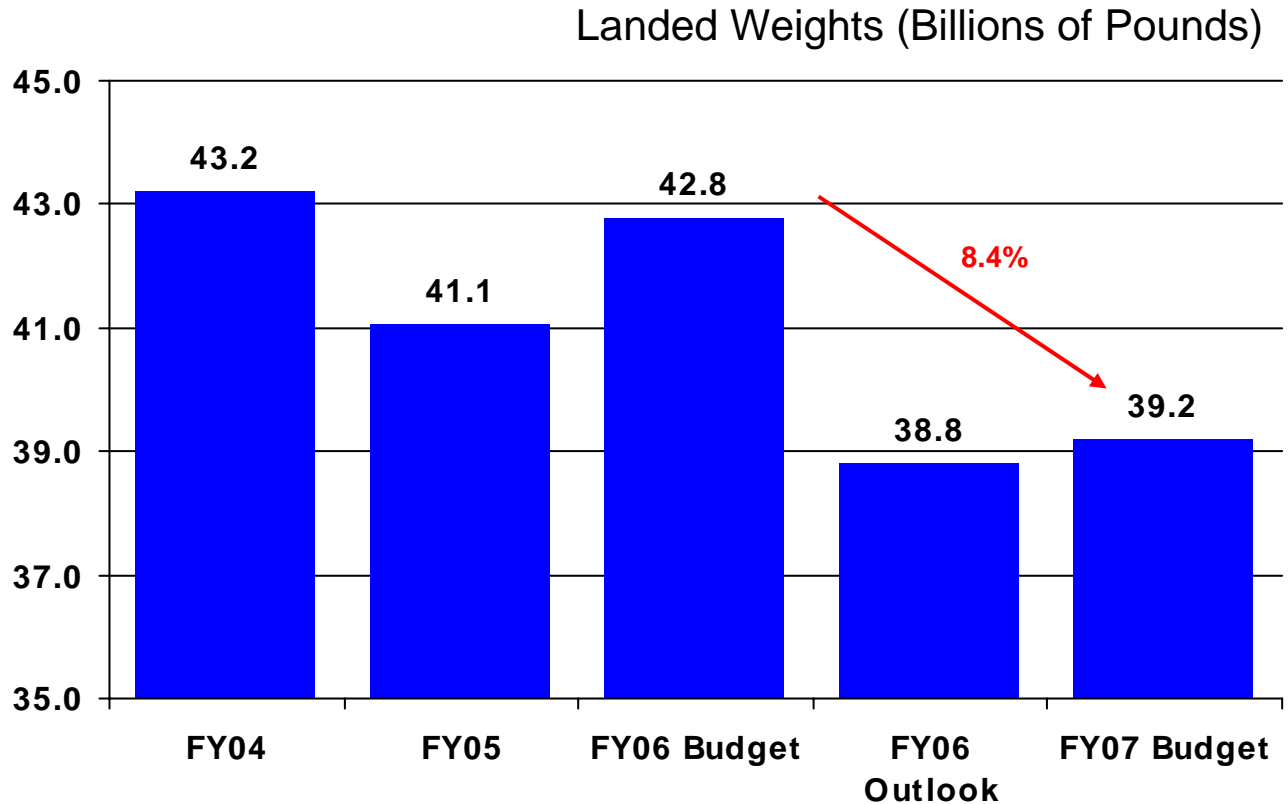
FY 2007 passengers are budgeted to be 2.5% less than the FY 2006 Budget, but 2.1% better than the FY 2006 Outlook





