SEPTEMBER 16, 2009 CITY COUNCIL BRIEFING AGENDA
CERTIFICATION

This certification is given pursuant to Chapter XI, Section 9 of the City Charter for the City Council Briefing Agenda dated September 16, 2009. We hereby certify, as to those contracts, agreements, or other obligations on this Agenda authorized by the City Council for which expenditures of money by the City are required, that all of the money required for those contracts, agreements, and other obligations is in the City treasury to the credit of the fund or funds from which the money is to be drawn, as required and permitted by the City Charter, and that the money is not appropriated for any other purpose.

Mary K. Suhm
City Manager

9-11-09
Date

Edward Scott
City Controller

9/11/09
Date

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CITY SECRETARY
DALLAS, TEXAS

COUNCIL BRIEFING AGENDA

September 16, 2009

DATE

(FOR GENERAL INFORMATION AND RULES OF COURTESY PLEASE SEE OPPOSITE SIDE.)
(LA INFORMACIÓN GENERAL Y REGLAS DE CORTESÍA QUE DEBEN OBSERVARSE DURANTE LAS ASAMBLEAS DEL CONSEJO MUNICIPAL APARECEN EN EL LADO OPUESTO, FAVOR DE LEERLAS.)

General Information

The Dallas City Council regularly meets on Wednesdays beginning at 9:00 a.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council agenda meetings are broadcast live on WRR-FM radio (101.1 FM) and on AT&T CityCable Channel 6B. Briefing meetings are held the first and third Wednesdays of each month. Council agenda (voting) meetings are held on the second and fourth Wednesdays. Anyone wishing to speak at a meeting should sign up with the City Secretary's Office by calling (214) 670-3738 before 9:00 a.m. on the meeting date. Citizens can find out the name of their representative and their voting district by calling the City Secretary's Office.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. ***The Council agenda is available in alternative formats upon request***.

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Informacion General

El Ayuntamiento de la Ciudad de Dallas se reúne regularmente los miércoles en la Cámara del Ayuntamiento en el sexto piso de la Alcaldía, 1500 Marilla, a las 9 de la mañana. Las reuniones informativas se llevan a cabo el primer y tercer miércoles del mes. Estas audiencias se transmiten en vivo por la estación de radio WRR-FM 101.1 y por cablevisión en la estación *AT&T CityCable* Canal 6B. El Ayuntamiento Municipal se reúne el segundo y cuarto miércoles del mes para tratar asuntos presentados de manera oficial en la agenda para su aprobación. Toda persona que desee hablar durante la asamblea del Ayuntamiento, debe inscribirse llamando a la Secretaría Municipal al teléfono (214) 670-3738, antes de las 9 de la mañana del día de la asamblea. Para enterarse del nombre de su representante en el Ayuntamiento Municipal y el distrito donde usted puede votar, favor de llamar a la Secretaría Municipal.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilties Act*. ***La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita***.

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesia

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna pesona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben de abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*pagers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal.

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que esté presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que esté presidiendo la sesión a tomar acción." Según la sección 3.3(c) de las reglas de procedimientos del Ayuntamiento.

AGENDA
CITY COUNCIL BRIEFING MEETING
WEDNESDAY, SEPTEMBER 16, 2009
CITY HALL
1500 MARILLA
DALLAS, TEXAS 75201
9:00 A.M.

9:00 am Invocation and Pledge of Allegiance 6ES

Special Presentations

Open Microphone Speakers

VOTING AGENDA 6ES

1. Approval of Minutes of the September 2, 2009 City Council Meeting

2. Consideration of appointments to boards and commissions and the evaluation and duties of board and commission members (List of nominees is available in the City Secretary's Office)

Briefings 6ES

A. DFW International Airport Board Proposed FY 2010 Budget

B. FY 2009-10 Budget Amendments
- Straw votes will be taken

ITEMS FOR INDIVIDUAL CONSIDERATION

City Secretary's Office

3. A resolution acknowledging receipt of the Ethics Advisory Commission Rules of Procedure - Financing: No cost consideration to the City

Closed Session 6ES
Attorney Briefings (Sec. 551.071 T.O.M.A.)

Open Microphone Speakers 6ES

Adjournment

The above schedule represents an estimate of the order for the indicated briefings and is subject to change at any time. Current agenda information may be obtained by calling (214) 670-3100 during working hours.
Note: An expression of preference or a preliminary vote may be taken by the Council on any of the briefing items.

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.

2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.

3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.

4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.

5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.

6. Deliberations regarding economic development negotiations. Section 551.087 of the Texas Open Meetings Act.

PUBLIC MEETINGS FOR SEPTEMBER 16 - SEPTEMBER 30, 2009

Tuesday, September 29, 2009

Municipal Library Board
4:00 p.m.
J. Erik Jonsson Central Library, Municipal Library Board Room

AGENDA ITEM # 3

KEY FOCUS AREA: Make Government More Efficient, Effective and Economical

AGENDA DATE: September 16, 2009

COUNCIL DISTRICT(S): All

DEPARTMENT: City Secretary

CMO: Deborah Watkins, 670-0653

MAPSCO: N/A

SUBJECT

A resolution acknowledging receipt of the Ethics Advisory Commission Rules of Procedure - Financing: No cost consideration to the City

BACKGROUND

On June 28, 2000 the Dallas City Council approved Ordinance 24316 adding Chapter 12A "Code of Ethics" as amended. Chapter 12A created the Ethics Advisory Commission to be composed of seven members appointed by the Dallas City Council. On May 21, 2001, the Dallas City Council appointed the seven members of the Ethics Advisory Commission.

As apart of the Ethics Advisory Commission roles and responsibilities the Rules of Procedure were created to assist the commission in its own internal organization and operation in a manner and form consistent with Chapter 12A "Code of Ethics".

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS

This item has no prior action.

FISCAL INFORMATION

No cost consideration to the city.

September 16, 2009

WHEREAS, on June 28, 2000, the Dallas City Council approved Ordinance 24316 adding Chapter 12A "Code of Ethics" to the Dallas City Code as amended; and

WHEREAS, Chapter 12A "Code of Ethics" of the Dallas City Code created the Ethics Advisory Commission to be composed of seven members appointed by the Dallas City Council as a whole; and

WHEREAS, on May 9, 2001, the Dallas City Council appointed the seven members of the Ethics Advisory Commission; and

WHEREAS, in accordance with Section 12A-25(c) of Chapter 12A "Code of Ethics", of the Dallas City Code, the members of the Ethics Advisory Commission worked tirelessly to establish rules of procedure governing its own internal organization and operation in a manner and form consistent with Chapter 12A "Code of Ethics". **Now, therefore,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. The City Council acknowledges receipt of the Ethics Advisory Commission Rules of Procedure adopted by the commission on October 27, 2006, and amended March 30, 2007, April 13, 2007, August 28, 2009, February 20, 2009 and March 27, 2009.

SECTION 2. The City Council expresses appreciation to the past and present members of the Ethics Advisory Commission for their dedication to completing the Rules of Procedure and the excellent work performed on preliminary panel hearings and hearings of the commission as a whole.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly resolved.

Memorandum

CITY OF DALLAS

DATE September 11, 2009

TO The Honorable Mayor and Members of the City Council

SUBJECT DFW International Airport Board Proposed FY 2010 Budget

The subject briefing is on the Council's September 16th Agenda. Chris Poinsatte - Executive Vice President, Chief Financial Officer and Max Underwood – Vice President, Finance from Dallas-Fort Worth International Airport will present the attached briefing. A copy of the briefing materials is included for your review prior to Wednesday's discussion.

Please contact me if you need additional information.

David Cook
Chief Financial Officer

c: Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Frank Librio, Public Information Office
Helena Stevens-Thompson, Assistant to the City Manager

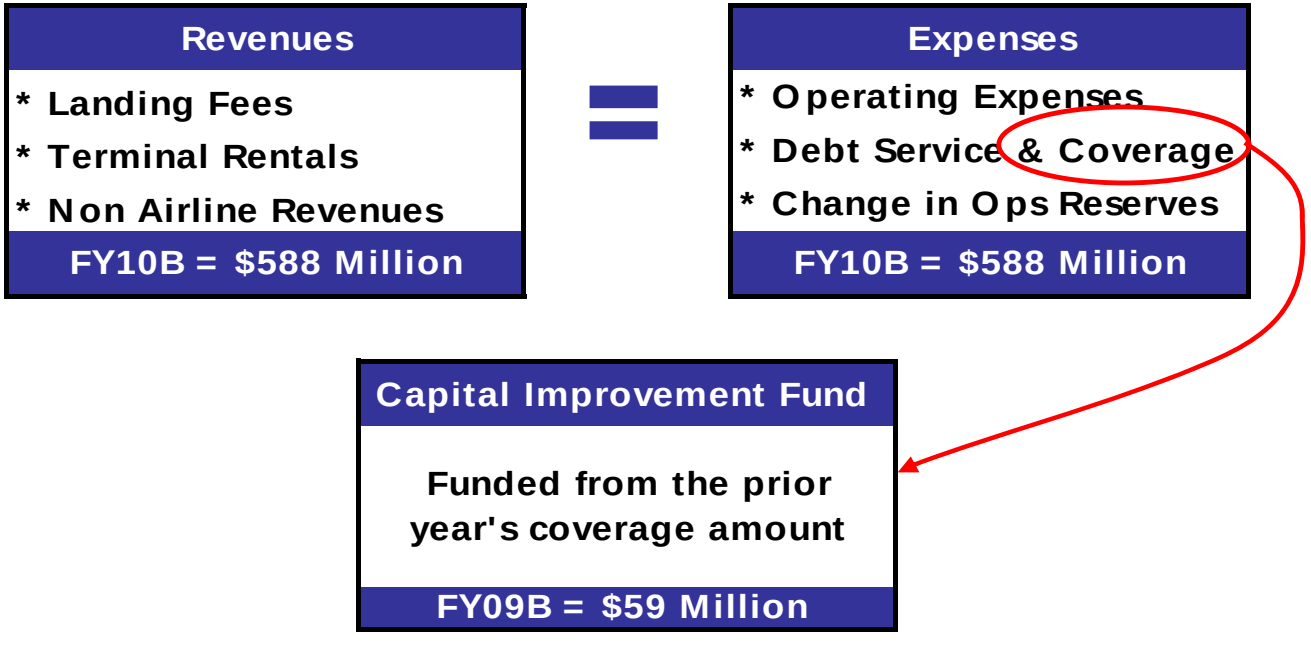
DFW International Airport Board
Proposed FY 2010 Budget

For Cities of Dallas and Fort Worth

September 2009

DFW's Residual Model

DFW is a residual airport, which means that revenues must equal expenses



DFW's Rate Setting Model

Landing fees are the ultimate balancer to ensure that expenses equal revenues.

Total Expenses		Non-Airline Revs		Terminal Rents		Landing Fees
* Ops expenses	minus	* Parking	minus	* Terminal A	equals	Net Expenses
* Maintenance		* Concessions		* Terminal B		Landed Weights
* Overhead		* Ground rentals		* Terminal C		FY10 Rate
* Ops reserves		* HVAC/trash/water		* Terminal D		$4.70
* Debt service		* PFCs		* Terminal E		
* Coverage (25%)		* CIF Transfers		* HVAC/FIS/Turn		
				- Concession Rev		
$588 Million		$372 Million		$46 Million		$170 Million
100%		63%		8%		29%

Budget Overview

- Another challenging year for Airline Industry
  - American Airlines announces November 2010 reductions at other airports, but small increases at DFW.
  - Both passengers and landed weights are projected to be flat with FY 2009 Outlook
- Budget
  - **Cut $23M** of costs during FY09
  - **Cut additional $29M** as part of FY10 Budget
  - **Total savings of $52M (8.1%)**
  - No merit increase in FY10 Budget
- Airline Cost
  - **Reduced $9M** in FY09
  - **Cut additional $1.8M** in FY10 Budget
  - **Total reduction of $10.8M (4.8%)**

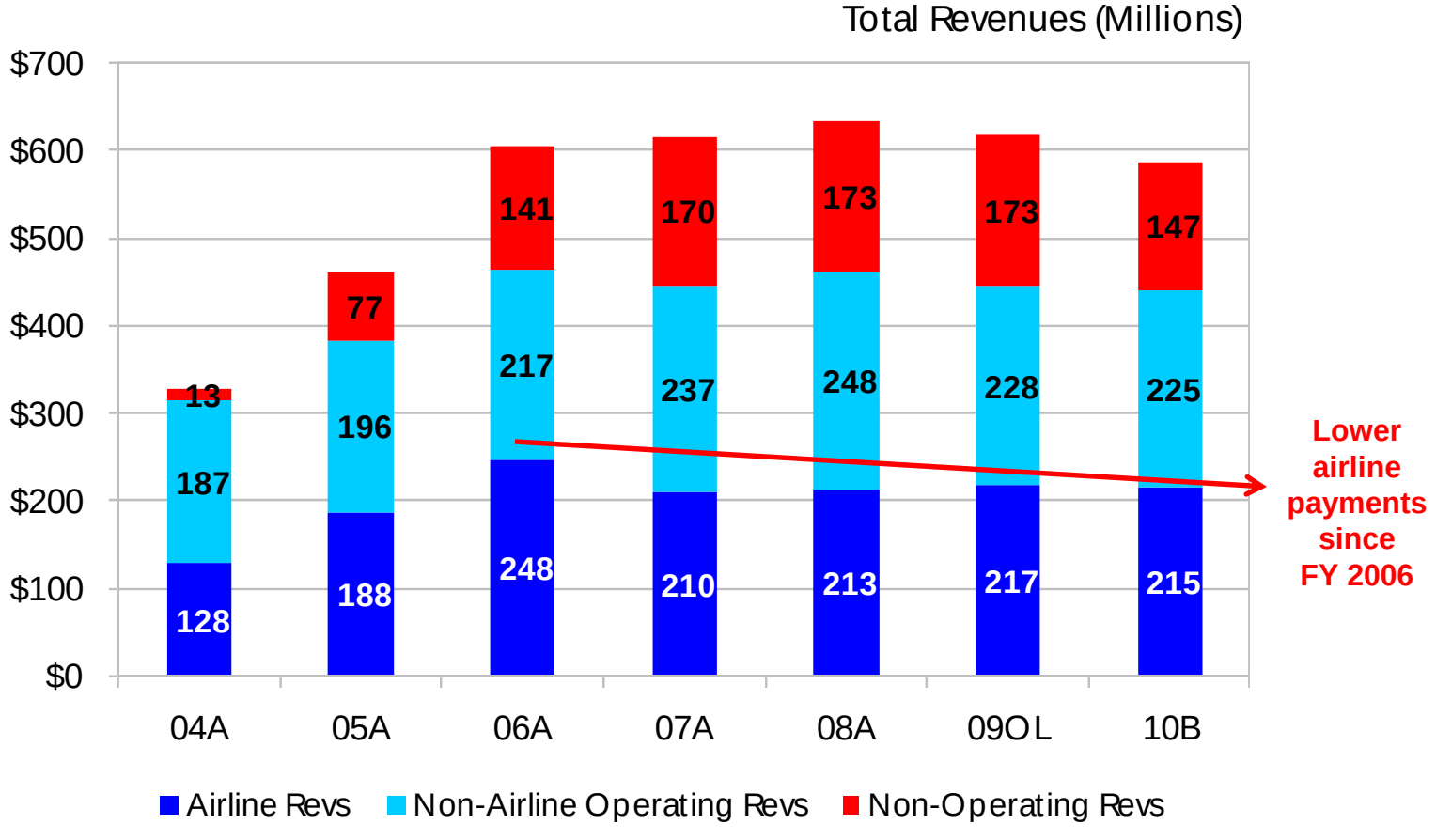
FY 2010 Budget Summary

DFW reduced costs $23.1M during FY 2009 and additional $28.9M as part of FY 2010 Budget which more than offset declining non-airline revenues resulting from recession. The net result is a lower airline cost and lower cost per enplanement than the FY 2009 Outlook.

In Millions	FY 2009 Budget	FY 2009 Outlook	Inc (Dec)	FY 2010 Budget	FY10 Inc / (Dec) Budget	FY10 Inc / (Dec) Outlook
Expense Budget	$344.3	$321.2	($23.1)	$327.0	($17.3)	$5.8
Debt Service Budget	296.0	296.0	0.0	261.1	(34.9)	(34.9)
Expenses & Debt Service	640.2	617.1	(23.1)	588.2	(52.0)	(28.9)
Less: Non-Airline Revenue	414.0	400.0	(14.0)	372.8	(41.2)	(27.2)
Amount Paid by Airlines	$226.1	$217.1	($9.0)	$215.4	($10.7)	($1.7)
Cost Per Enplanement	$7.73	$7.37	($0.36)	$7.29	($0.44)	($0.08)

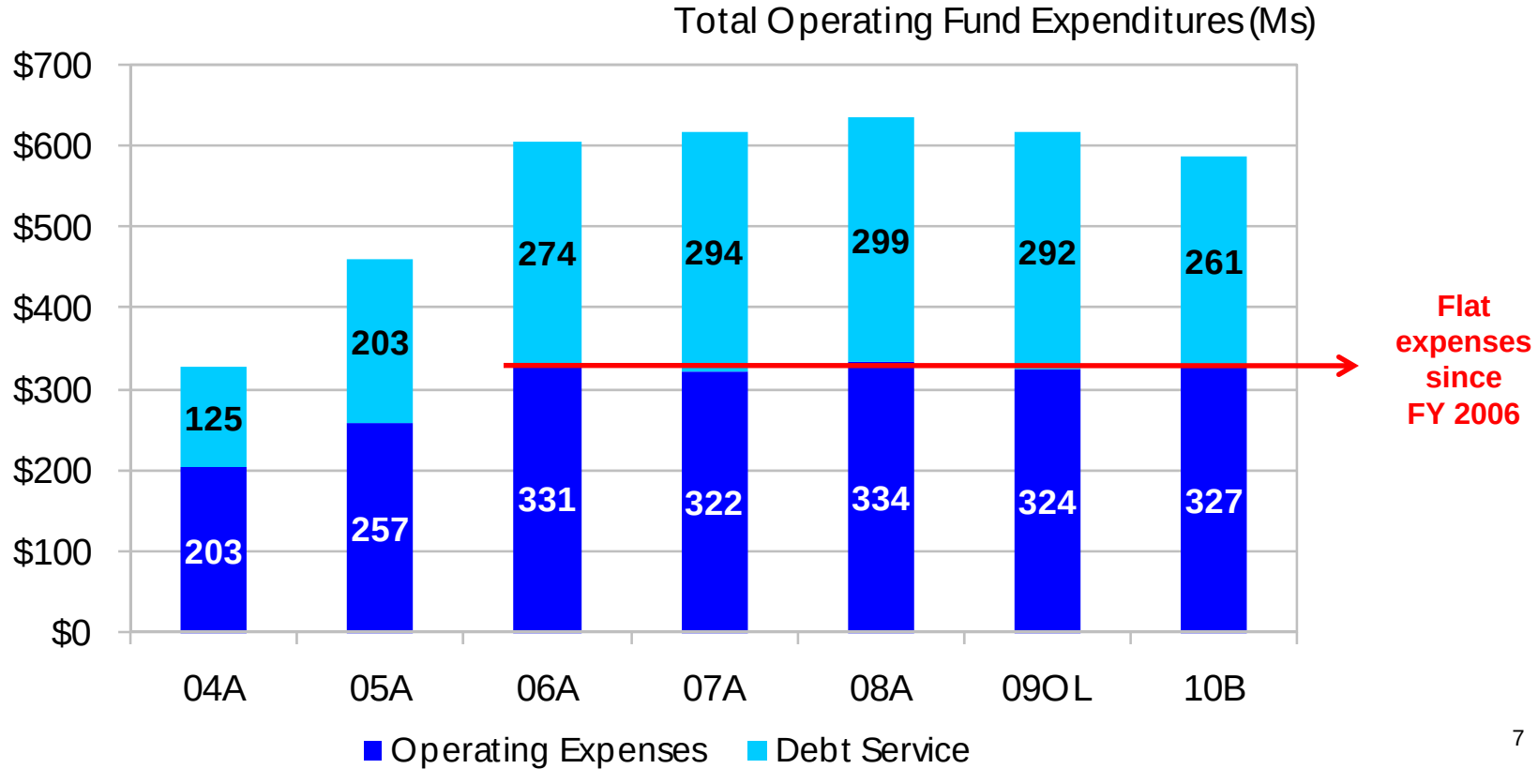
Historical Perspective: Total 102 Fund Revenues since FY 2004

Since the opening of the CDP in FY 2006, DFW has reduced and contained airline payments to the airport by growing non-airline revenues.



