Memorandum

Date: July 29, 2011

To: The Honorable Mayor and Members of the City Council

Subject: Dallas/Fort Worth International Airport Briefing

On August 3rd, John Terrell, Vice President for Commercial Development at Dallas/Fort Worth International Airport, will provide a briefing on the Airport’s Commercial Development Land Use Plan and Financial Business Model. The briefing materials are attached for your review.

Please contact me if you have questions.

Mary K. Suhr
City Manager

Cc: A.C. Gonzalez, First Assistant City Manager
    Ryan S. Evans, Assistant City Manager
    Jill A. Jordan, P.E., Assistant City Manager
    Forest E. Turner, Assistant City Manager
    Joey Zapata, Interim Assistant City Manager
    Jeanne Chipperfield, Chief Financial Officer
    Thomas P. Perkins, Jr., City Attorney
    Rosa A. Rios, Interim City Secretary
    Craig D. Kinton, City Auditor
    C. Victor Lander, Administrative Judge
    Helena Stevens-Thompson, Assistant to the City Manager
Dallas/Fort Worth International Airport

Dallas City Council Briefing:
Commercial Development Land Use Plan and
Financial Business Model

August 3, 2011
Business Overview

- Jointly-owned by the cities of Dallas and Fort Worth
- Operations are handled by DFW Airport Board
- Considered one the most successful cooperative projects in the history of the cities
DFW Land Use Plan
A Land Use Plan has always been in place and provides the basis and framework for long-term development.

- Defines both direct aviation uses and indirect non-aviation commercial uses
- Promotes highest and best use for compatible development that is enduring, sustainable and financially sound
- Leverages uniqueness of DFW Airport identity and experience
- Approved by DFW Board and FAA
DFW Land Use Plan
Supports goal to be more competitive in the global travel market by developing a multifaceted center of commerce.

- Approximately 6,600 acres of developable land
- More than 5,200 gross acres of property will emerge into multiple centers of development
- Avoids competition with Owner Cities
- Enables increased revenue for Owner Cities, Host Cities, Airport, Region and the State
DFW Land Use Plan
Core Business Operations Map

Legend

Commercial Land Development

- **Commercial Retail**
  retail, local, stand alone and restaurant

- **Freeway Commercial**
  retail, big box, regional and restaurant

- **Hospitality/Entertainment & Related Commercial**
  hotel, entertainment uses and activities

- **Corporate Campus**
  office use in campus style development

- **Office**
  mid-rise and garden office

- **Mixed Use**
  local retail, garden office and restaurant

- **Flex Office**

- **Industrial**
  warehouse, distribution, technology, flex office and light assembly

- **Adjacent Land**

- **Aviation Support**
  light industrial supporting direct aviation uses, including air cargo

- **Aviation Related Uses**
DFW Land Use Plan

- Supports the Airport's employees and passengers
- Land leasing policies avoid adverse impacts to Owner Cities
- Creates and promotes economic benefits and tax revenue
- Diversifies non-airline revenue streams that are critical to the future of DFW
2009 DFW Board Retreat

- Support received for Commercial Development Strategic Plan with following restrictions:
  - Hotels over 500 rooms
  - Convention Centers
  - Casinos
Tax Sharing Arrangements
Currently in place with Euless and Irving

- Euless Tax Share Agreement
  - In 2009, Dallas received $4,643,615.82
  - In 2009, Fort Worth received $4,475,087.08

- Irving Tax Share Agreement
  - In 2009, Dallas received $590,415.93
  - In 2009, Fort Worth received $337,380.53

- Grapevine legislative tax-sharing arrangement
  - Owner Cities to share in tax proceeds in excess of a $5,956,313.04 threshold annually

- Total annual tax contribution to taxing entities +/- $63,000,000
Business Model Analysis
Purpose of Study

- Evaluate long-term viability
- Analyze internal revenue vs. investment expense
- Estimate external tax-sharing revenue
- Prioritize and phase development districts
- Initiative to provide financial analysis; not a market study
Business Model Analysis
Development Districts Map

1. Southgate Plaza (Mixed-Use)
2. Founders’ Plaza (Mixed-Use)
3. Coppell Freeway Commercial
4. Northwest Logistics
5. Southwest Cargo
6. Beltline TOD (Mixed-Use)
7. North Entertainment (Mixed-Use)
8. Coppell Industrial
9. East Air Cargo
10. Passport Park (Mixed-Use)
11. West Grapevine (Industrial)
12. Bear Creek (Corporate Office)
13. Walnut Hill (Industrial)
# Business Model Analysis

**Findings Conclusions**

<table>
<thead>
<tr>
<th>Revenues To:</th>
<th>Total Stabilized Annual Cash Flow (2038) (^1)</th>
<th>Total Cumulative Revenues</th>
<th>NPV of Revenues at 8%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DFW</strong></td>
<td>$261,315,703</td>
<td>$15,431,436,527</td>
<td>$2,268,021,502</td>
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<td><strong>Fort Worth</strong></td>
<td>$40,355,493</td>
<td>$1,927,528,913</td>
<td>$376,916,759</td>
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<td><strong>Dallas</strong></td>
<td>$64,922,557</td>
<td>$3,190,144,169</td>
<td>$599,570,167</td>
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<tr>
<td><strong>All Other Taxing Entities</strong></td>
<td>$411,743,765</td>
<td>$19,136,862,314</td>
<td>$3,713,842,881</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td>$778,337,517</td>
<td>$39,685,971,924</td>
<td>$6,958,351,308</td>
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</tbody>
</table>

\(^1\) Net of debt service and ongoing infrastructure expenses
Business Model Analysis
Revenues to Owner Cities¹

¹ Inclusive of existing tax revenues
Airport Oriented Activities
Summary

- DFW can accomplish more for the Owner Cities than fundamental airport operations

- Commercial Development provides business opportunities to M/WBE firms

- These commercial development opportunities create no negative budget impacts to the Owner Cities

- Tax sharing arrangements create stable revenue streams to the Owner Cities at no cost

- Owner Cities can benefit from land development opportunities with DFW
Dallas/Fort Worth International Airport

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