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

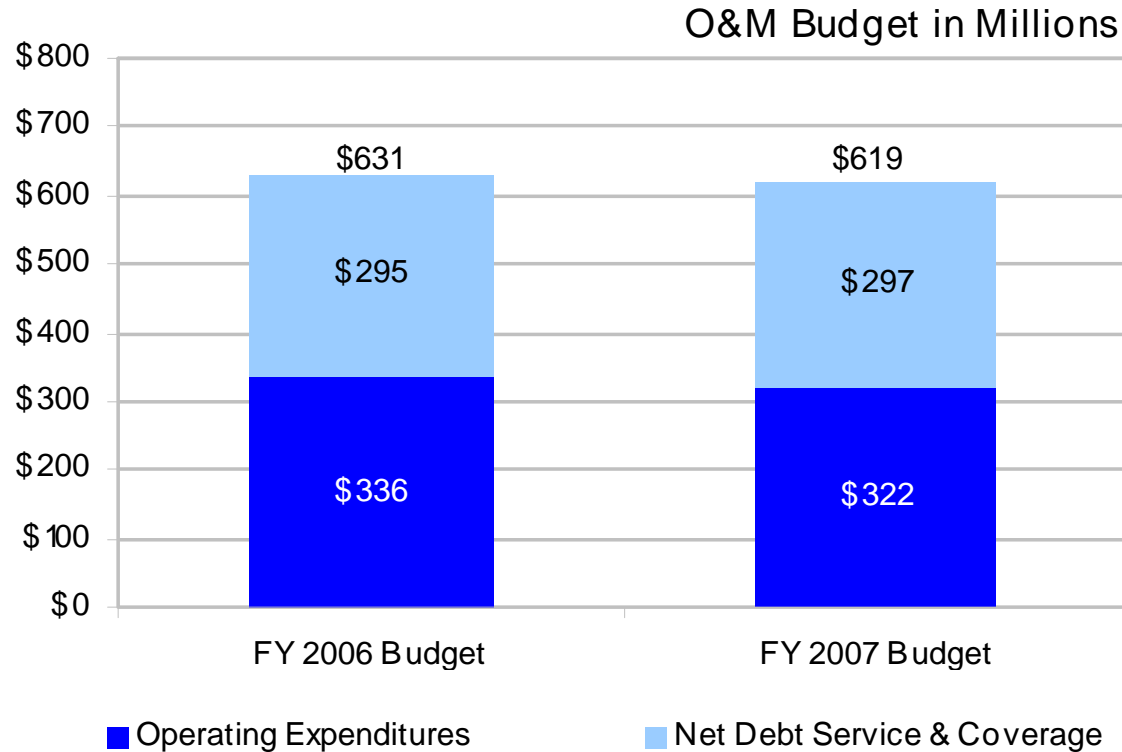


FY 2007 Expense Budget



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	(4.5)
FY06 Budget, as Adjusted	\$630.6
Less: Budget Reductions	
Reduction in Reserve Requirement	(\$17.5)
Other Budget Savings/Reductions	(17.6)
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	2.7
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)