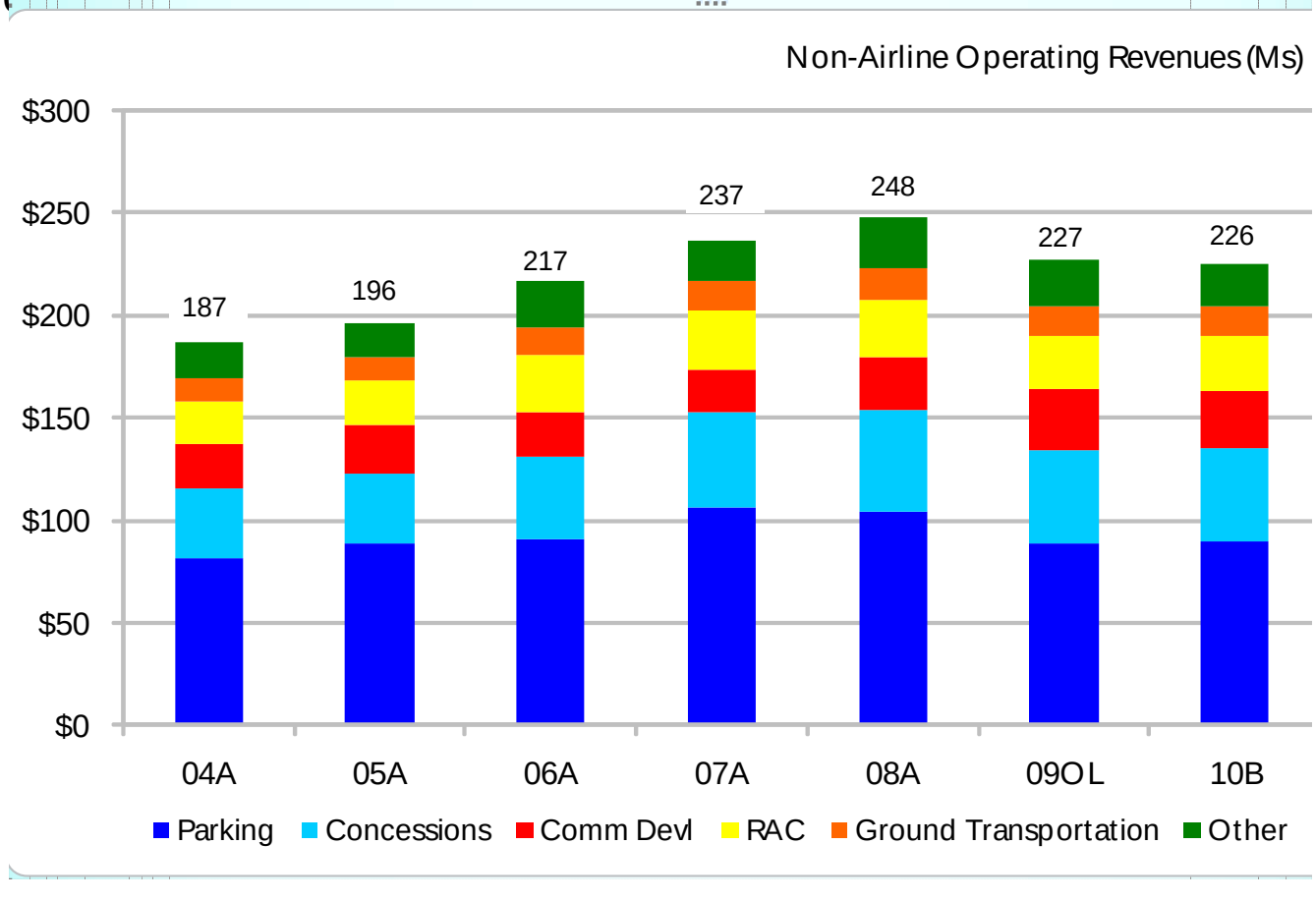
Historical Perspective: Total 102 Fund Expenditures since FY 2004

Since the opening of the CDP in FY 2006, DFW has controlled and reduced operating expenses and debt service. The FY 2010 Budget at $588.2M is at its lowest level since FY 2005.



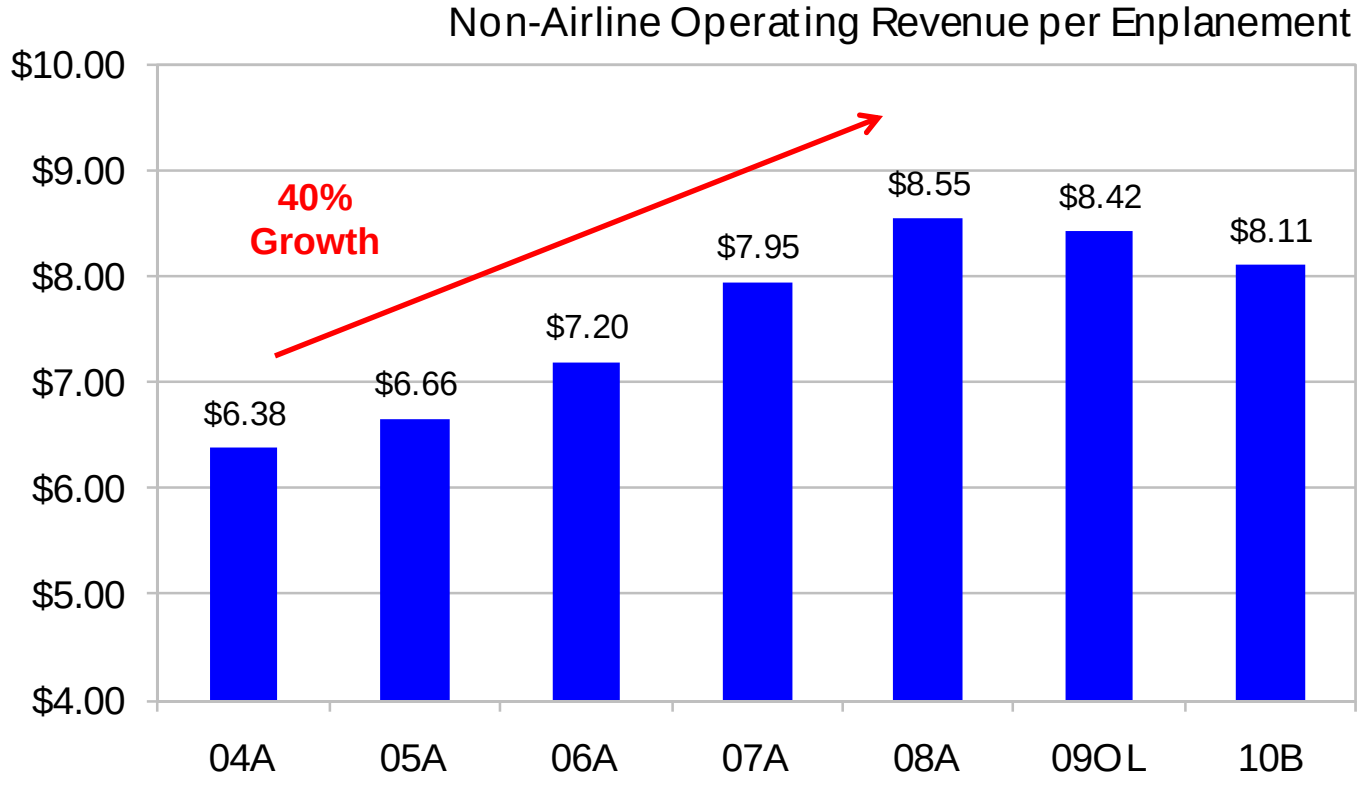
Historical Perspective: Non-Airline Operating Revenues since FY 2004

DFW grew non-airline operating revenues significantly through FY 2008, but the recession has caused a temporary downturn in FY 2009 and FY 2010



Historical Perspective: Non-Airline Operating Revenue per Enplanement

Revenue per enplanement receded slightly in FY09 and FY10 due to the economy, but DFW achieved a 40% growth from FY04 to FY08



Expense Budget Walkforward from $640.2M to $588.2M

DFW reduced costs by $81.3 million, offsetting $29.3 million of mostly fixed increases.

	In Millions		In Millions
FY 2009 Budget	**$640.2**	Budget Reductions	
Major Cost Increases		Debt Service Savings	($57.8)
Debt Service	$23.0	Utilities and Fuel	(10.9)
Pension Plan	2.0	Contract Services	(3.7)
Contracts	2.0	Operating Reserve	(3.5)
Salary Annualization	0.9	Contingency	(2.5)
Maintenance Programs	0.7	Healthcare Costs	(1.3)
Miscellaneous	0.7	Overtime, G&A, Other	(1.6)
Total Cost Increases	**$29.3**	**Total Budget Reductions**	**($81.3)**
Outlook before Reductions	**$669.5**	**FY 2010 Budget**	**$588.2**

Debt Service Reductions

Debt Service was reduced by $57.8 million from three actions.

- FY 2009 Refunding (2004A and 2006A)
  - Deferred approximately $18.2M of principal in FY 2010 to later years (total savings of $22.8M with coverage)
- Modified Interest & Sinking Fund collection methodology
  - DFW has always had one additional month in I&S Fund (35 years)
  - Will only collect 11 months P&I in FY 2010 and use incremental month to fund Nov 1, 2011 payment
  - Savings of $18M, plus coverage for total of $22.5 million
  - Reduces PFC contribution requirements - $10.8M in FY 2009
  - Net impact on airline rate base - $11.7M in FY 2009
- Retire $10M of FY 2010 debt early (FY 2006A Bonds)
  - Use $5M from NGR (301NG) and $5M from 316 (ATSAC)
  - Total savings after coverage is $12.5

Non-Airline Operating Revenues Comparison

FY10 Non-Airline Revenues are $15.0M (6.2%) lower than the FY09 Budget and $0.5M (0.2%) less than the FY09 Outlook. The Commercial Development and Utility reductions are due to management reducing costs allocated to these cost centers.

Non-Airline Ops Revenue (Ms)	FY 2009 Budget	FY 2009 Outlook	Inc (Dec)	FY 2010 Budget	Inc (Dec) from 09B	Inc (Dec) from 09 OL
Parking	$99.6	$88.9	($10.7)	$89.3	($10.3)	$0.4
Concessions	46.1	45.6	(0.5)	45.6	(0.5)	(0.1)
Rental Car Facility	26.6	26.1	(0.5)	27.2	0.5	1.1
Commercial Development	29.3	29.3	(0.0)	27.7	(1.6)	(1.6)
GA and Fuel Farm	7.3	6.8	(0.5)	6.7	(0.6)	(0.1)
Employee Transportation	8.3	8.4	0.0	8.4	0.0	0.0
Taxi, Limo & Shuttle Fees	6.7	6.1	(0.6)	6.3	(0.3)	0.2
Utilities (non-Airline)	5.8	5.2	(0.6)	4.1	(1.7)	(1.1)
Other Revenue	11.3	10.2	(1.1)	10.8	(0.5)	0.6
	$241.1	$226.6	($14.5)	$226.1	($15.0)	($0.5)

Non-Operating Revenues Comparison

FY10 Non-Operating Revenues are lower than FY09 due to the restructuring of DFW's debt (which reduced PFC transfers and capital reimbursements) and lower interest rates.

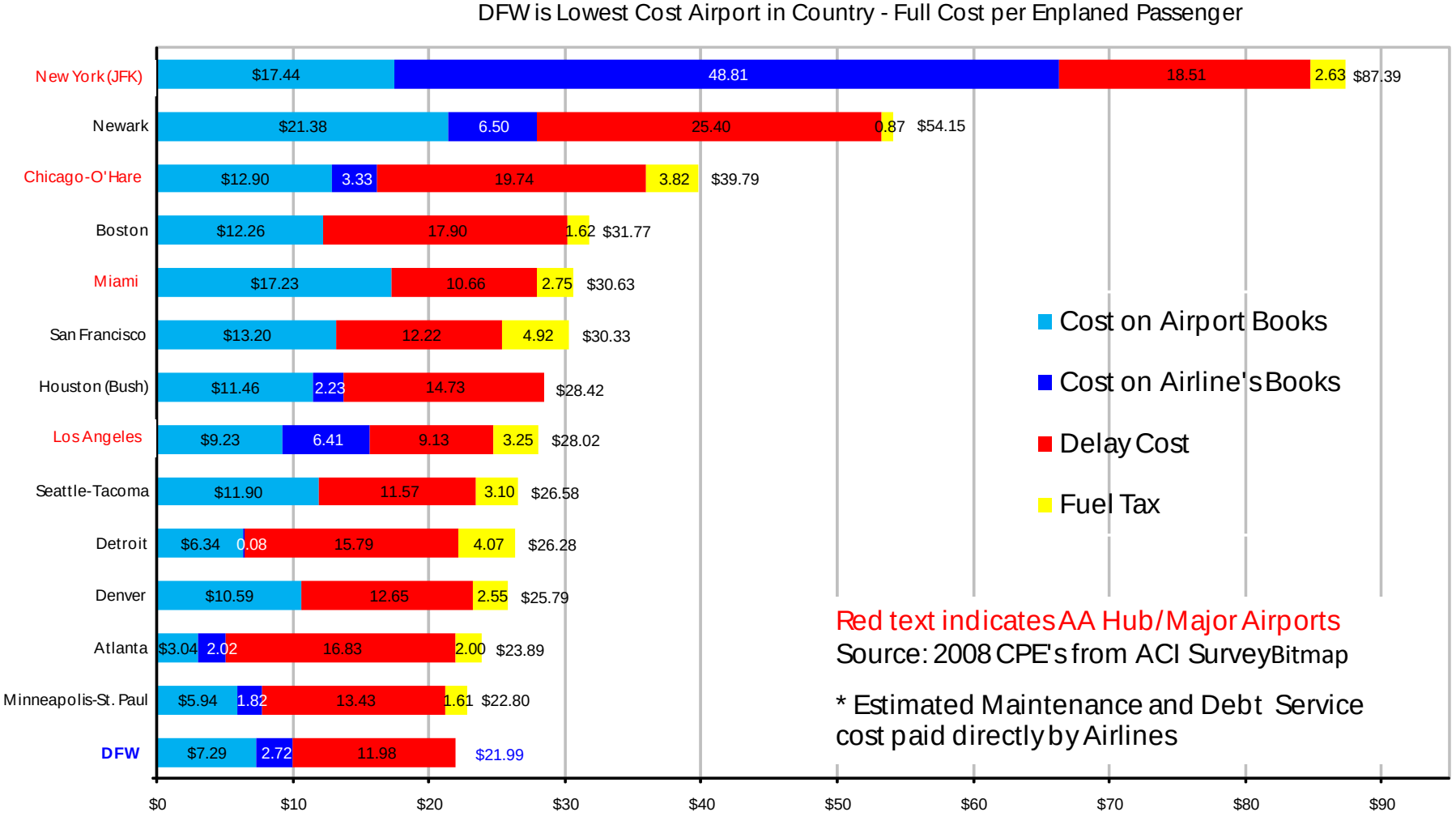
Non-Operating Revenues (Ms)	FY 2009 Budget	FY 2009 Outlook	Inc (Dec)	FY 2010 Budget	Inc (Dec) from 09B	Inc (Dec) from 09 OL
PFC Transfers from 252 Fund	$123.7	$123.7	$0.0	$113.0	($10.8)	($10.8)
Interest Income	9.6	10.2	0.6	4.4	(5.2)	(5.8)
Reimbursements	25.6	25.4	(0.2)	15.4	(10.2)	(10.0)
777 Program	14.0	14.0	0.0	14.0	0.0	0.0
Total Non-Operating Revenue	172.9	173.4	0.4	146.8	(26.1)	(26.6)

Airline Cost Comparison

Airline cost is projected to by $9 million less than budget in FY 2009 and additional $1.8 million less in FY 2010. Terminal costs are lower due to reductions in utilities and maintenance costs.

Total Airline Cost (Ms)	FY 2009 Budget	FY 2009 Outlook	Inc (Dec)	FY 2010 Budget	Inc (Dec) from 09B	Inc (Dec) from 09 OL
Landing Fees	$167.0	$164.1	($2.8)	$168.9	$1.9	$4.8
Terminal Services	24.5	23.0	(1.5)	17.2	(7.3)	(5.8)
FIS & Common Use Gate Fees	19.8	18.0	(1.8)	18.1	(1.7)	0.1
Other (Apron, HVAC)	14.9	12.0	(2.9)	11.1	(3.8)	(0.9)
Total Airline Cost	$226.1	$217.1	($9.0)	$215.4	($10.8)	($1.8)
Landing Fees	$4.60	$4.60	$0.00	$4.70	$0.10	$0.10

Fully Loaded CPE – DFW is Lowest Cost Airport In Country



Budget Summary

- Expense budget - $588.2M
  - Lowest budget since FY 2005
  - **Cut $23M** of costs during FY 2009
  - **Cut additional $29M** as part of FY 2010 Budget
  - **Total reductions of $52M (8.1%)**
- Reduced airline costs
  - Lower than in FY 2006
  - Relatively flat for last four years
  - **Saved $9M in FY09**; **additional $1.8M in FY 2010 budget**
  - **Total reduction of $10.8M (4.8%)**
- Budget Request includes $2.5M contingency outside of rate base
  - Total budget $588.2M plus $2.5M = $590.7M
  - Requires Board approval to use this contingency

DFW International Airport Board
Proposed FY 2010 Budget

For Cities of Dallas and Fort Worth

September 2009

FY 2010 ADOPTED BUDGET

DALLAS/FORT WORTH
INTERNATIONAL AIRPORT

Finance Department
P.O. Box 619428
DFW Airport, Texas 75261-9428

Dallas/Fort Worth International Airport

FY 2010 Adopted Budget

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Dallas/Fort Worth
International Airport Board

Vision Statement

"DFW International Airport - Connecting the World"

Mission Statement

DFW International Airport will provide
our Customers outstanding facilities and services,
expanding global access and economic benefits to those we serve.