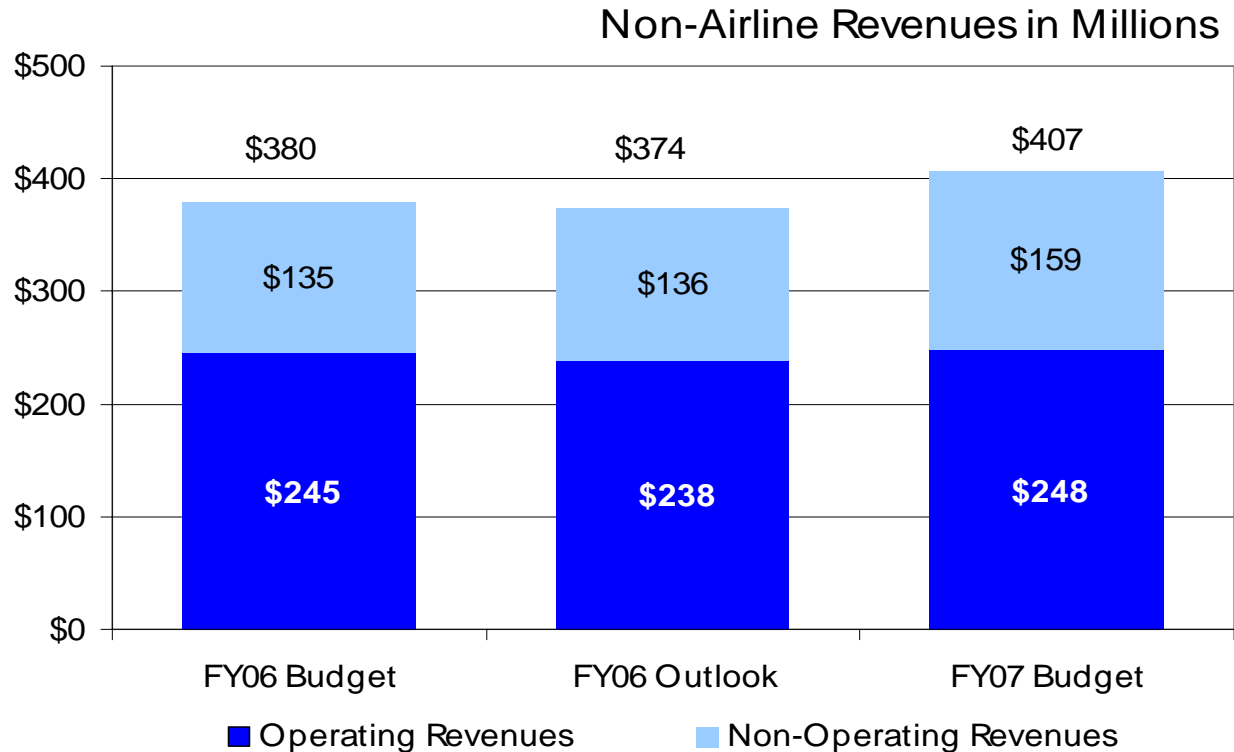


FY 2007 Non Airline Revenues



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
Adopted Budget
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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	\$33
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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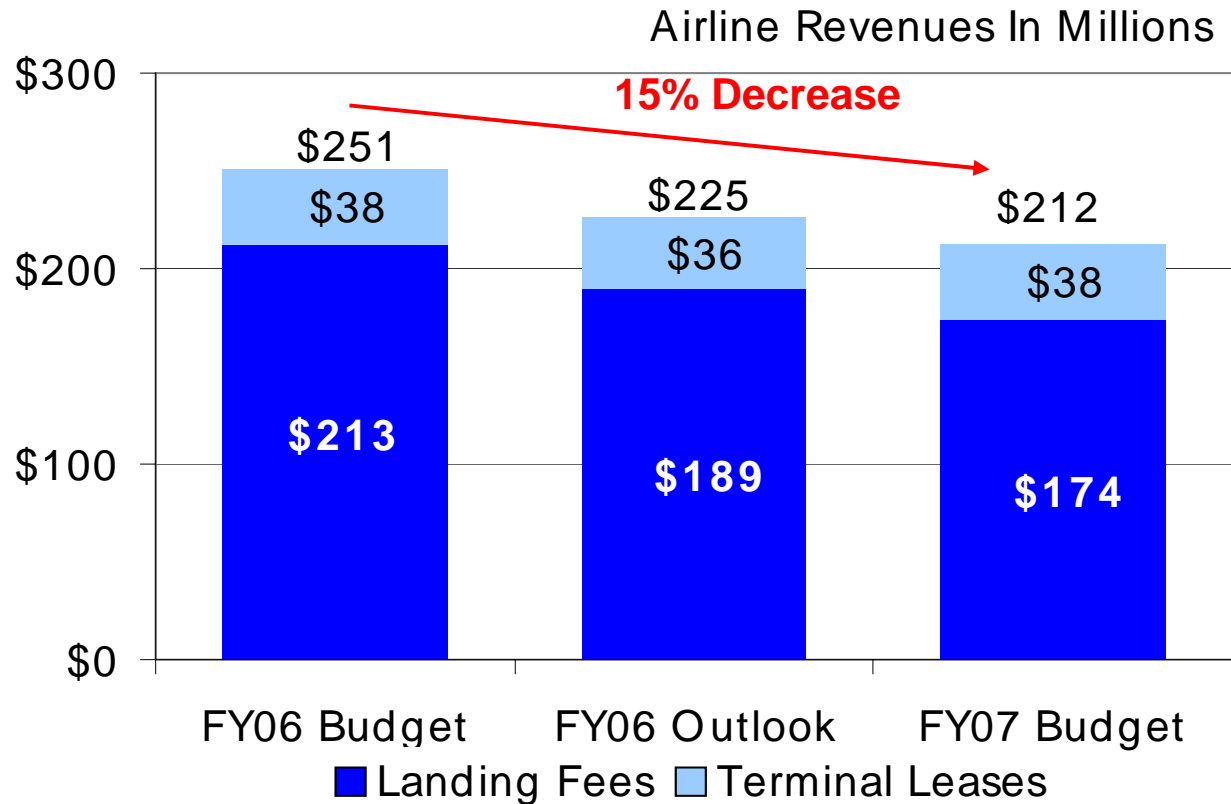


FY 2007 Airline Revenue



FY 2007 Airline Revenues - \$212 Million

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



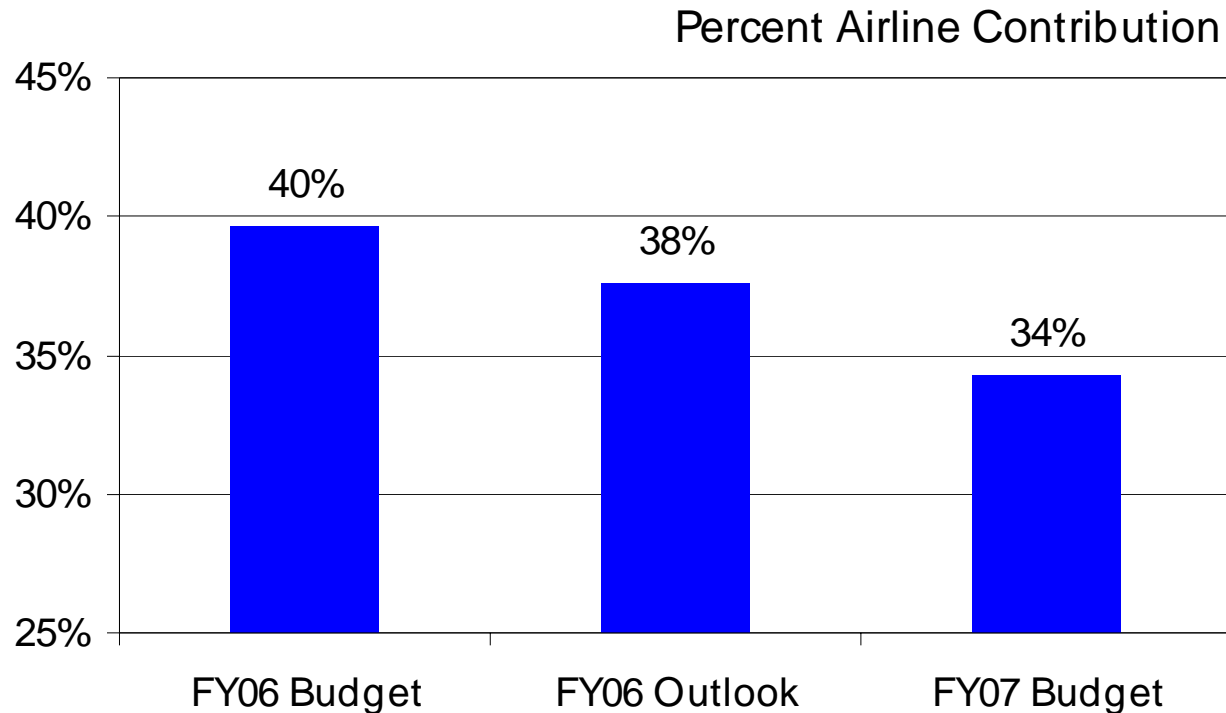


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Reduced Airline Share – Objective Accomplished