Primary Business Goal

Grow the core business of domestic and international passenger
and cargo airline service.

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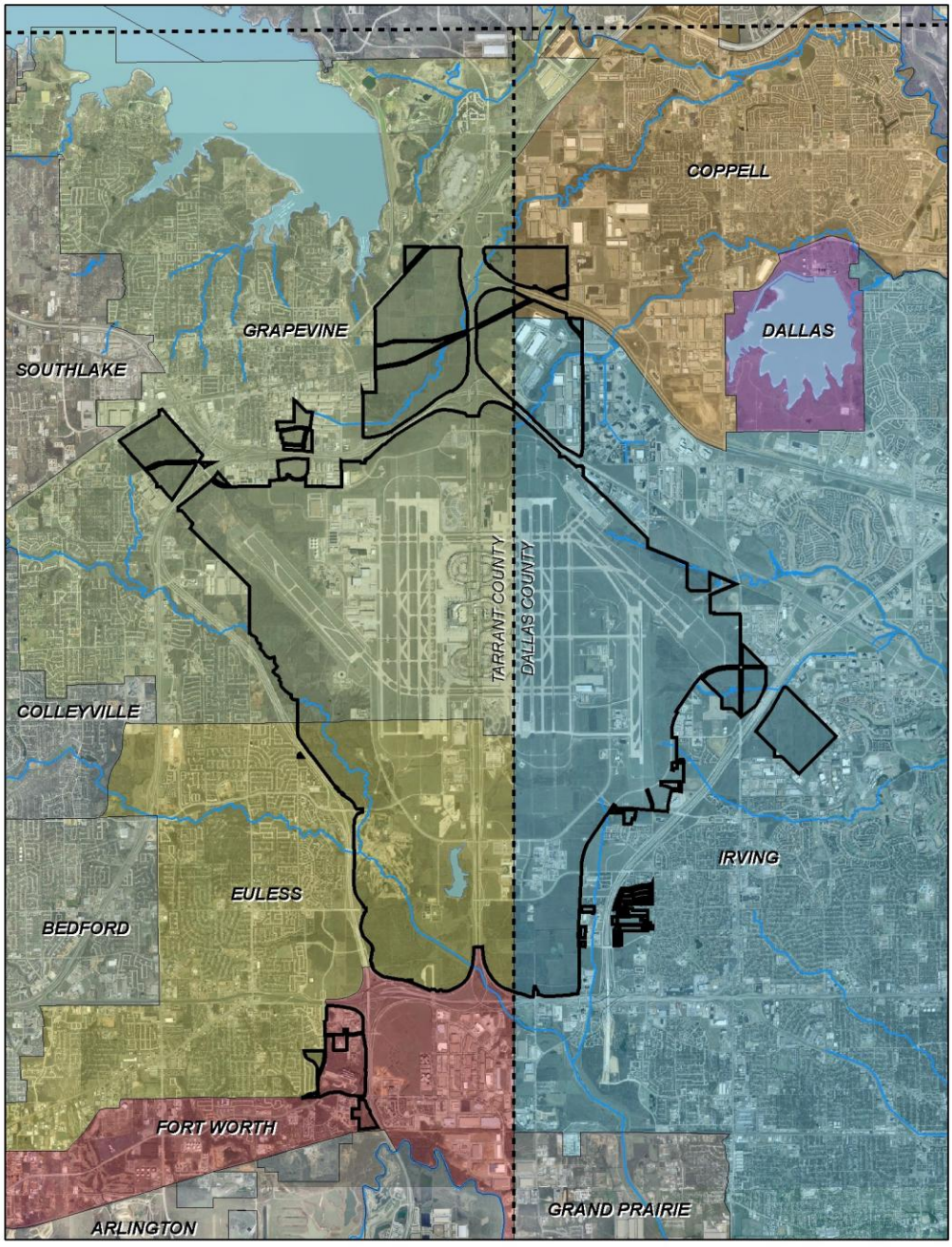
Airport Background

The Dallas/Fort Worth International Airport (the "Airport"or "DFW") was created by a "Contract and Agreement" between the Cities of Dallas, Texas, and Fort Worth, Texas ("the Cities") on April 15, 1968 for the purpose of developing and operating an airport as a joint venture between the Cities. Although owned by Dallas and Fort Worth, DFW is located within the boundaries of the Cities of Grapevine, Coppell, Irving, and Euless, and within Dallas and Tarrant Counties.



Source: DFW Airport Information Technology Services/GIS Group

DFW is located within a four-hour flight time of 95% of the U.S. population and currently ranks third among the world's busiest airports in terms of operations and seventh in terms of passengers. Its central location is the focal point of one of the nation's largest intermodal hubs, connecting air, rail, and interstate highway systems. DFW currently operates daily passenger flights to 172 destinations worldwide, including 135 nonstop domestic destinations and 37 nonstop international destinations. DFW is recognized as a premier inland cargo hub, served by major international cargo carriers. DFW is the primary economic engine for North Texas, pumping in more than $16.6 billion in economic impact, supporting 305,000 jobs and $7.6 billion in payroll every year according to the Texas Department of Transportation.

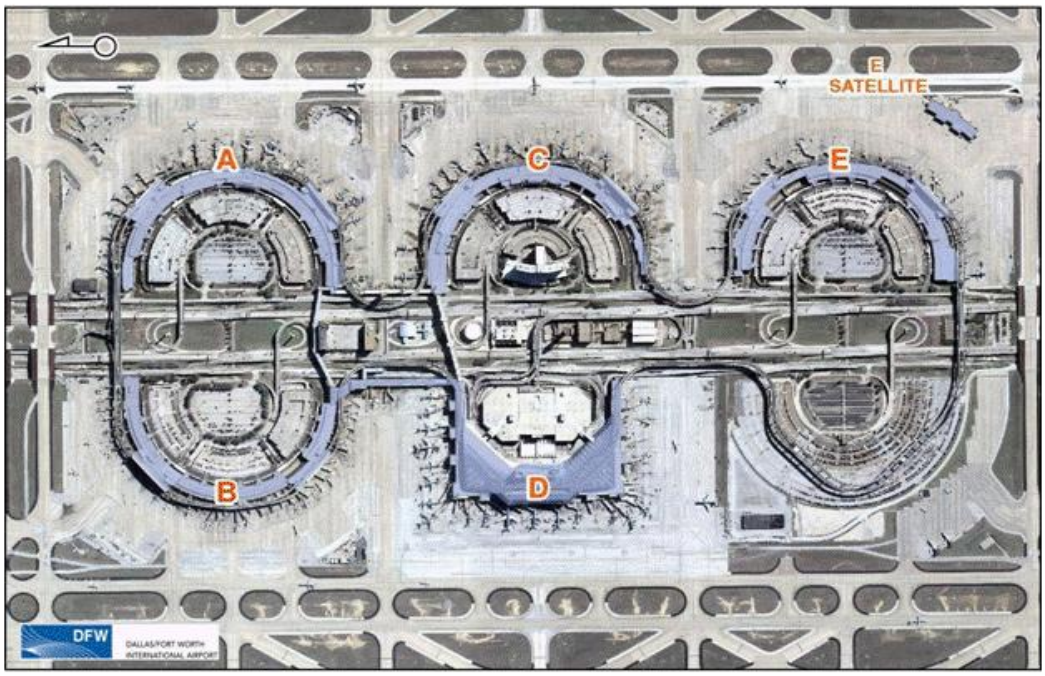
DFW Infrastructure

Airfield - DFW has more operational capacity than any airport in the world with seven runways: two diagonals and five north/south parallels. Four of DFW's runways are 13,400 feet in length. DFW is prepared for future growth and has the capacity to land the A380. DFW completed construction of the Southeast Quadrant End-Around (perimeter) Taxiway in December 2008 to enhance aircraft operational efficiency, safety and prevent runway incursions. The Airport's designated hourly capacity arrival/departure flow is approximately 186-193 aircraft operations per hour under reduced instrument flight conditions and approximately 270-279 aircraft operations per hour under optimum visual flight conditions, a condition that prevails approximately 94% of the time. DFW estimates that it is using approximately 50%-60% of its maximum landing capacity at this time. An eighth north/south, 9,560 foot runway and/or additional perimeter taxiways could be built if future demand warrants.

Terminals - DFW has five terminals (A, B, C, D, and E) totaling 4.7 million square feet of building space, including 155 aircraft boarding gates, 183 ticket positions, 171 self service kiosks, and 20 security checkpoints. As of June 30, 2009, 30 of the 155 gates were not regularly scheduled, including 9 gates in the dormant Terminal E Satellite facility that is connected to Terminal E via a tunnel. This additional space will create an "empty chair" that will be beneficial as DFW renovates its terminals over the next decade. Collectively, the airlines averaged 6.4 turns per active gate for the first six months of FY 2009. American Airlines vacated the Terminal A Satellite facility (not shown in picture below) when Terminal D was opened in 2005. This facility, which requires a bus transfer, is available for future use, if necessary.

American Airlines operates domestic service in Terminals A and C and both domestic and international service in Terminal D. American Eagle and United Airlines operate domestic service in Terminal B. All other domestic flights operate from Terminal E. United Airlines plans to move its operations to Terminal E in late 2009. All international flights and some American Airlines domestic flights operate from DFW's International Terminal D (opened in 2005). Terminal D has 1.6 million square feet and 27 gates. All terminal gate leases expire December 31, 2009 along with the current Use Agreements. DFW's Federal Inspection Service (FIS) facilities are located in Terminal D. The Airport's FIS facility is approximately 406,000 square feet with 60 inspection booths and 8 bag carousels. The FIS has the capacity to handle approximately 2,800 international customers per hour.

DFW Terminal Complex



DFW is responsible for all of the janitorial and facility maintenance in Terminals B, D and E, and baggage maintenance in Terminals B and E. DFW assumed responsibility for Terminal E maintenance in January 2005 when Delta Air Lines closed its hub. DFW contracts out most of the maintenance and janitorial functions to third parties. Costs associated with maintenance of these facilities are included in DFW's operating budget. American Airlines is responsible for the majority of the facilities maintenance and custodial services in Terminals A and C and all of the baggage maintenance in Terminals A, C and D. The cost of these maintenance activities are paid directly by American Airlines and are not included in DFW's operating budget or financial statements.

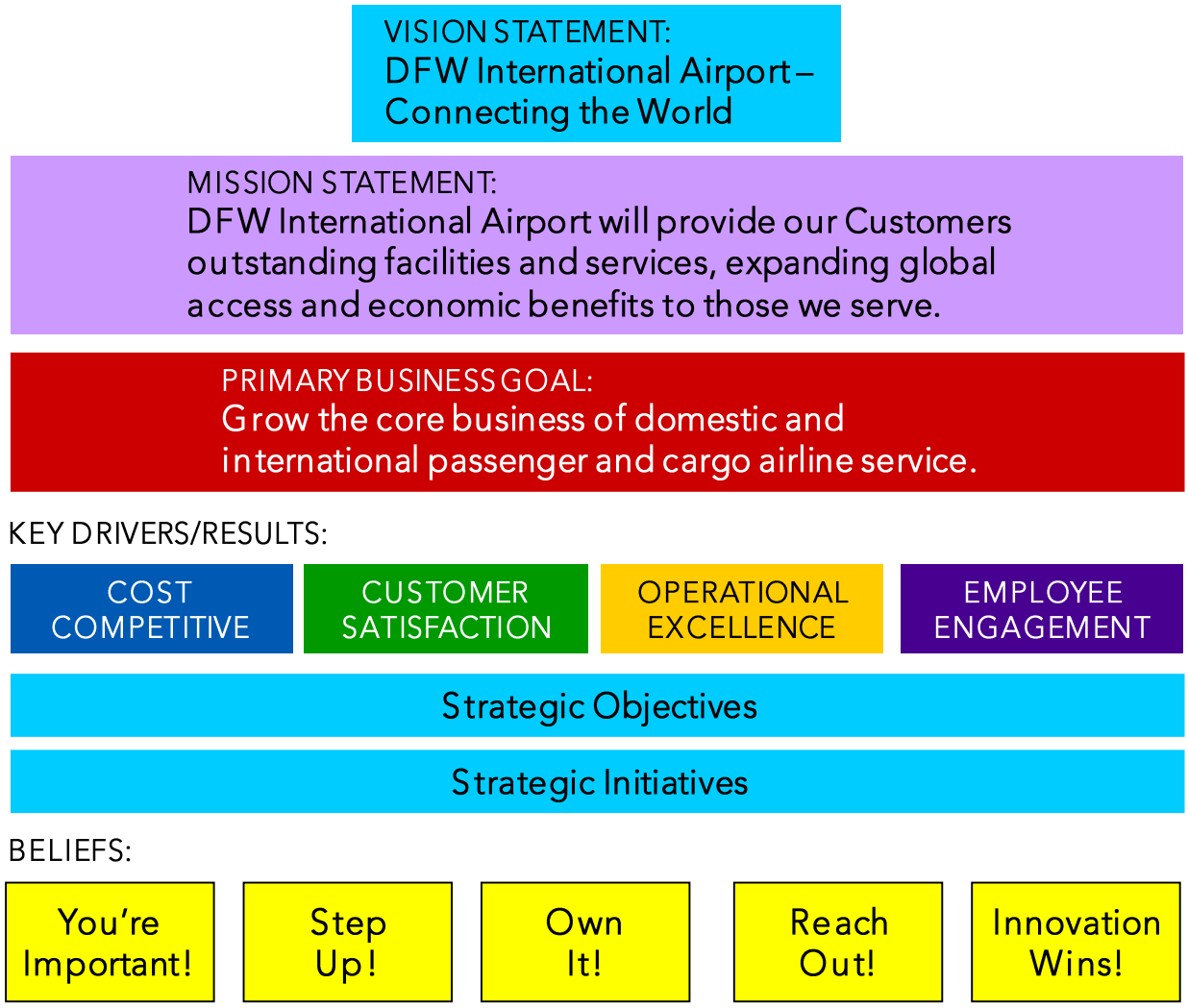
Transit System - DFW opened its elevated transit system ("Skylink") during FY 2005. Skylink is used to transport passengers and employees between terminals on the secure side of the terminal. DFW operates 16 to 24 available fully automated cars on Skylink during normal operations. Skylink cars circle the five terminals in two directions with an average time between terminals of 2 minutes. There are two Skylink stations in each terminal. The average customer ride is estimated to be about 5 minutes.

DFW also uses busses to transport passengers and employees between terminals, the Grand Hyatt Hotel, parking lots and consolidated rental car facility. DFW uses 31 busses to shuttle passengers between the terminals and Grand Hyatt; 61 busses between remote and express lots and the terminals; 32 busses between employee parking lots and the terminals, and 46 busses between the terminals and the consolidated rental car facility.

Airport Operations Center/Emergency Operations Center (AOC/EOC) - DFW completed its AOC/EOC in April 2006. The AOC/EOC serves as a single point of contact to centralize communications for DFW's passengers, guests, tenants, employees, and contractors. This includes the 9-1-1 call management of police, fire and emergency medical response teams and 3-1-1 non-emergency services. The AOC and EOC handle an average of 26,400 and 1,950 calls, respectively, each month.

Strategic Plan

DFW completed its new Strategic Plan in FY 2008. This critical document contains the Airport's new vision and mission statements and identifies the key strategies and results required to achieve the Primary Business Goal of growing the core business of domestic and international passenger and cargo airline service. DFW has taken a balanced approach to its strategic plan. Management is focused on being cost competitive, satisfying the customer, and achieving operational excellence through engaged employees. A schematic of the Strategic Plan follows:



Recent Significant Events

New International Service - DFW inaugurated new international air service to London Heathrow via AA and British Airways and also began service to Amsterdam Schiphol via KLM Dutch Airlines on March 30, 2008, which marked the single largest one-day expansion in international air service since DFW opened in 1974.

Yangtze River Express began cargo service at DFW four times per week on May 22, 2009. The Shanghai-based cargo carrier is a joint-venture company of China Airlines (CI) and HNA (HU), and its new service will bring an estimated $20 million in new economic benefit to the North Texas region and additional cargo lift capacity direct to China.

With the departure of American Airlines' first flight to Madrid on May 1, 2009, the North Texas region will begin to see the benefit of more than $100 million in economic impact generated annually by the daily flight. American Airlines will operate the route with its 225-seat Boeing 767 aircraft.

DFW handled nearly 308,000 metric tons of international freight in calendar year 2008, the eleventh straight year that the Airport has seen significant growth in overseas trade shipments.

Airfield - DFW opened the Southeast Quadrant Perimeter Taxiway in 2008, creating new levels of safety and efficiency for airports. In addition, DFW's successful three-year testing of the FAA's runway status lights system led the FAA to announce in 2008 that it would install similar systems at the nation's top 20 airports. DFW's second installation of runway status lights on the Airport's east side was completed in July 2009.

Environmental - DFW's environmental success earned the Airport's participation in EPA's National Environmental Performance Track Program (NEPT), and Texas Commission on Environmental Quality's (TCEQ) Clean Texas Platinum Award. The NEPT recognizes top businesses and organizations that excel at environmental leadership and performance. DFW is the first airport in Texas to achieve the highest level of recognition awarded by the TCEQ; one of only 12 other organizations to have achieved the state agency's highest award.

Safety - The FAA awarded DFW the 2007 Flight Safety Foundation Airport Safety Award for its flawless annual FAA inspection. DFW has had zero uncorrectable safety discrepancies for eight years in a row.

Customer Service - The Airport received top honors from Airports Council International. DFW was voted "Best Airport in the Americas" for Customer Service in the Airports Council International (ACI) Survey in 2009 for the third straight year. DFW also ranked 2nd in the world for "Best Airport Over 40 Million Passengers" and 6th for "Best Airport Worldwide." *Air Cargo World* magazine ranks DFW as the best cargo airport in North America in the category of 500,000 to 999,999 tons in its annual Air Cargo Excellence survey.