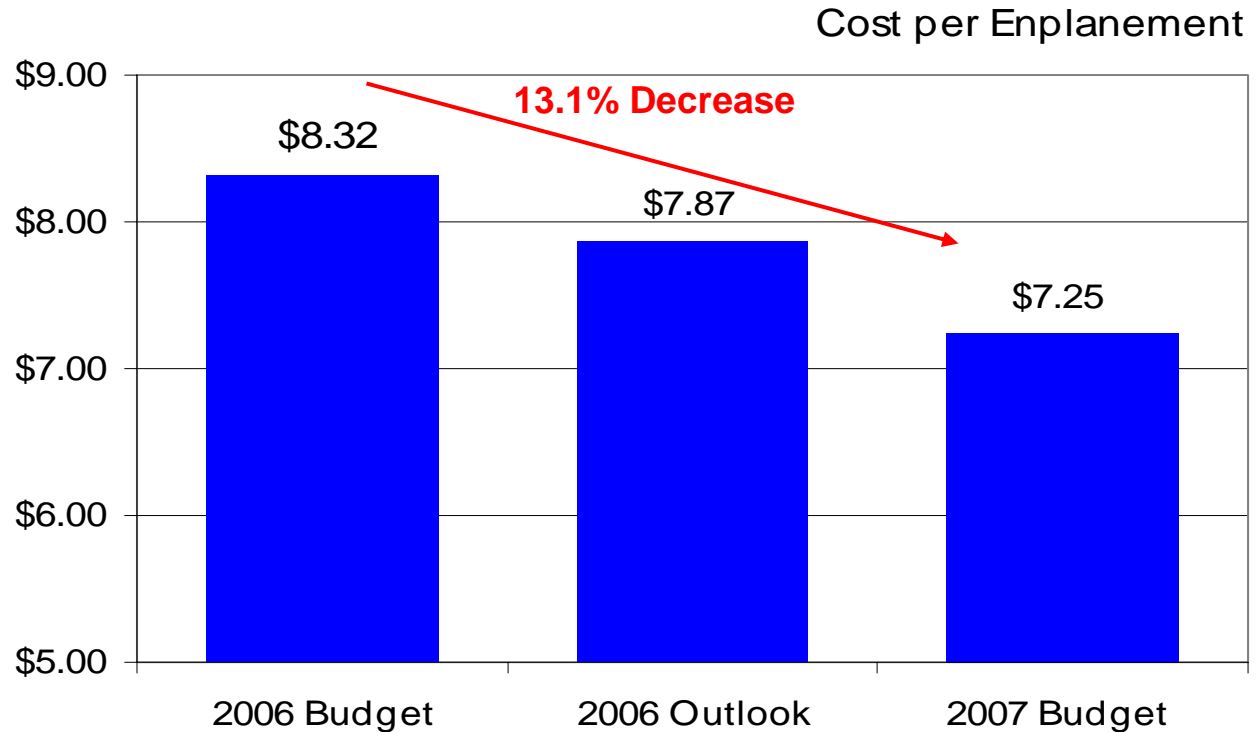
Airline revenues from terminal rentals and landing fees decreased from 40% in FY 2006 Budget to 34%





Cost per Enplanement – Objective Accomplished

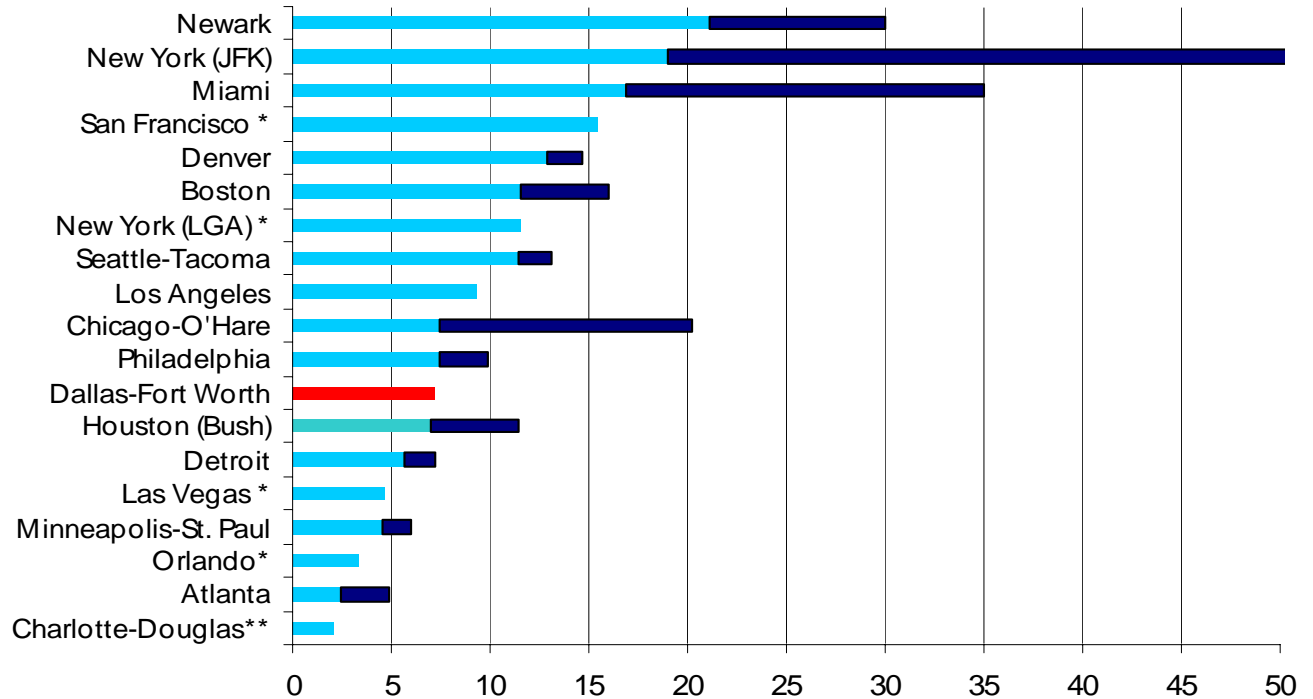
FY 2007 Cost per Enplaned Passenger reduced to \$7.25, down 13.1% from FY 2006 Budget and 7.9% from FY 2006 Outlook