DFW continued to enhance the passenger experience by renovating or updating 76 concessions outlets in 2008, making DFW's Concessions Program a world leader. DFW also began a new Valet Parking service in 2008, giving the Airport a higher level of service in its

parking offerings. In May 2009, DFW launched its website for mobile devices, becoming one of the nation's first airports to feature a mobile website for travelers.

Irregular Operations - DFW has taken a leadership position in the national movement toward improved passenger care during "Irregular Operations" which result in stranded passengers. DFW hosted the first industry-wide conference and spearheaded the effort to make it a part of ACI's agenda. Some of DFW's innovative ideas include keeping concessions, ground transportation and checkpoints open overnight, 24-hour automated retail options, better hotel information, improved passenger communication, stocking diapers and infant formula for families, and maintaining a supply of cots and blankets.

DFW Controlling Documents and Business Model

In addition to the Contract and Agreement between the Cities, DFW is governed by several other key documents, including the 30th Supplemental Bond Ordinance which modified the original 1968 Concurrent Bond Ordinance (collectively called the "Bond Ordinances"); and the Use Agreements between DFW and the Signatory Airlines (signed in 1974). The Use Agreements expire on December 31, 2009. Collectively, these agreements are called the "Controlling Documents."

The Controlling Documents define how DFW manages its business affairs. DFW is a residual airport which means that the Signatory Airlines pay the residual net cost of operating DFW. Total revenues must equal total expenses each year. DFW does not collect any local tax revenue to fund its operations.

The Controlling Documents require that Gross Revenues of the Airport be deposited into the 102 Revenue and Expense Fund. Gross Revenues are defined as all Airport revenues and receipts except:

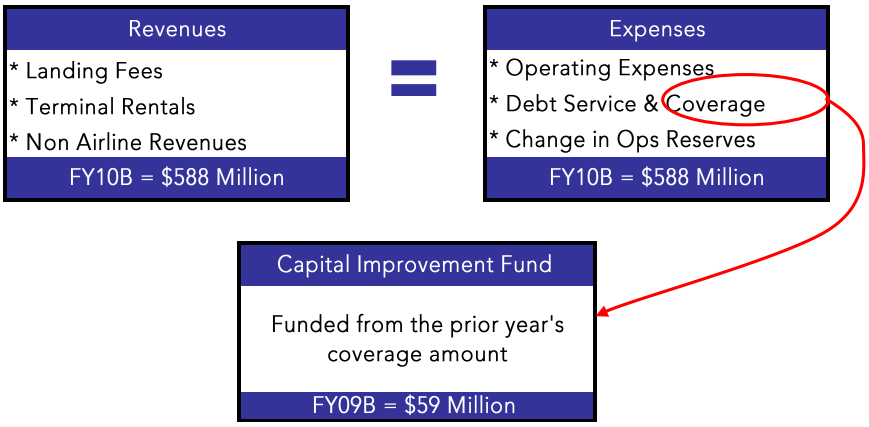
- Bond proceeds
- Passenger Facility Charge (PFC) proceeds used to fund capital projects (rather than for debt service)
- Interest earned on unspent bond, Construction Improvement Fund (CIF), and PFC receipts
- Grant proceeds used to fund capital projects
- Sale of land or mineral rights including natural gas royalties

The 102 Fund is a self-balancing fund. The Airport's Gross Revenues must equal the Airport's annual 102 Expenditures, as defined in the Controlling Documents, including:

- Operational expenditures, including an amount required to fund a three-month operating reserve equal to 25% of the Annual Operating Budget
- Debt service, plus coverage calculated at 25% of debt service. The coverage amount is then used to fund the following year's CIF.

The DFW residual model for the 102 Operating Revenue and Expense Fund is shown in the following chart.

DFW's Residual 102 Fund



Rate Setting

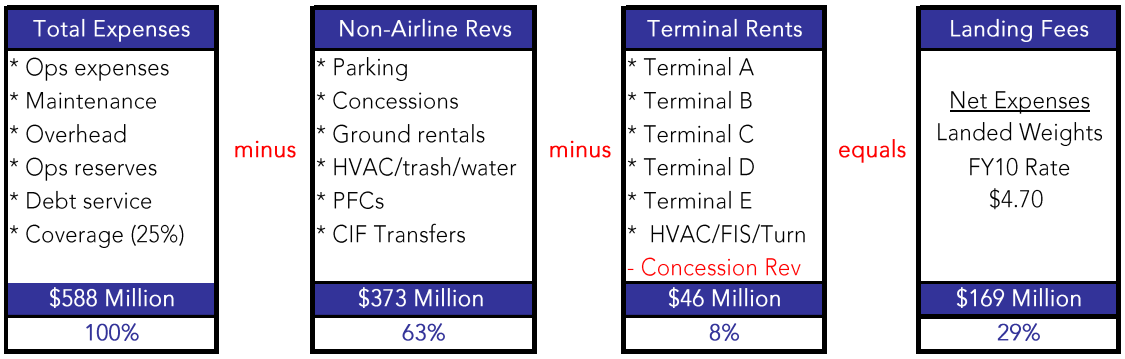
Each year DFW develops an Annual Budget of projected expenditures for the Operating Revenue and Expense Fund (commonly referred to as the "102 Fund"). This budget includes DFW's projected operating expenses excluding depreciation, plus annual debt service (interest and principal), plus an amount sufficient to pay an additional 25% of the Aggregate Annual Debt Service (defined as "Coverage"), plus, if necessary, an incremental amount sufficient to maintain a 90-day Operating Reserve. Bond documents allow DFW to establish a 90-day operating reserve and charge changes to the reserve as an allowable expense to the Airlines.

Next, Management calculates ancillary Non-Airline revenues (e.g., parking, concessions, and ground leases) and non-operating revenues (e.g., interest income, PFC's). These projected expenditures and revenues are then accumulated into "cost centers" to calculate the required Airline revenues (primarily terminal rents and landing fees) that must be collected during the year so that total revenues equal total expenditures.

Landing fee revenue is the ultimate "balancer" to ensure that forecasted revenues equal forecasted expenses. The landing fee rate is calculated by dividing total required landing fee revenues by total projected Airline landed weights per thousand pounds. Management uses this information to prepare an annual forecast which is the basis for the official Schedule of Rates, Fees, and Charges (SOC). The SOC is then approved by the Board and is the basis for charging airlines, tenants, and other airport customers for services used.

Rate Setting Model Overview

DFW Airport Residual Model



At the end of the year, a reconciliation or settlement of the 102 Fund is computed using actual revenues and actual expenses. Depending on whether an individual Signatory Airline has overpaid or underpaid during the year, it receives a refund or is billed an additional payment. Note that this Budget includes the assumption that the current Use Agreement remains in effect through the end of FY 2010.

Capital Funds

DFW's Bond Ordinances require DFW to collect Coverage equal to 25% of debt service. The Airlines pay for Coverage through their rate base as discussed above. During the fiscal year, these funds are held in reserve to pay debt service, if ever required. After the fiscal year, these funds are transferred to the Capital Improvement Fund (CIF) as its primary source of capital funds. Proceeds from the sale of mineral rights or assets (such as natural gas proceeds) are deposited directly into the CIF. DFW also uses Federal and State funds, PFCs, and debt financing to fund its capital projects.

Historically, some CIF funds are then transferred back into the 102 Fund the following year (in accordance with Airline agreement) to lower airline costs. The CIF is then allocated between three accounts: Airline Trust Accounts ("400 Fund"); Airport's Discretionary Account ("302 Fund"); and the Common Capital Improvement Account ("301 Fund").

DFW's Controlling Documents govern the allocation and use of the CIF. The CIF may be used to pay for capital programs; extraordinary or major operations and maintenance expenses, or any other lawful purpose. The Airlines may use the 400 Fund to fund capital projects on the Airport. These projects must be approved, procured, and constructed by the Board. DFW has full control over the 302 Fund, which may be used for any other lawful purpose. In certain instances, as defined by the Use Agreement, the 301 Fund requires both DFW and Airline approval before funds may be spent.

Fund Structure

Although DFW uses the word "fund" to describe the designation of the source and prospective use of proceeds, DFW is an enterprise fund and does not utilize traditional "fund accounting" commonly used by government organizations. The following table summarizes the primary funds used by DFW:

Number	Fund Description	Primary Use
101	Fixed Asset/LT Debt	Balance Sheet
102	Operating Revenue & Expense	Operations
252	Passenger Facility Charges (PFC)	Capital/Debt Service
301	CIF - Common Capital Improvement Account	Capital
302	CIF- Airport Discretionary Account	Capital
303-316	Various Bond Funds	Capital
400s	CIF Airline Trust Account	Capital
500-600	Debt Service and Sinking Funds	Debt Service
907	FIC - Rental Car Facility (RAC)	Rental Car Facility
910	PFIC - Grand Hyatt Hotel	Hotel

DFW's financial statements are issued in conformance with Generally Accepted Accounting Principles (GAAP) and include all DFW's funds, whereas the Budget document focuses on revenues and expenses included in the 102 Fund. DFW manages its day-to-day operations primarily through the 102 Fund in accordance with the Controlling Documents. Projected cash flows and budgets for the FIC/RAC (907) Fund and PFIC/Grand Hyatt Hotel (910) Fund are also included in the back of this Budget Book.

Basis of Budgeting

The 102 Fund Budget is commonly called the Operating Budget, but it contains elements that are not "expenses" under GAAP such as debt service, coverage requirements, reserve requirements, and certain expenditures that may be capitalizable under GAAP.

Capital expenditures are funded through the issuance of Joint Revenue Bonds, grants, PFC's, or through CIF allocations as defined in the Controlling Documents. From a process standpoint, the Board does not approve an overall capital budget (although a list of projected expenditures for capital projects is included in this report). Rather, the Board approves projects to be funded with bond proceeds before the bonds are sold and establishes individual capital project budgets as contracts for large bond-funded projects. DFW Management uses the budgets included in the Capital Funds section of this report as the basis for reporting capital project statuses to the Board.

Budget Schedule

DFW's fiscal year begins October 1. The FY 2010 Expense Budget was compiled by the departments in May 2009, reviewed and modified by Executive Staff in June 2009. A presentation was made to representatives of the Signatory Airlines on June 25, 2009 with several follow-up review sessions. A "preview" of the FY 2010 Budget was presented to the Board of Directors on July 2, 2009 and a detailed presentation was made at a special meeting on July 31, 2009. The Board of Directors approved the budget at that special meeting. The FY 2010 Budget must be submitted to the City Managers of Dallas and Fort Worth by August 15, 2009 for their approval by September 30, 2009.

Presentation of Amounts & Comparisons to Prior Years

The FY 2010 Budget is presented in tables and charts that are rounded to millions and thousands; therefore, some columns and charts may not balance due to rounding differences. Certain FY 2009 and FY 2008 amounts are reclassified to reflect the FY 2010 presentation and/or to adjust for newly revised industry benchmarks.

FY 2009 Revenue and Expense Outlook

During FY 2010 Budget generation, DFW updates the revenue projection for the remainder of FY 2009. The "FY 2009 Outlook" reflects a $23.1 million decrease in revenue (from $640.2 million to $617.1 million) and is included in many revenue tables to provide the most accurate comparisons to the FY 2010 Budget.

Introduction

The realities of today's Airline industry have forced DFW Management to be on a cost cutting mission for the past few years. Despite relatively favorable news from American Airlines that it would increase service at DFW in FY 2010 while reducing service at many other airports, American and the industry continue to be in significant financial trouble. Things are magnified when the economy worsens like it has over the past twelve months. DFW has experienced a 4.5% decline in passengers in FY 2009 versus FY 2008 and a significant reduction in consumer spending compared to Budget. This has negatively impacted parking, rental car, and concessions revenues. In addition, interest rates on DFW's investments are at record lows. The FY 2009 Outlook shows revenues down $23.1 million from Budget.

In May 2009, DFW Management developed its initial Outlook for FY 2010 before the Budget process began. Despite implementing significant cost cuts during FY 2009, DFW was faced with a $17.7 million increase in the Expense Budget due primarily to a fixed increase in debt service and an increase in pension costs. In addition, Non-Airline revenues were projected to decrease $31.7 million primarily due to decreases in parking, concessions, and interest income; and the elimination of a $10 million capital transfer to the 102 fund in FY 2009. Since DFW is a residual airport, the result was an approximate $50 million increase in Airline costs. This was clearly not acceptable, given the financial difficulties facing the industry today, so Management set its sights on reducing Airline costs below the FY 2009 Outlook.

Executive Management's first action was to explain the situation to the full senior management team at a brainstorming session and then to begin to take action. Management is pleased to say that it has been able to reduce the Operating Budget by $52 million, which will more than offset lower Non-Airline revenues. This was achieved through an aggressive review of expenses, the elimination of a merit increase for 2010, negotiated contract changes with vendors, a proactive approach to locking in energy contracts, restructuring debt service, retiring $10 million of principal early, and modifying past debt sinking fund practices. The following table highlights that Management has been able to reduce the amount paid by the Airlines by $10.7 million from the FY 2009 Budget and slightly below the FY 2009 Outlook.

FY 2010 Operating Revenue and Expense Fund Budget
(In Millions)

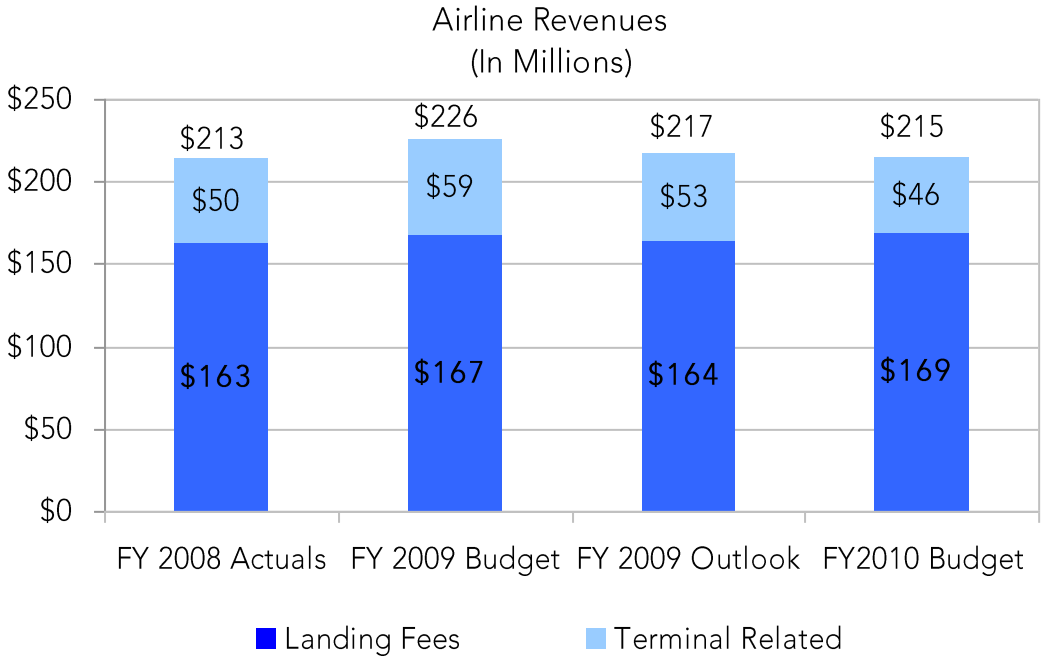
	FY 2009 Budget	FY 2009 Outlook	FY 2010 Budget		Inc/(Dec) Outlook	Inc/(Dec) Budget
Expenses & Debt Service	$640.2	$617.1	$588.2	*	($28.9)	($52.0)
Less Non-Airline Revenue	414.0	400.0	372.8		(27.2)	(41.2)
Amount Paid by Airlines	$226.1	$217.1	$215.4		($1.7)	($10.7)
Cost Per Enplanement	$7.73	$7.37	$7.29		($0.08)	($0.44)

* Does not include $2.5 million of contingency outside of rates.

The following sections of this Budget Book include a detailed discussion of changes in operating expenses, debt service and Non-Airline revenues. This Budget includes the assumption that the economy will begin to recover in the second half of FY 2010.

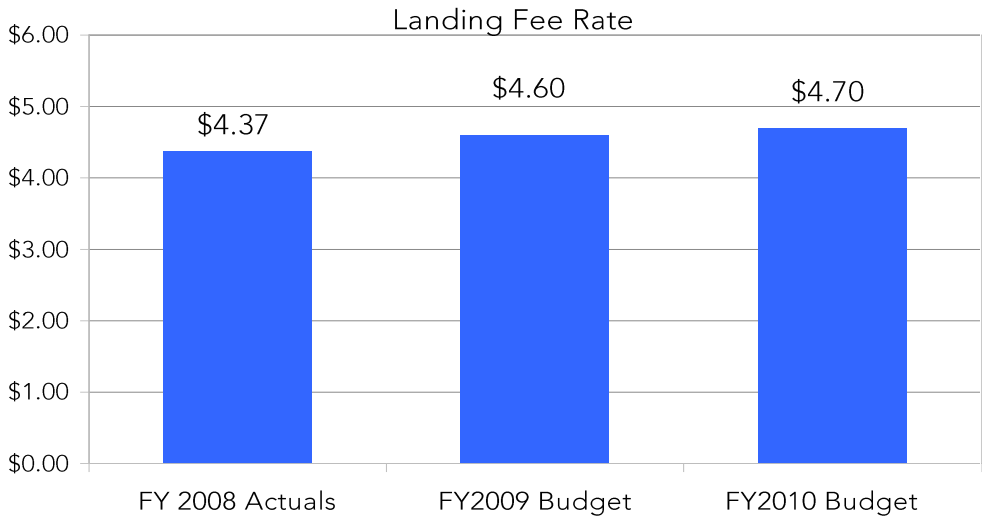
Distribution of Airline Revenues

The following chart highlights the distribution of the Airline revenues by cost and landing fees. The chart shows a decrease in terminal rents due to lower utilities and maintenance contract costs (HVAC 16.4% and Terminal Leases 30.4% FY09/FY10 respectively). An increase in landing fees primarily is due to a decrease in Non-Airline revenue.



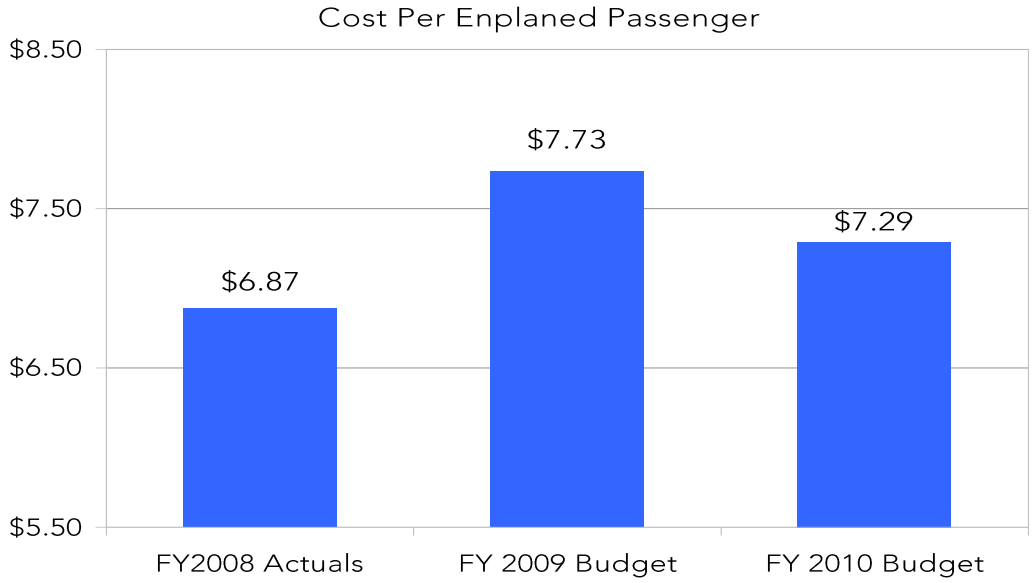
Landing Fee

The landing fee is assessed per 1,000 pounds of maximum approved landed weight for each specific aircraft as certified by the FAA. The landing fee projection for FY 2010 is $4.70, $0.10 (2.1%) greater than the FY 2009 Budget of $4.60. This increase is due to the projected 1.1% reduction of landing weights coupled with a decrease in Non-Airline revenues that impact the landing fee. The increase in landing fee will be more than offset by lower terminal-related revenues (including HVAC) from Airlines.

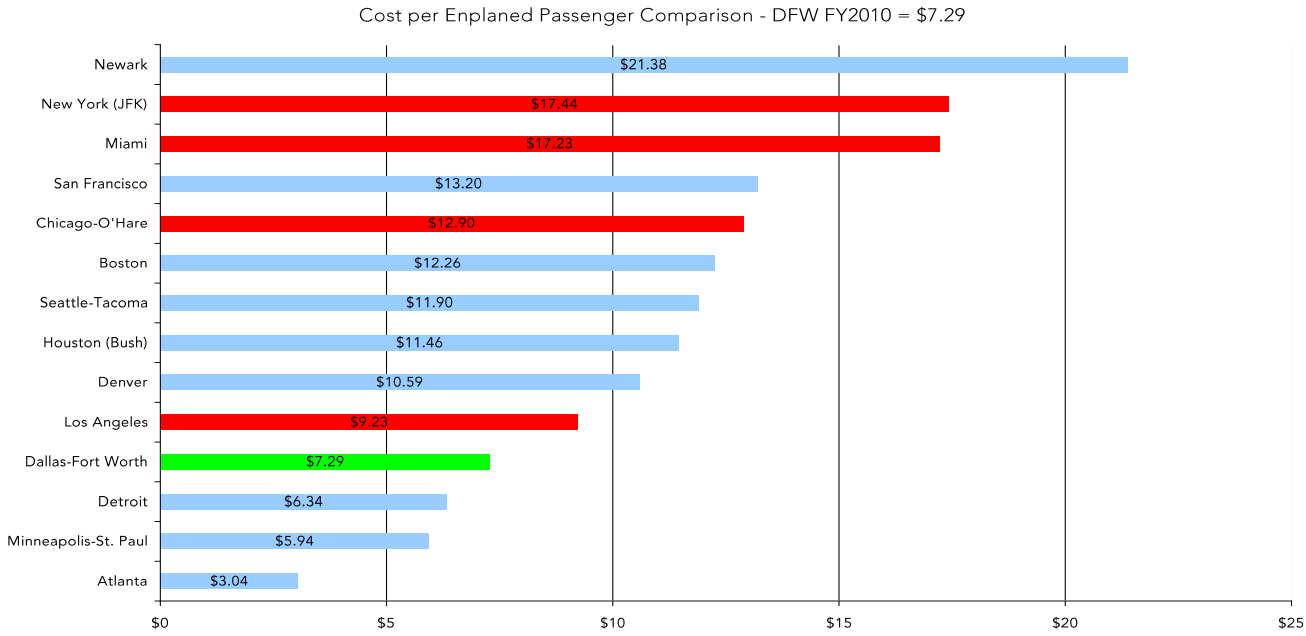


Cost per Enplanement (CPE)

CPE is defined as total passenger Airline cost (to the Airlines for operating at DFW) divided by the number of enplaned passengers. (Note that amounts paid by cargo carriers are excluded from this ratio). CPE is Budgeted to decrease $0.44 (5.5%) in FY 2010, compared to the FY 2009 Budget due to a 2.6% increase in passengers and a decrease in passenger Airline costs.



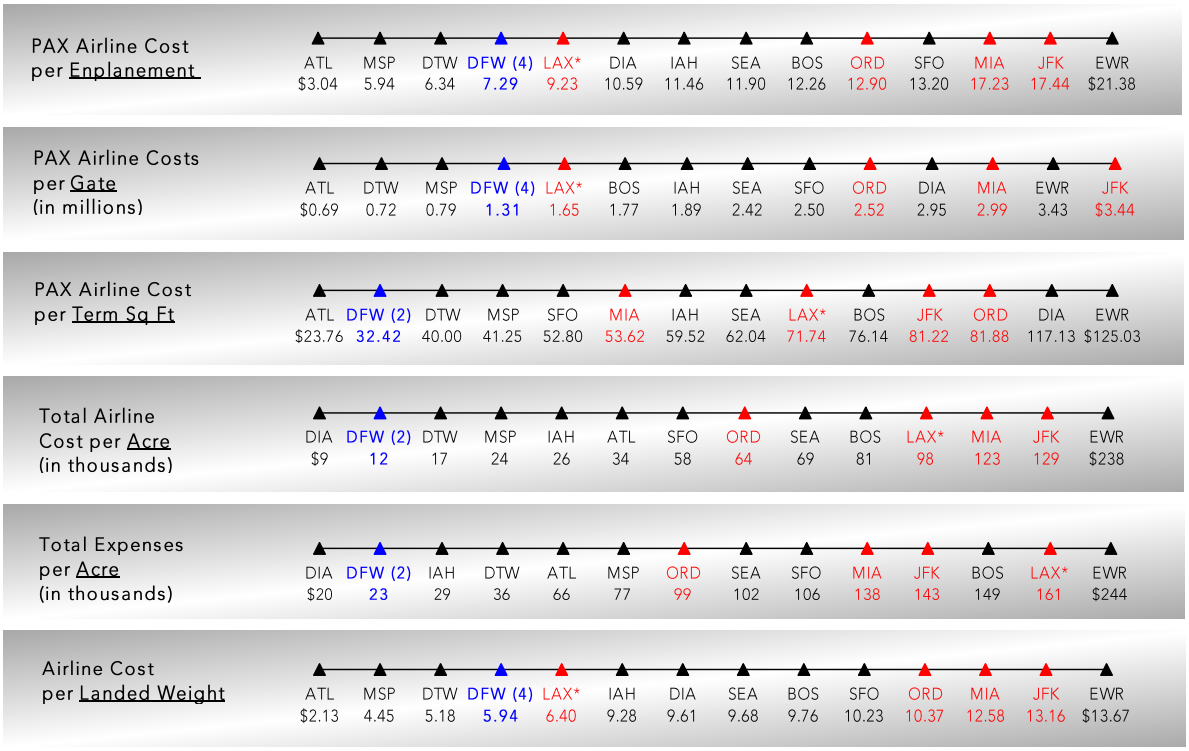
The following chart highlights DFW's FY 2010 CPE projection with the CPE projections for a competitive set of the 14 largest hub U.S. airports for FY 2008 and American Airline's other hubs (in red). This chart shows that DFW is well-positioned from a cost standpoint against the competitive set and that DFW is American Airlines lowest cost hub airport, a contributing factor for why American decided to grow service at DFW rather than some of its other locations.



Other Benchmarks

CPE measures cost from an "Airline" standpoint, not an "airport" standpoint. Airport costs are driven by the size of its terminals, airfield, landmass, etc. Airport costs are not correlated with changes in enplanements or aircraft operations which is the challenge using enplanements as the denominator in any indicator. The following chart is an ordinal ranking of Airline cost by facility type (e.g., gates, terminal square feet, and acres). A comparison of Airline costs divided by landed weights is also included because DFW's Use Agreement creates a cost allocation that shifts a significant cost burden to landed fees versus the terminals. DFW is American Airlines lowest cost hub and compares favorably in all other categories.

Metric Comparisons to HUB Airport Competitive Set
(AA Hubs Highlighted)



DFW data is from 2010 Budget
Other Airports data gathered from 2008 ACI Survey.

Operational Performance Indicators

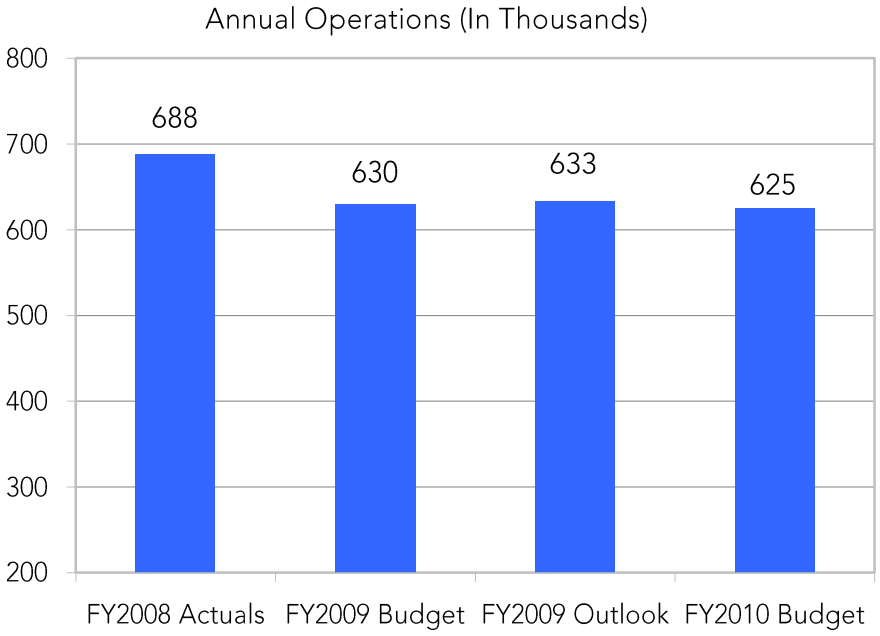
The Airport's Key Operational Performance Indicators are:

- Operations – which drives landed weights and landing fee revenues
- Landed weight – which drives landing fee revenues
- Passengers - which drives parking, concessions, rental car revenues, and international (FIS) fees

The FY 2010 Budget for these key indicators is prepared by the Air Services Development Department and is based on announced service changes and projected changes resulting from discussions with the major Airlines serving DFW.

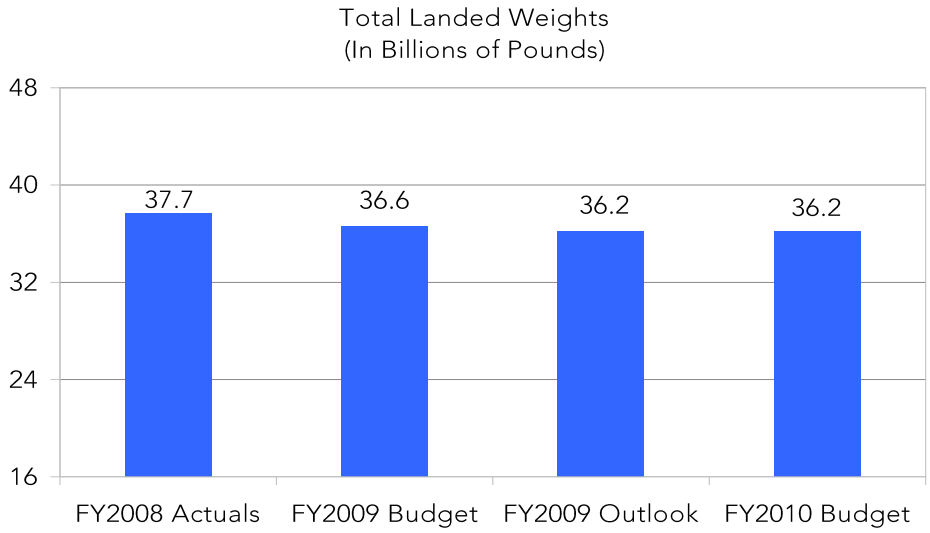
Operations

Operations in FY 2010 are expected to decrease 1.2% from the FY 2009 Budget primarily as a result of reduced cargo operations.



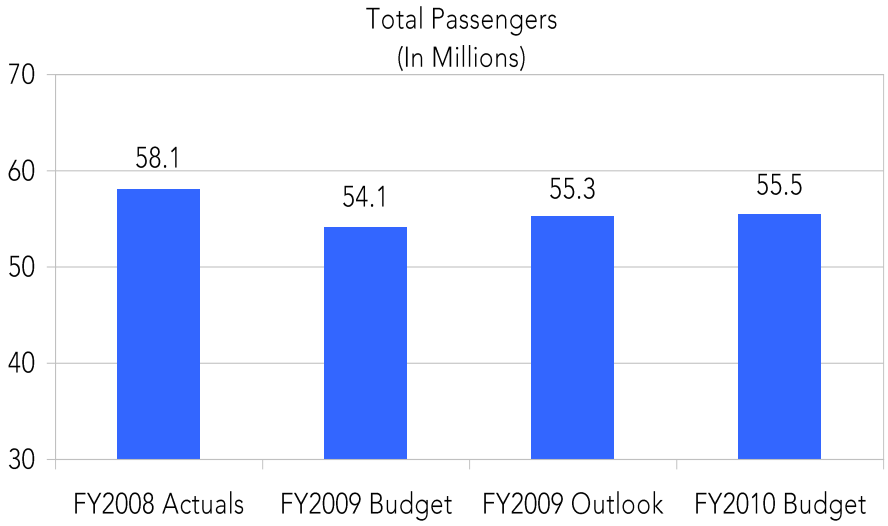
Landed Weights

The following chart highlights landed weights from the FY 2008 through FY 2010 Budget. Landed weights are expected to decrease 1.1% in FY 2010 from the FY 2009 Budget primarily as a result of reduced cargo activity, and remain at the same level as the FY 2009 Outlook. Signatory Airlines represent 99.4% of the total landed weights or 36 billion pounds for FY 2010 with Non-Signatory Permittee Airlines at 0.02 million pounds and Non-Permittee Airlines at 0.01 million pounds.



Passengers

Total passengers are projected at 55.5 million in FY 2010, a 1.4 million (2.5%) increase over the FY 2009 Budget and a 0.2 million (0.4%) increase over the FY 2009 Outlook. This reflects announcements made by American Airlines to add a few flights at DFW in FY 2010 and the assumption that the economy will begin to improve in the second half of FY 2010.



102 Fund Revenue Budget

Operating revenues are classified into Airline Revenues (i.e., landing fees, terminal rentals, FIS fees, turn fees, HVAC, and aircraft parking paid to DFW by the Airlines), Non-Airline Operating Revenues (primarily parking, concessions, ground rentals and rental car) and Non-Operating Revenues (Passenger Facility Charges to repay debt service, interest income, capital reimbursements to the 102 fund, and the 777 Program). Airline and Non-Airline Operating Revenues are derived primarily from user charges based on usage of Airport facilities and services in accordance with established rates. Airlines and other tenants generally pay amounts approximately equal to the Airport's direct operations and maintenance expense for the service, plus an allocation of debt service and general overhead.

FY 2010 Revenue Budget is $588.2 million, a $52 million (8.1%) decrease from the FY 2009 Budget and a $28.9 million (4.7%) decrease from the FY 2009 Outlook. Total payments by the Airlines to DFW for services have been reduced $10.7 million from the FY 2009 Budget (4.7%) and $1.7 million (0.7%) from the FY 2009 Outlook. Revenues are discussed in detail in the Operating Budget section of this report.

102 Fund Expense Budget

The following table compares the FY 2010 Expense Budget with FY 2008 Actuals and the FY 2009 Budget and a walkforward of major changes from the FY 2009 Budget. The 102 Fund Expense Budget is comprised of Operating Expenses and Net Debt Service plus Coverage. The FY 2010 Expense Budget is $588.2 million, a $52 million (8.1%) decrease from the FY 2009 Budget of $640.2 million. This also represents a $28.9 million reduction from the FY 2009 Outlook (not shown in table). Detailed explanations of these Budget reductions and the cost drivers are included in the Operating Budget section of this report.

Expense Budget Comparison
(In Millions)

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget	Inc (Dec)
Expenses	$334.1	$344.3	$327.0	($17.3)
Debt Service	291.6	295.9	261.1	(34.8)
Total Budget	$625.7	$640.2	$588.2	($52.0)

	Expense Budget Walkforward In Millions	
	FY 2009 Budget	$640.2
	Major Cost Increases	
A	Debt Service	$23.0
B	Retirement	2.0
C	Contracts	2.0
D	Salary Annualization	0.9
E	Maintenance Programs	0.7
F	Supplies	0.4
	Other	0.3
	Total Cost Increases	$29.3
	Budget Reductions	
G	Debt Service Savings	($57.8)
H	Utilities and Fuel	(10.9)
I	General and Administrative	(2.9)
J	Contract Services	(3.7)
K	Healthcare Costs	(1.3)
L	Overtime	(0.4)
M	Operating Reserve	(3.5)
	Other	(0.8)
	Total Budget Reductions	($81.3)
	FY 2010 Budget	$588.2

Revenues

The following table highlights revenue by category and revenue summary account. FY 2010 Revenue Budget is $588.2 million, $52 million (8.1%) decrease over the FY 2009 Budget and a $28.9 million (4.7%) decrease from the FY 2009 Outlook. Total payments by the Airlines to DFW for services have been reduced $10.7 million from the FY 2009 Budget (4.7%) and $1.7 million (0.7%) from the FY 2009 Outlook.