* FY 2006 Outlook includes projected end of year settlement

Comparison with other Airports

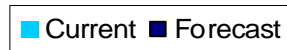
Cost per Enplaned Passenger Comparison - DFW FY 2007 = \$7.25



Source: Leigh Fischer

* Forecasted amounts not available

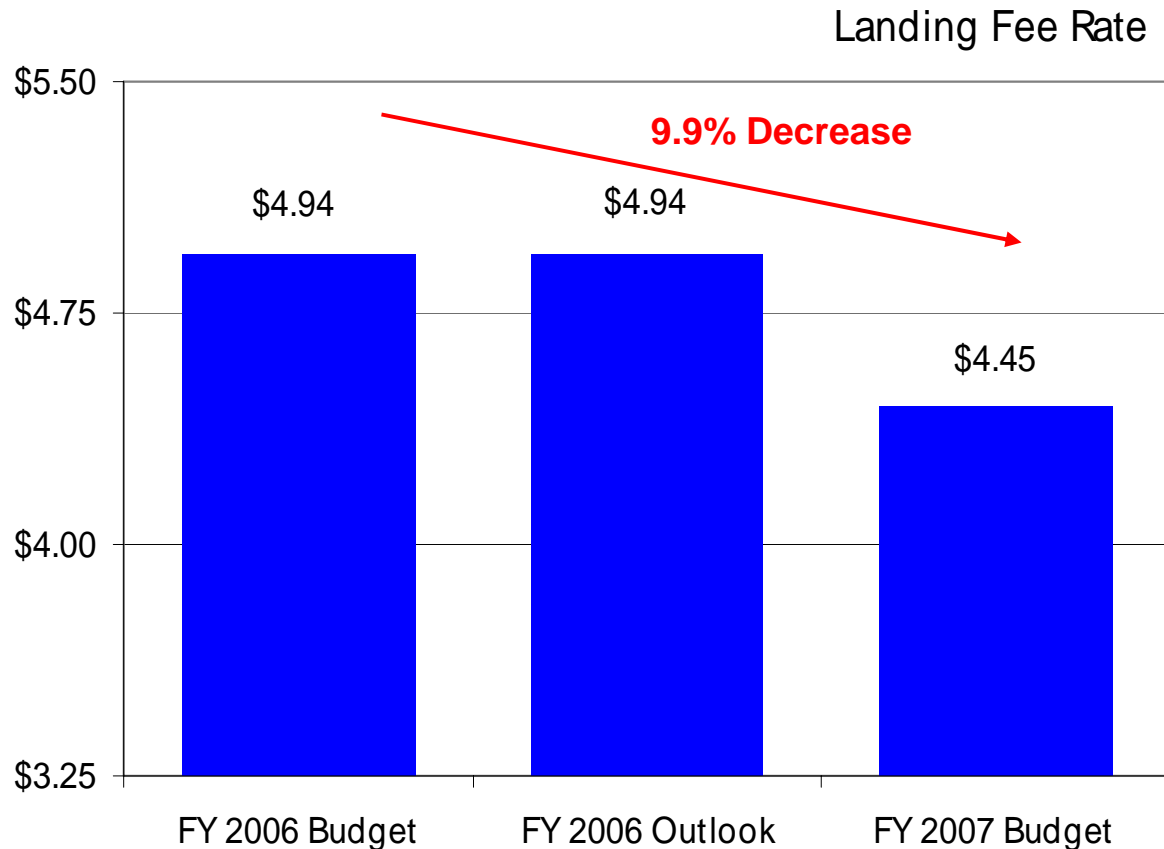
** Forecast amounts lower than current levels





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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