102 Fund Revenues
(In Millions)

	FY 2008 Actuals	FY 2009 Budget	FY 2009 Outlook	FY 2010 Budget	Inc (Dec) from 09B	Inc (Dec) from 09 OL
Airline Revenue						
Passenger Landing Fees *	$148.4	$149.9	$149.9	$155.2	$5.3	$5.3
Cargo Landing Fees	14.7	17.1	14.2	13.7	(3.4)	(0.5)
Total Landing Fees	$163.2	$167.0	$164.1	$168.9	$1.9	$4.8
Terminal Services	17.5	24.5	23.0	17.2	(7.3)	(5.8)
FIS & Common Use Gate Fees	18.7	19.8	18.0	18.1	(1.7)	0.1
Other (Apron, HVAC)	13.8	14.9	12.0	11.1	(3.8)	(0.9)
Total Airline Revenue	$213.1	$226.1	$217.1	$215.4	($10.7)	($1.7)
Non-Airline Operating Revenue						
Parking	$103.9	$99.6	$88.9	$89.4	($10.3)	$0.4
Concessions	51.2	46.1	45.6	45.6	(0.5)	(0.0)
Rental Car Facility	28.1	26.6	26.1	27.1	0.5	1.0
Commercial Development	30.1	29.3	29.3	27.7	(1.6)	(1.6)
GA and Fuel Farm	7.5	7.3	6.8	6.7	(0.6)	(0.1)
Employee Transportation	8.4	8.3	8.4	8.4	0.0	0.0
Taxi, Limo & Shuttle Fees	6.7	6.7	6.1	6.3	(0.3)	0.2
Utilities (non-Airline)	4.8	5.8	5.2	4.1	(1.7)	(1.1)
Other Revenue	11.5	11.3	10.2	10.7	(0.6)	0.5
Total Non-Airline Ops Revenue	$252.0	$241.1	$226.6	$226.0	($16.2)	($1.7)
Non-Operating revenue						
PFC's	$123.5	$123.7	$123.7	$113.0	($10.8)	($10.8)
Interest Income	15.6	9.6	10.2	4.4	(5.2)	(5.8)
Reimbursements	15.2	25.6	25.4	15.4	(10.2)	(10.0)
777 Program	14.0	14.0	14.0	14.0	0.0	0.0
Total Non-Operating Revenue	$168.3	$172.9	$173.4	$146.8	($26.1)	($26.6)
Total Non-Airline Revenues	420.4	414.1	400.0	372.8	(41.3)	(27.2)
Total Revenue	$633.5	$640.2	$617.1	$588.2	($52.0)	($28.9)

*Net of airline bad debt provision

Airline Revenues

Landing Fees

Signatory Airlines pay landing fees based on the landed weight of the aircraft utilizing the Airport and a landing fee rate. Non-Signatory Permittee and Non-Signatory Non-Permittee/ General Aviation Airlines pay a 15% and 30% premium, respectively. A discussion of how landing fee rates are calculated is included in the Introduction section of this report.

The FY 2010 Landing Fees Budget is $168.9 million, which is net of a $1.125 million bad debt offset. This amount is $1.9 million (1.1%) more than the FY 2009 Budget and $4.8 million (2.9%) more than the FY 2009 Outlook due to lower non-landing fee revenues partially offset by lower expenses. Since DFW is a residual airport, landing fees are the balancer and must be increased to offset the net cost to provide service at the airport. This landing fee increase will be more than offset by reductions in terminal and other airline related revenues making total airline costs fall in FY 2010 versus both the FY 2009 Budget and Outlook.

The average signatory landing fee rate per thousand pounds in FY 2010 will increase $0.10 (2.2%) to $4.70 from the FY 2009 rate of $4.60 due to a 1.1% reduction in landed weights and lower non-landing fee revenues discussed in the rest of this section.

Terminal Leases

Terminal lease fees are charged to Signatory Airlines based on the projected costs to operate the terminals, plus overhead and debt service allocations, less a credit for allocated concessions revenue (based on passengers per terminal). Terminal lease forecasts are established on a per square foot basis.

The FY 2010 Terminal Lease Budget is $17.2 million, a $7.3 million (30%) decrease from the FY 2009 Budget and $5.8 million (25%) from the FY 2009 Outlook due to a decrease in utilities and maintenance contract costs for the terminals.

Other Airline Revenues

Other Airline Revenue is comprised of FIS International fees, Common Use Gate fees, Apron Parking fees, and HVAC charges for the terminals. FIS fees represent the $4.80 fee paid by the airlines for each deplaning international passenger that clears customs in the United States (note that this excludes most Canadian flights where passengers clear US customs in Canada). The Common Use Gate Fees are charged to airlines using Airport-owned gates. These charges are on a "per-turn" basis rather than leasing terminal space.

FIS/Common Use fees in FY 2010 are lower than the FY 2009 Budget due to an error in developing the FY 2009 Budget for the number of international customers that clear U.S. customs at DFW. FIS fees are expected to be very close to the FY 2009 Outlook. FY 2010 HVAC charges are lower than the FY 2009 Budget and Outlook due to lower energy costs in FY 2010.

Non-Airline Revenues

Parking

Parking fees are charged to the public based on the length of stay and the parking facility used. The FY 2010 Parking budget is $89.4 million, a $10.3 million (10.3%) decrease from the FY 2009 Budget and a $0.4 million (0.1%) increase from the FY 2009 Outlook. Parking customers made

a dramatic shift in their parking preferences in FY 2009, shifting from using terminal and express products to passenger drop-off. In addition, length of stay was shorter. Management expects this trend to extend into FY 2010, but it will be offset by a proposed parking rate increase as shown on the next page. The base parking revenue budget (prior to rate changes) was $86.5 million, which is $2.4 million (2.7%) less than the FY 2009 Outlook.

Public Parking Rates

Terminal Rates	Current	FY 2010 Proposed	Change
2-3 Hours	$3.00	$4.00	$1.00
3-6 Hours	$5.00	$6.00	$1.00
Infield*	$14.00	$17.00	$3.00
Express Covered	$11.00	$12.00	$1.00
Remote	$7.00	$8.00	$1.00

* This previously separate category of parking will be converted to terminal parking.

The above changes are expected to increase revenues by $2.6 million. In addition, the Budget includes the assumption that the parking privilege fees, paid by off-airport parking and valet companies, will be increased from 8% to 10% effective January 1, 2010. This will generate an incremental $0.3 million of revenue in FY 2010.

Concessions

Concession revenues consist of in-terminal food, beverages, vending, passenger services, retail concessions, advertising, and communications. A small percentage of this revenue is derived from concessions activities outside the terminal (e.g., gas station and airport-wide cell phone leases). Concessionaire contracts normally include a Minimum Annual Guarantee (MAG) plus a percentage of gross sales over an amount specified in the contract. Advertising and communications contracts generally have fixed monthly payments, but can have one-time payments which are amortized over the life of the contract.

The FY 2010 Concessions Budget of $45.6 million is flat with the FY 2009 Outlook and down slightly for from the FY 2009 budget. All of these amounts are significantly less (about $4.5 million) than the concessions sales recorded in FY 2008. Consumers have shifted from high end retail and food to lower priced choices. This decrease has been offset partially by some new concessions locations.

Rental Car Facility (RAC)

Rental car agencies that operate in the Airport's RAC are charged a ground lease and a percentage of gross sales as stipulated in the rental car agreements. FY 2010 RAC revenues are $0.5 million (1.9%) better than the FY 2009 Budget and $1.1 million (4.2%) better than the FY 2009 Outlook. RAC ground rent per acre will increase 3% in FY 2010 as compared to FY 2009. RAC percent rent is projected to increase 4% from outlook primarily due to projected increases in average daily rate and destination passengers.

Commercial Development

This category includes ground leases, foreign trade zone tariff and facility rents generated from non-terminal Airport facilities, in addition to property and surface use fees resulting from natural

gas drilling. Multi-year lease agreements are negotiated with tenants on a square foot or acre basis. Some facilities such as the Hyatt Regency Hotel and Bear Creek Golf Course also have percentage rent components. Approximately $7.9 million (40%) of the ground lease revenue is based on negotiated rates and $11.7 million (60%) on the Airport Services Rate (ASR). The ASR per acre is based on direct maintenance costs, plus an allocation of airport services and debt service, divided by total developed acres.

The FY 2010 Commercial Development Budget is $27.7 million, a $1.6 million (5.4%) decrease from the FY 2009 Budget and Outlook due to less surface use fees and a lower Airport Services ground rental rates. The Airport Services ground rental rate in FY 2010 is $21,953, a $2,021 decrease (8.4%) from the FY 2009 rate of $23,974 due to lower airport costs and debt service. This will result in a savings to the airlines of $0.5 million in ground rents which is not included in the airline cost summary since it is non-aviation related.

General Aviation

General Aviation (GA) fees consist of fueling and aircraft services fees. The Fuel Farm amount represents the fees the airlines pay to cover the debt service cost and overhead of the Fuel Farm. GA will not achieve the FY 2009 revenue target due to lower fuel costs. Management expects this trend to continue in FY 2010. The FY 2010 GA budget is $6.7 million, a $0.1 million (0.9%) decrease from the FY 2009 Outlook and $0.6 million decrease from FY2009 Budget.

Employee Transportation

DFW charges employees for the cost of providing transportation from the parking lots to the terminals. The FY 2010 Employee Transportation budget is $8.4 million, the same as FY 2009 Outlook and Budget. There are no proposed fee increases and employee usage is projected to be the same as last year.

Taxi, Limo and Shuttle Fees

These revenues are fees paid by taxis, limos, shuttles and other shared-ride transportation companies that require access to the airport to drop-off and pick-up passengers. Taxis and shuttle providers have suffered, like DFW parking, in FY 2009 due to a customer preference shift from taking taxis to drop-offs. Accordingly, FY 2009 revenues are off almost 10% from the FY 2009 Budget. The FY 2010 budget for this category is $6.3 million, a $0.2 million (3.7%) increase from the FY 2009 Outlook primarily due to a proposed access fee increase of $0.50.

Utilities (Non-Airlines)

The Utilities (non-Airlines) category represents fees charged to non-airline users of utilities, HVAC, trash removal and water usage. Utility charges to users are based on the cost to provide the services. Revenues in FY 2009 have been lower than budget due to lower energy costs to DFW. These savings will continue to be realized in FY 2010. The FY 2010 Utilities (non-Airline) budget is $4.1 million, a $1.1 million (19.4%) decrease from the FY 2009 Outlook.

Other Revenues

Other Revenues include reimbursements from the Transportation Security Administration (TSA) for law enforcement officer flex-response at security checkpoints, TSA Rent and TSA O&M charges. DPS revenue consists of fingerprinting, badging, training, EMS, and canine reimbursement.

Other Revenues consists of supplemental rent, 9.4C and C-1 improvement rent, miscellaneous permit fees, and other miscellaneous revenues. The FY 2010 Budget for Other Revenue is $10.7 million, a $0.6 million (5.3%) decrease from the FY 2009 budget due to reductions in TSA and DPS revenues.

Non-Operating Revenues

Passenger Facility Charges (PFC's)

DFW collects $4.50 PFC's for each enplaned passenger passing through the Airport. DFW projects that it will receive $104 million in PFC collections in FY 2010 (see Capital Budget section). DFW deposits these funds into the 252 Fund and then uses the funds to pay for eligible capital projects and debt service as incurred. In FY 2010, DFW will use $113 million of PFC's to pay approximately 50% of the eligible debt service. This amount is $10.8 million (8.7%) lower than the FY 2009 Outlook and Budget due to the reduction in PFC eligible debt service as discussed in the debt service section. The transfer from the 252 Fund to the 102 Fund is considered Gross Revenue.

Interest Income

Interest income includes interest earned on investments from the Operating Revenue & Expense Fund (102), the 3 month Operating Reserve, and Debt Service Reserve Fund (600s). The FY 2010 Interest Income budget is $4.4 million, a $5.8 million (56.8%) decrease from the FY 2009 Outlook and a $5.2 million decrease from the FY 2009 Budget due to lower interest rates (0.5% in FY 2010 versus 2.5% in FY 2009) and a non-recurring gain from the early call of certain securities in 2009.

Reimbursements from Other Funds

DFW and the Airlines have agreed to make an annual reimbursement from the Common Capital Improvement Account (301) to the 102 Fund known as the "Coverage Credit" to offset debt service coverage for debt supported with surety policies.

The coverage credit for FY 2010, which is based on the prior year's debt service coverage, is expected to be $15.4 million. In FY 2009, DFW agreed to make a one-time transfer from the Capital Improvement Fund to the 102 Operating Fund. DFW does plan to use $10 million of capital funds in FY 2010 to retire debt early. See the Debt Service section of this budget for further discussion. This is reflected as an offset to Debt Service, rather than a Non-Operating Revenue.

777 Program

The 777 Program is budgeted to continue in FY 2010 which allows a transfer of $14 million to the 102 Fund, $7 million from Natural Gas Fund (301NG) and $7 million from the Airline Trust Funds. The final $7 million transfer is from 301NG to the 302 Fund.

FY 2010 Expense Budget by Major Cost Driver

The purpose of this section is to walk-forward the FY 2010 budget from the FY 2009 Budget from a programmatic or cost driver standpoint. The following table is a summary of the walk-forward.

	Expense Budget Walkforward In Millions	
	FY 2009 Budget	$640.2
	Major Cost Increases	
A	Debt Service	$23.0
B	Retirement	2.0
C	Contracts	2.0
D	Salary Annualization	0.9
E	Maintenance Programs	0.7
F	Supplies	0.4
	Other	0.3
	Total Cost Increases	$29.3
	Budget Reductions	
G	Debt Service Savings	($57.8)
H	Utilities and Fuel	(10.9)
I	General and Administrative	(2.9)
J	Contract Services	(3.7)
K	Healthcare Costs	(1.3)
L	Overtime	(0.4)
M	Operating Reserve	(3.5)
	Other	(0.8)
	Total Budget Reductions	($81.3)
	FY 2010 Budget	$588.2

Note that the references in the following tables are used to cross-reference the variance explanations in the Expense Comparison by Summary Account and in the Department Budget section of this report.

A. Debt Service — $23.0 million

DFW's debt service is normally relatively flat from year to year (i.e., level debt service). The FY 2009 budget reflected a one-time restructuring of debt to save money in that fiscal year. Thus, the FY 2010 Outlook was $23 million higher than FY 2009. This increase was eliminated in FY 2010 through another debt restructuring (see below).

B. Retirement Plan Contributions — $2.0 million

Retirement funding is actuarially determined for DFW each year. The FY 2010 contribution has increased $2.0 million due primarily to significant investment losses in the Retirement Plans in calendar year 2009.

C. Contract Services $2.0 million

The table shows fixed increases in various Contract Services accounts. Most of these increases are due to fixed cost of living and minimum wage adjustments. There have been no scope changes in these contracts, other than the aircraft auto-docking system, that was requested by the airlines.

Fixed Contract Increases	(000s)
Terminal D Custodial	$597
Terminal E MEPS	497
Terminal B Custodial	327
Skylink Custodial	254
Auto Docking Sytem	200
Window Cleaning	164
	$2,039

D. Annualization of Salaries and Benefits $0.9 million

Salaries increased by $0.9 million due to the annualization of the 3.5% merit increase included in the FY 2009 Budget. This increase impacts the first three months of FY 2010 as compared to FY 2009.

E. Maintenance Programs $0.7 million

The table shows increases in maintenance programs. The Skylink people-mover system will require structural preventive maintenance for the first time since it opened in FY 2006. Maintenance will begin in FY 2010 on new perimeter fencing that was added in FY 2008 and FY 2009. DFW will purchase new chemicals to keep the new terminal bathroom pipe system clean beginning in FY 2010. These chemicals should increase the useful life of these pipes.

Maintenance Programs	(000s)
Skylink structural maintenance	$400
Perimeter fence maintenance	150
Bathroom pipe chemicals	150
	$700

F. Supplies $0.4 million

The increase is due primarily to increased facility maintenance supplies for Terminal D baggage systems.

Budget Savings/Cost Reductions:

G. Debt Service Savings $57.8 million

Management was able to lower debt service in FY 2010 by $57.8 million by taking three actions as shown in the following table.

Debt Service Savings	(000s)
FY 2009 debt restructuring	22,800
Change in interest & sinking fund	22,500
Early retirement of debt	12,500
	$57,800

As mentioned at the beginning of the Executive Section, DFW will reduce debt service by $19.1 million in FY 2010 by restructuring principal in the 2009 refunding of the FY 2004A and FY 2006A bonds. Adding coverage less interest offset yields a $22.8 million difference.

DFW also modified its methodology of making deposits to the Interest and Sinking Funds. This will achieve an additional $18 million of one-time savings ($22.5 million with coverage). In DFW's first year of existence, it collected enough debt service to pay the November 1 debt service payment. This period included the month of October of the subsequent fiscal year. DFW has continued this practice. In effect, DFW always has an extra month of debt service in interest and sinking fund. Management has decided to correct this situation in FY 2010 by only collecting 11 months of principal and interest through the rate base. Note that this will result in a $10.8 million decrease in PFC revenues transferred to the 102 Fund, since a portion of the debt service is paid with PFCs. The net savings to the rate base from this transaction is $11.7 million.

Finally, the attached budget resolution includes a $5 million transfer from the 316 ATSAC fund and a $5 million transfer from the 301NG fund directly to the Interest and Sinking Fund to retire $10 million of principal early. Including coverage, this transaction saves the airlines $12.5 million.

H. Utility and Fuel $10.9 million

DFW entered into long-term energy contracts during FY 2009 that resulted in savings of $10.9 million compared to the FY 2009. The savings was realized as a decrease in Utilities (primarily electric and gas) and Supplies (e.g., fuel, primarily Compressed Natural Gas - CNG) in FY 2010. The major decreases are shown in the table below:

Average Utility Rates FY2010
(in millions)

	FY 2009 Budget	FY 2010 Budget		FY 2010 Inc/(Dec)	%
Electricity - $/KwH	$0.1097	$0.0783	*	($0.0314)	(28.6%)
Natural Gas - $/mmbtu#	$9.32	$6.03		($3.29)	(35.3%)
CNG - $/GGE	$2.20	$1.55		($0.65)	(29.5%)

*The commodity portion of Electric rates have been hedged for all FY 2010 ($0.06809 through March 2010, $0.0593 through September 2010)
#Represents commodity costs (excluding transportation) for use at Energy Plaza Natural Gas commodity rates hedged for FY 2010

The following table compares energy rates between the FY 2009 Budget and the actual energy rates that DFW will have in FY 2010.

Average Utility Rates FY2010
(in millions)

Utility Budget	FY 2009 Budget	FY 2010 Budget	FY 2010 Inc/(Dec)	%
Electricity	$31.4	$22.4	($9.0)	(28.7%)
Natural Gas	3.9	2.2	(1.7)	(42.7%)
Water	1.9	2.0	0.0	2.4%
Wastewater	1.2	1.4	0.2	15.0%
Total	$38.4	$28.0	($10.4)	(27.2%)
Fuel Budget				
Gasoline	$0.4	$0.4	$0.0	11.5%
Diesel	0.4	0.3	(0.1)	(14.2%)
Propane	0.0	0.0	(0.0)	(32.3%)
CNG	3.1	2.7	(0.4)	(14.2%)
Total	$4.0	$3.5	($0.5)	(11.7%)

I. General and Administrative $2.9 million

General and Administrative expenses were reduced $2.9 million as part of the FY 2010 Budget process including a $2.5 million decrease in CEO Contingency included in the rate base (from $5 million) and an across the board 10% reduction in G&A expenses (excluding business development). Note – The Budget Resolution includes an incremental $2.5 million contingency as part of the total expense budget, but this would be outside of the rate base. Use of this reserve will require Board approval.

J. Contract Services $3.7 million

The following table shows major savings in Contract Services. These reductions, for the most part, were achieved during FY 2009 and the savings will be realized again in FY 2010.

Contract Savings	(000s)
Term B & other MEPS	$1,761
Employee checkpoint screening	865
Energy programs	400
Legal Fees	346
Terminal link busing	207
Skylink maintenance	145
	$3,724

K. Health Care $1.3 million

This represents a reduction in Health Care costs caused by a number of factors such as wellness initiatives and insurance claim experience.

L. Overtime $0.4 million

This reduction in overtime costs is based on a department by department analysis of cost savings opportunities.

M. Operating Reserve $3.5 million

This reduction in the 90 day Operating Reserve is due to a reduction in total operating expenses.

Operating Budget by Category

The following table compares the FY 2009 Budget with the FY 2010 Budget by expense category.

FY 2010 Operating Budget By Category
(In Millions)

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget	Inc (Dec) Dollar	Inc (Dec) Percent
Operating Costs					
Salaries & Wages	$103.3	$107.8	$108.3	$0.6	0.5%
Benefits	53.5	49.7	50.2	0.5	1.0%
Contract Services	109.7	113.0	111.3	(1.6)	(1.5%)
Equipment & Supplies	16.6	17.3	17.1	(0.2)	(1.3%)
Utilities	36.9	41.6	31.3	(10.3)	(24.9%)
Insurance	4.3	4.4	4.7	0.3	7.1%
General, Administrative, & Other	6.3	10.5	7.6	(2.9)	(28.0%)
Operating Reserve	3.4	0.0	(3.5)	(3.5)	(100.0%)
Total Operating Budget	$334.1	$344.3	$327.0	($16.7)	(4.9%)
Contingency Outside of Rates			2.5		
Total			$329.5		

Salaries and Wages

The FY 2010 Salaries and Wages budget is $108.3 million, a $0.6 million (0.5%) increase over the FY 2009 Budget of $107.8 million due to the annualization of FY 2009 merit increases effective Jan.1, 2009, partially offset by overtime reductions and some hiring deferrals.

Benefits

The FY 2010 Benefits budget is $50.2 million, a $0.5 (1.0%) increase from FY 2009 due to a $2.0 million increase for retirement and a $1.3 million decrease for health care costs and $0.2 million in Workers' Compensation. The Workers' Comp premiums were transferred to Insurance.

Contract Services

The FY 2010 Contract Services budget is $111.3 million, a $1.6 million (1.5%) decrease from the FY 2009 Budget of $113.0 million due to contract savings of $3.7 million shown in the table above, somewhat offset by contract increases, also shown in a table above.

Equipment and Supplies

The FY 2010 Equipment and Supplies budget is $17.1 million, a $0.2 million (0.2%) decrease from the FY 2009 Budget of $17.3 million due to decrease in fuels of $0.7 million offset by increases in computer software and licenses ($0.2 million) and facility maintenance and supplies ($0.3 million).

Utilities

The FY 2010 Utilities budget is $31.3 million, a $10.3 million (24.9%) decrease from the FY 2009 Budget of $41.6 million due to decreases in electricity ($9 million) and natural gas ($1.7 million) rates for FY 2010 somewhat offset by increases in water and solid waste.

General and Administrative

The FY 2010 General and Administrative budget is $7.6 million, a $2.9 million (28.0%) decrease from the FY 2009 Budget of $10.5 million due to a decrease in Contingency ($2.5 million) and a 10% reduction in non business development costs.

DFW FY 2010 Budget Walkforward
(In Millions)

Ref	Cost Driver	Total	Sals	Bens	Conts	Supp	Util	Ins	G&A	Op Res	Debt
	FY 2009 Budget	$640.2	$107.8	$49.7	$113.0	$17.3	$41.6	$4.4	$10.5	$0.0	$295.9
	Cost Drivers										
A	Debt Service Increase	23.0									23.0
B	Retirement	2.0		2.0							
C	Contracts	2.0			2.0						
D	Salary Annualization	0.9	0.9								
E	Maintenance Programs	0.7			0.4	0.3					
F	Supplies	0.4				0.4					
	Other	0.3						0.3			
	Total Cost Drivers	$29.3	$0.9	$2.0	$2.4	$0.7	$0.0	$0.3	$0.0	$0.0	$23.0
	Cost Savings/Reductions										
G	Debt Restructuring	($57.8)									($57.8)
H	Utilities and Fuel	(10.9)				(0.6)	(10.3)				
I	General and Administrative	(2.9)							(2.9)		
J	Contract Services	(3.7)			(3.7)						
K	Healthcare costs	(1.3)		(1.3)							
L	Overtime	(0.4)	(0.4)								
M	Operating Reserve	(3.5)								(3.5)	
	Other	(0.8)		(0.2)	(0.3)	(0.3)					
	Total Savings	($81.3)	($0.4)	($1.5)	($4.0)	($0.9)	($10.3)	$0.0	($2.9)	($3.5)	($57.8)
	FY 2010 Proposed Budget	$588.2	$108.3	$50.2	$111.3	$17.1	$31.3	$4.7	$4.1	$0.0	$261.1
	Contingency Outside Rates	$2.5							$2.5		
	Total	$590.7							$6.6		

Net Debt Service Budget

The FY 2010 Debt Service Budget is $261.1 million, a $34.8 million (13.3%) reduction from the FY 2009 Budget as shown in the table below.

FY 2010 Expense Budget Comparison
(In Millions)

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget	Inc (Dec)
Debt Service	235.6	238.8	210.6	(28.2)
Coverage	58.9	59.2	52.2	(7.0)
Offsets to Debt Service	(2.9)	(2.1)	(1.7)	0.4
Net Debt Service	$291.6	$295.9	$261.1	($34.8)

Debt service was reduced for the following two reasons:

1. The Interest and Sinking fund payment schedule was modified to achieve an additional $18 million of savings in debt service, plus $4.5 million of coverage. In DFW's first year of existence, it collected enough debt service to pay the November 1 debt service payment. This period included the month of October of the subsequent fiscal year. DFW has continued this practice. In effect, DFW always has an extra month of debt service in its interest and sinking fund. Management has decided to correct this situation in FY 2010 by only collecting 11 months of principal and interest through the rate base since it will have one extra month as of 9/30/2009. The savings is $22.5 million. Note that this also resulted in a $10.8 million decrease in PFC transfers (i.e. 102 revenues) since a portion of the debt service is paid with PFCs. Thus, the net savings to the rate base from this transaction is $11.7 million.

2. The Budget also includes the assumption that the Board authorizes a $5 million transfer from the 316 ATSAC fund and a $5 million transfer from the 301NG fund directly to the Interest and Sinking Fund to retire $10 million of principal early. Including coverage, this transaction saves the airlines $12.5 million.

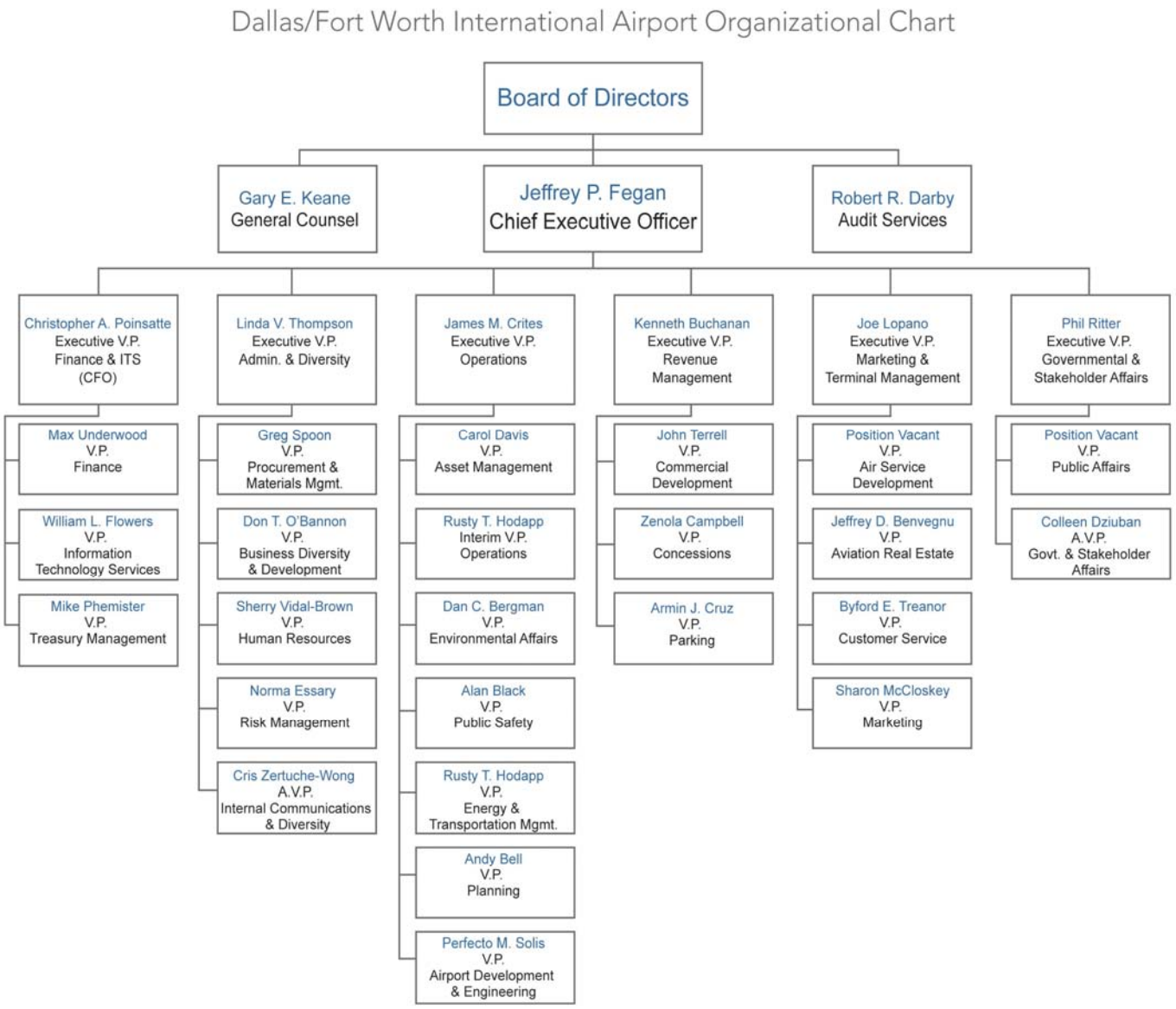
Overview

DFW is organized into Divisions (managed by EVPs) which are comprised of Departments (managed by VPs). The DFW organizational chart is shown on the following page. This section of the report includes Divisional organization charts followed by the departmental budgets that comprise that division. Each departmental page includes a summary of the department's major functions and a walkforward of the FY 2010 Budget by major cost driver. The following table is a budget comparison by department.

Department/Division Budget Comparison
(In Thousands)

Department/Division	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget	Inc(Dec) Dollars	Inc(Dec) Percent
Executive Office Division	$6,906	$11,367	$9,033	($2,334)	(20.5%)
Legal Division	2,760	2,820	2,247	(573)	(20.3%)
Audit Services Division	2,030	2,077	2,065	(12)	(0.6%)
Finance & ITS					
Finance	7,074	6,875	6,828	(46)	(0.7%)
Information Technology Services	26,931	29,590	30,191	601	2.0%
Administration & Diversity Division					
Business Diversity & Development	1,636	1,630	1,602	(28)	(1.7%)
Human Resources	4,997	4,676	4,507	(169)	(3.6%)
Procurement & Materials Mgmt	4,445	4,847	4,730	(117)	(2.4%)
Risk Management	6,822	7,153	7,241	88	1.2%
Internal Communication	1,077	1,006	947	(59)	(5.9%)
Revenue Management Division					
Parking	37,328	38,600	37,050	(1,551)	(4.0%)
Commercial Development	2,087	2,030	2,074	44	2.2%
Revenue Management	2,156	2,432	2,210	(222)	(9.1%)
Marketing & Terminal Management					
Air Service Development	2,074	2,384	2,491	107	4.5%
Marketing Services	5,163	4,798	4,996	198	4.1%
Aviation Real Estate	1,165	1,254	1,258	4	0.3%
Customer Service	10,541	11,086	10,834	(252)	(2.3%)
Airport Operations Division					
Airport Development	1,528	1,634	1,370	(264)	(16.2%)
Planning	2,069	2,310	1,690	(620)	(26.8%)
Environmental Affairs	5,235	5,588	4,988	(601)	(10.7%)
Public Safety	49,941	51,861	49,886	(1,975)	(3.8%)
Airport Operations	9,491	9,885	9,449	(437)	(4.4%)
Energy & Transportation Mgmt	62,702	69,658	58,075	(11,583)	(16.6%)
Asset Management	70,250	70,462	73,416	2,953	4.2%
Total Airport Non Departmental	7,693	(1,705)	(2,128)	(423)	24.8%
Total DFW	$334,101	$344,318	$327,049	($17,270)	(5.0%)

Organizational Chart



Executive Office

The Chief Executive Officer, as the chief administrator and executive officer of the DFW Airport Board, recommends policies to the Board of Directors for the planning, constructing, maintaining, operating and regulating of DFW. The Chief Executive Officer, along with the Executive Staff (6 Executive Vice Presidents and support staff), oversees the implementation of adopted policies and is responsible for conducting monthly and special meetings with the Board of Directors. This budget also includes salaries and wages of support staff for the CEO, Executive Staff, and the budgets for Public Affairs, and Government & Stakeholder Affairs.

The Public Affairs department is responsible for providing a wide range of public and media relations and related services, special events planning, and corporate communications services. Public Affairs staff serves as the point of contact with the media and the general public. The Public Affairs department is the lead department and clearinghouse for all external communications.

The Governmental & Stakeholder Affairs department is responsible for all governmental, legislative, regulatory, and political matters affecting DFW on a local, regional, state, and national level including all communication and dialogue between and among DFW and members of the United States Congress, the Texas Legislature, and DFW's owner cities and other North Texas governmental entities.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$3,027	$3,087	$3,302
Benefits	1,094	1,018	1,115
Contract Services	1,695	1,430	1,405
Equipment & Other Supplies	54	79	75
General, Administrative, & Other	1,035	754	636
Contingency	0	5,000	2,500
Total Expenses	$6,906	$11,367	$9,033

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$11,367	
Salary Annualization	216	D
Benefits	97	B,K
Contract Services	(25)	J
General, Administrative, & Other	(118)	I
Other	(5)	
Contingency	(2,500)	I
Total FY 2010 Proposed Budget	$9,033	

Legal

The Legal Department is responsible for providing advice and counsel to the Airport Board and Staff and for overseeing the prosecution and defense of litigation involving DFW Airport. Legal Department attorneys are provided by the Dallas and Fort Worth City Attorney's Offices in accordance with the 1968 Contract and Agreement.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$237	$239	$241
Benefits	118	114	113
Contract Services	2,264	2,232	1,786
Equipment & Other Supplies	13	24	8
General, Administrative, & Other	127	211	100
Total Expenses	$2,760	$2,820	$2,247

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$2,820	
Salary Annualization	2	D
Benefits	(2)	K
Contract Services	(446)	J
General, Administrative, & Other	(111)	I
Other, Net	(16)	
Total FY 2010 Proposed Budget	$2,247	

Audit Services

The Department of Audit Services is an independent appraisal function that reviews and evaluates DFW activities as a service to the Board of Directors and management. The Department of Audit Services reports directly to the Board of Directors through the Finance/Audit Committee. The department performs work contributing to the safeguarding of assets; economical and efficient use of resources; accomplishment of established objectives and goals; compliance with laws, regulations, and DFW policies; and the reliability and integrity of information used by decision-makers.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$1,112	$1,244	$1,229
Benefits	554	502	520
Contract Services	308	273	262
Equipment & Other Supplies	20	17	18
General, Administrative, & Other	36	41	37
Total Expenses	$2,030	$2,077	$2,065

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$2,077	
Salary Annualization	(16)	D
Benefits	18	B,K
Contract Services	(11)	J
General, Administrative, & Other	(4)	I
Other, Net	1	
Total FY 2010 Proposed Budget	$2,065	

Finance and Treasury Management

The Finance department was reorganized into two departments in FY 2008: Finance and Treasury Management. The Treasury Management department was created to focus on DFW's financial stewardship. Each department is overseen by a Vice President, reporting to the CFO.

Finance

Finance is comprised of four groups: Accounting, Financial Planning, Capital Planning, and Business Analysis. Accounting is responsible for financial reporting, general ledger accounting, internal controls, revenue collections, accounts payable, accounts receivable, payroll, and fixed assets. Financial Planning is responsible for developing and monitoring DFW's operating Budget and Outlooks for revenue and expenses. This group is also responsible for establishing DFW's rates, fees and charges and performing departmental financial analysis. Capital Planning is responsible for developing and monitoring DFW's Capital Budget and forecast. The Business Analysis group analyzes DFW's business units to determine profitability, implementation of activity based costing, project analysis, process improvement and management methodologies for proper allocations of revenues and expenses.

Treasury / Cash Management

Treasury/Cash Management is responsible for providing strategic financial management for the Airport. This includes overseeing debt issuance/management, cash management, banking relations, DFW investments, retirement fund investments, and grants and PFC administration.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$4,145	$4,199	$4,207
Benefits	1,892	1,839	1,795
Contract Services	746	553	553
Equipment & Other Supplies	71	81	83
General, Administrative, & Other	201	203	190
Total Expenses	$7,055	$6,875	$6,828

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$6,875	
Salary Annualization	37	D
Benefits	(73)	K
General, Administrative, & Other	(13)	I
Total FY 2010 Proposed Budget	$6,828	

Information Technology Services

Information Technology Services (ITS) is responsible for delivering technology solutions to DFW and is divided into four sections. Enterprise Systems is responsible for the development, and maintenance of technology solutions for DFW human resource, procurement, fixed asset, parking, data architecture, and public safety systems. Systems Operations is responsible for the development, implementation, maintenance, and administration of the voice and data communications infrastructure, desktop and server computing environments, and data base administration. Business Solutions is responsible for the development and implementation of executive decision support systems, records management, CADD/GIS, web development, and the implementation of work-flow technologies. Terminal Systems is responsible for the development and maintenance for life safety systems, security systems and passenger service systems.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$7,955	$8,392	$9,015
Benefits	3,636	3,499	3,797
Contract Services	11,204	13,834	13,663
Equipment & Other Supplies	1,783	1,582	1,583
Utilities	2,120	1,953	1,835
General, Administrative, & Other	234	329	299
Total Expenses	$26,931	$29,590	$30,191

Walk-Forward from FY09 Budget

	(000s)	Reference
FY 09 Budget	29,590	
Salary Annualization	622	D
Benefits	298	B,K
Contract Services	(171)	J
Utilities	(118)	H
General, Administrative, & Other	(30)	I
Total FY 2010 Proposed Budget	$30,191	

Business Diversity and Development

Business Diversity & Development Department (BDDD) is responsible for administering the Board's Disadvantaged and Minority/Women-owned Business Enterprise (DBE & M/WBE) Programs. BDDD has the overall responsibility to administer, monitor and enforce the DBE and M/WBE policies, standards and procedures as well as govern the implementation, interpretation and application of the business process in a manner to achieve the DBE and M/WBE Program goals and objectives. It is charged with increasing the opportunities to involve DBE and M/WBE firms by creating a level playing field on which DBE and M/WBE firms can compete fairly for DFW's Board contracts, subcontracts, purchases, third party contracts, and concessions.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$708	$747	$733
Benefits	300	301	304
Contract Services	309	353	361
Equipment & Other Supplies	17	17	17
General, Administrative, & Other	302	213	187
Total Expenses	$1,636	$1,630	$1,602

Walk-Forward from FY09 Budget

	(000s)	Reference
FY 09 Budget	$1,630	
Salary Annualization	(14)	D
Benefits	4	B,K
Contract Services	8	C
General, Administrative, & Other	(26)	I
Total FY 2010 Proposed Budget	$1,602	

Human Resources

Human Resources (HR) provides a full array of services to support DFW's mission, the CEO's priorities, management, and employees. The primary functions are to develop and implement programs to enhance the effectiveness of the workforce. HR is responsible for consulting and advising management on employee relations issues, including employee corrective action, complaints, and grievances; and assisting employees with concerns. In addition, HR develops and administers policies and procedures to ensure compliance with federal and state regulations. HR also has responsibility for coordinating the recruitment and staffing activities of DFW.

Compensation and benefit programs are designed and implemented to meet workforce needs in a fiscally responsible manner competitive with the marketplace. These programs cover health and welfare benefits, as well as, all other benefits including the administration of the retirement plans. In the area of organizational development, HR is responsible for developing, implementing, and managing DFW's training and development program including DFW's core curriculum, career development, and performance management. HR is also responsible for administering the Human Resources Information System (HRIS), PeopleSoft, and maintaining all personnel records and reports.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$1,907	$2,065	$2,003
Benefits	911	995	946
Contract Services	1,180	975	975
Equipment & Other Supplies	97	53	53
General, Administrative, & Other	901	588	530
Total Expenses	$4,997	$4,676	$4,507

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$4,676	
Salary Annualization	(62)	D
Benefits	(49)	K
General, Administrative, & Other	(58)	I
Total FY 2010 Proposed Budget	$4,507	

Procurement

Procurement & Materials Management (PMM) provides DFW-wide centralized procurement, materials management, and reprographic services in accordance with federal, state, local laws/regulations and DFW policies. PMM manages professional services contracts/ procurements and P-card program and prepares Official Board Actions (OBAs) for Board meetings. The Central Warehouse provides central receipt, financial and physical management of inventory, management of excess and obsolete property, and provides DFW-wide mail service. Print Services provides centralized reproduction, printing, and binding services for departments within the Airport.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$2,221	$2,362	$2,329
Benefits	1,134	1,081	1,064
Contract Services	528	686	630
Equipment & Other Supplies	398	491	505
General, Administrative, & Other	164	227	201
Total Expenses	$4,445	$4,847	$4,730

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$4,847	
Salary Annualization	(33)	D
Benefits	(17)	K
Contract Services	(56)	J
General, Administrative, & Other	(26)	I
Other, Net	15	
Total FY 2010 Proposed Budget	$4,730	

Risk Management

Risk Management's primary objective is to manage risks to DFW International Airport. This include identifying, analyzing and evaluating exposures, intervening with loss prevention measures that reduce, mitigate or transfer costs, and ensuring compliance with all applicable laws and regulations. Areas of general administration include liability claims management, safety training, management of self-funded, fully insured, and partial claims administered programs involving areas of property and casualty liability, general liability, errors and omissions, employment liability, fiduciary/fidelity exposures, contractual review/interpretation, breach of contract, auto liability, driver safety and workers' compensation liability and short/long term disability. Risk Management also oversees both the DFW health and wellness program, LiveWell, and the newly created Integrated Disability Management program in an effort to develop preventative health and wellness programs that impact positive behavioral changes, as well as, enhance productivity and absence management issues involving family medical leave, short and long term disability, and workers' compensation.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$642	$790	$789
Benefits	939	1,319	1,118
Contract Services	675	522	500
Equipment & Other Supplies	20	11	25
Insurance	4,327	4,420	4,735
General, Administrative, & Other	219	91	74
Total Expenses	$6,822	$7,153	$7,241

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$7,153	
Benefits	(201)	K
Contract Services	(22)	J
Insurance	315	
General, Administrative, & Other	(17)	I
Other, Net	13	
Total FY 2010 Proposed Budget	$7,241	

Internal Communications and Diversity

Internal Communications and Diversity manages and provides strategic direction for DFW Airport's internal communication and diversity programs. The Internal Communications team is responsible for writing and managing the content, messaging, and distribution of all employee communications. One of the key objectives of Internal Communications is to create awareness and educate employees on key DFW Airport initiatives, as well as, manage and create communication vehicles to inform staff of business news and recognize the efforts of DFW Airport employees. The Internal Communications team manages the Connected Online (intranet site) and other internal communication vehicles. The team also supports departments across the Airport to develop strategic communication plans that integrate department goals with the overall goals of the Airport.

Diversity programs at DFW are designed to ensure that the Airport's workforce reflects the cultural diversity of the community and our customers. The team is responsible for the design and development of all Diversity training, mentoring programs and cultural awareness events. It also supports the Diversity Leadership Council and Employee Resource Groups in achieving DFW's Key Results, by increasing employee engagement and fostering an inclusive work environment. In addition, the Diversity staff monitors and manages distribution of DFW's workforce demographic reports to identify hiring opportunities and works closely with Human Resources on recruiting and retention strategies, to support a diverse workforce. The staff also is responsible for the design and distribution of DFW's Affirmative Action Plan for Veterans and Person's with Disabilities, Vets-100 report and other reports related to Diversity.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$505	$572	$466
Benefits	194	206	201
Contract Services	329	188	246
Equipment & Other Supplies	10	21	16
General, Administrative, & Other	38	21	17
Total Expenses	$1,077	$1,006	$947

Walk-Forward from FY09 Budget

	(000s)	Reference
FY 09 Budget	$1,006	
Salary Annualization	(105)	D
Benefits	(5)	K
Contract Services	58	C
General, Administrative, & Other	(4)	I
Other, Net	(5)	
Total FY 2010 Proposed Budget	$947	

Parking Operations

This department is responsible for parking products, pricing, service delivery and reporting. Parking negotiates various business agreements in order to better manage costs, improve customer service and increase revenues. The management team develops and implements new programs, working with Marketing to promote products that will increase customer satisfaction and generate the greatest value for DFW Airport.

The Parking Operations section is responsible for the collection and security of revenue generated from on-Airport parking; providing parking information; executing marketing promotions; and ensuring the proper operation of all parking-related equipment, systems, and facilities. Customer Relations handles customer feedback and monitors all electronic parking transactions for accuracy, administering billing changes as necessary. The Bussing section, which is staffed by DFW employees, provides transportation services to DFW Remote Lots and the Trinity Railway Express. The Contract Bussing group is responsible for monitoring the contracted transportation services for Terminal Link, Express Parking and Employee Shuttle.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$13,678	$14,592	$14,051
Benefits	8,067	8,058	7,760
Contract Services	14,930	14,953	14,499
Equipment & Other Supplies	492	723	571
General, Administrative, & Other	161	274	169
Total Expenses	$37,328	$38,600	$37,050

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$38,600	
Salary Annualization	(541)	D
Benefits	(299)	K
Contract Services	(454)	J
General, Administrative, & Other	(105)	I
Other, Net	(152)	
Total FY 2010 Proposed Budget	$37,050	

Commercial Development

The Commercial Development Department plans, develops, markets and leases airline hangars, air-cargo and logistics facilities and commercially available land at DFW. Commercial Development also evaluates and implements business opportunities that diversify DFW's revenue stream.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$1,252	$1,236	$1,232
Benefits	535	465	484
Contract Services	192	241	220
Equipment & Other Supplies	17	12	12
General, Administrative, & Other	90	76	126
Total Expenses	$2,087	$2,030	$2,074

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$2,030	
Salary Annualization	(4)	D
Benefits	19	B,K
Contract Services	(21)	J
General, Administrative & Other	50	I
Total FY 2010 Proposed Budget	$2,074	

Concessions

The Concessions department is responsible for the management and administration of all passenger-related concessions and related revenues within the airport terminals, rental car revenue, telecommunication, and selected airport properties outside the terminals including the hotels and gas/convenience stores.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$1,262	$1,434	$1,265
Benefits	533	564	532
Contract Services	264	338	332
Equipment & Other Supplies	27	33	16
General, Administrative, & Other	70	63	65
Total Expenses	$2,156	$2,432	$2,210

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$2,432	
Salary Annualization	(169)	D
Benefits	(32)	K
Contract Services	(6)	J
General, Administrative, & Other	2	I
Other, Net	(17)	
Total FY 2010 Proposed Budget	$2,210	

Concessions Continued

RAC Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$132	$91	$155
Benefits	30	24	52
Contract Services	1,368	1,558	1,776
Equipment & Other Supplies	112	97	103
Utilities	763	920	673
General, Administrative, & Other	2	2	3
Total Expenses	$2,408	$2,693	$2,764

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$2,693	
Salary Annualization	1	D
Benefits	91	B,K
Contract Services	218	C
Utilities	(246)	H
General, Administrative, & Other	1	I
Other, Net	6	
Total FY 2010 Proposed Budget	$2,764	

Air Service Development

In order to expand the economic benefits for Dallas, Fort Worth, and the region, DFW works to aggressively develop and grow the airport's air service core business. Air Service Development is responsible for developing and implementing both the comprehensive air service strategy, as well as, the marketing programs designed to attract new entrant, domestic and international, carriers to DFW. In addition, Air Service Development also encourages existing DFW carriers to both enter into new markets, as well as, to increase service in markets which are already served. Increases in air service either through new entrant carriers, or via existing carriers, provide substantial economic benefit for the Dallas/Fort Worth Metroplex.

As with the larger global economy, the aviation industry is undergoing significant transformation as it faces new cost challenges. Global Airlines are reducing capacity and flight operations and, as such, DFW's Air Service Development department is working within an increasingly competitive environment where other destinations are becoming more aggressive in competing for the same scarce resource, scheduled air service.

Air Service Development focuses on both domestic and international passenger and cargo airlines, respectively. These sections are responsible for formulating strategic plans that include top target markets and airlines, monitoring airline business trends, targeting potential airline services, and presenting business case presentations for target airlines to review. Through the business case presentations, Air Service Development promotes DFW by highlighting its numerous advantages and world-class facilities, and provides analytical demonstrations of the viability of the DFW market for new airlines and new service.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$617	$841	$874
Benefits	261	322	340
Contract Services	779	811	802
Equipment & Other Supplies	8	7	5
General, Administrative, & Other	410	403	471
Total Expenses	$2,074	$2,384	$2,491

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$2,384	
Salary Annualization	33	D
Benefits	17	B,K
Contract Services	(8)	J
General, Administrative, & Other	68	I
Other, Net	(3)	
Total FY 2010 Proposed Budget	$2,491	

Marketing Services

Marketing Services is responsible for developing and executing DFW's trade and consumer marketing plans in order to drive increased revenues and new airline business to DFW. Marketing Services is charged with conducting and analyzing customer research in order to highlight consumer perceptions and behavior changes that could be impacting DFW's non-airline revenues. In response to the identifiable needs and wants of its customers, Marketing Services then develops a marketing plan that utilizes advertising, website, interactive communications, and promotions to try to influence behavior change to the benefit of DFW's revenue stream.

In order to attract airlines and air service to DFW, Marketing Services is also responsible for developing an aggressive marketing program that utilizes advertising, direct mail, interactive communications, promotions, and trade shows. This group also works on cooperative advertising with eligible airlines that provide service from DFW in order to promote new service and ensure its long-term viability in the DFW marketplace.

The brand image is an important part of DFW's strategic marketing efforts. Marketing Services is responsible for ensuring that a consistent brand image is portrayed to every one of DFW's audiences. These efforts are achieved by providing brand orientation information to internal departments and external groups.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$1,022	$1,110	$1,162
Benefits	423	447	453
Contract Services	2,871	2,542	2,488
Equipment & Other Supplies	53	50	50
General, Administrative, & Other	794	649	844
Total Expenses	$5,163	$4,798	$4,996

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$4,798	
Salary Annualization	52	D
Benefits	5	B,K
Contract Services	(54)	J
General, Administrative, & Other	195	I
Total FY 2010 Proposed Budget	$4,996	

Aviation Real Estate

Aviation Real Estate serves as the liaison between the Airport and the tenants of all passenger terminals and aviation-related facilities, including air cargo and hangars. Through permits and leases, Aviation Real Estate manages the contractual relationship with the tenants. The department is also responsible for aviation facilities strategic planning, with the goal of maximizing efficiency within the terminals and other aviation facilities. Aviation Real Estate will be leading the new Use Agreement negotiation efforts to replace the current agreement in December 2009.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$728	$691	$697
Benefits	314	278	282
Contract Services	97	235	235
Equipment & Other Supplies	9	21	19
General, Administrative, & Other	17	29	26
Total Expenses	$1,165	$1,254	$1,258

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$1,254	
Salary Annualization	5	D
Benefits	5	B,K
General, Administrative, & Other	(4)	I
Other, Net	(3)	
Total FY 2010 Proposed Budget	$1,258	

Customer Service

DFW's prestigious award winning Customer Service Department oversees the Ambassador Volunteer Program, Ground Transportation Service, Rental Car Center (RAC), and Terminal Management supporting the "Best Airport in the Americas."

Ambassadors are located throughout the terminals offering friendly, accurate and expedient assistance responding to inquires regarding airport services, facilities, flight assistance, tourism and general information.

Ground Transportation service consists of Guest Assistants, located curbside at each terminal to provide taxicabs which are safe and reliable, information, and address special transportation services or needs. Ground Transportation Agents and Shift Supervisors support Guest Assistants and the traveling public by ensuring that curbside operations meet public demands and offers guest vehicle assistance (e.g. dead batteries, flat tires, etc.). The team monitors parking zones and enforces parking regulations including unattended curbside vehicles.

Established in 1994, the Rental Car Center provides a modern consolidated facility that increased parking capacity, improved customer service and operational efficiency.

The Terminal Management team is a critical link between tenant airlines, contractors, concessions and essential stakeholders to insure compliance of DFW Airport Board expectations. Safety, security, guest relations, gate scheduling and ramp operations for Terminal D, service recovery, cleanliness and facility maintenance compose the multi-layered levels of oversight provided by Terminal Management.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$5,225	$5,620	$5,462
Benefits	2,980	2,970	2,891
Contract Services	1,819	2,048	2,073
Equipment & Other Supplies	281	249	234
General, Administrative, & Other	236	199	174
Total Expenses	$10,541	$11,086	$10,834

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$11,086	
Salary Annualization	(158)	D
Benefits	(79)	K
Contract Services	25	C
General, Administrative, & Other	(25)	I
Other, Net	(14)	
Total FY 2010 Proposed Budget	$10,834	

Airport Development and Engineering (ADE)

Airport Development & Engineering (ADE) has overall responsibility for the efficient, economical design and construction of facility development and major rehabilitation projects at DFW. ADE also provides technical support services and/or personnel to other departments at DFW as needed in fulfilling DFW's mission. With the exception of Airport Code Compliance all costs related to ADE are funded by the 301 Fund, not the 102 Fund.

The Airport Development & Engineering Department is broken down into six sections:

VP Office – Airport Development & Engineering

Building / Structural (Vertical) Engineering & Construction

The Building / Structural (Vertical) Engineering & Construction section is responsible for managing all aspects of the programming, design, and implementation of vertical construction and rehabilitation projects. Sections are comprised of Architects, Professional Engineers, Project Managers, Construction Managers and support staff.

Civil / Airfield (Flat) Engineering & Construction

The Civil / Airfield (Flat) Engineering & Construction section is responsible for managing all aspects of the programming, design and implementation of civil and airfield (flat) construction and rehabilitation projects. Sections are comprised of Architects, Professional Engineers, Project Managers, Construction Managers and support staff.

Project Administration

The Project Administration section provides administrative and analytical support, estimating, budgeting, trend analysis, contract administration, project schedule administration, and resource projections in support of the Building / Structural (Vertical) Engineering & Construction section and the Civil / Airfield (Flat) Engineering & Construction section. Sections are comprised of Administrators, Accountants, Scheduling and Estimating Professionals and support staff.

Survey

The Survey section provides boundary surveys, topographic surveys, as-built and design surveys, and other land surveying services in support of the Building / Structural (Vertical) Engineering & Construction sections, the Civil / Airfield (Flat) Engineering & Construction section, the Commercial Development Department and the Operations Department. This section is comprised of a Land Surveyor, Survey Technicians, Survey Party Chiefs, and Land Survey Instrument Operators.

Code Compliance

The Code Compliance section is responsible for enforcing DFW Airport's design criteria and building standards in assuring compliance to the code and standards for tenant and DFW Airport development projects. This section is comprised of Building Official, Engineers, Inspectors, and support staff.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$745	$798	$799
Benefits	364	353	360
Contract Services	407	468	196
Equipment & Other Supplies	3	5	5
General, Administrative, & Other	10	10	11
Total Expenses	$1,528	$1,634	$1,370

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$1,634	
Salary Annualization	1	D
Benefits	7	B,K
Contract Services	(272)	J
General, Administrative, & Other	1	I
Total FY 2010 Proposed Budget	$1,370	

Planning

Planning is responsible for directing and coordinating the overall planning activities of DFW including facilities, airfield, and transportation/roadway planning, and for directing DFW's signage program. Facility Planning ensures that development activities are consistent with DFW's Development Plan and are undertaken in a timely manner in order to satisfy demand and articulates strategic direction for DFW capacity expansion by continuously updating DFW's Master Plan, including all terminal facilities.

Airfield Planning provides strategic direction on planning DFW's runway, taxiway, and airspace systems. Close coordination is maintained with the Federal Aviation Administration (FAA) to ensure that all applicable regulations and directives are properly maintained and addressed in all future plans.

Transportation/Roadway Planning develops the DFW Board's long-term ground transportation plans to improve DFW circulation, regional access, rail transit service, and parking. Transportation/Roadway Planning ensures that development of the regional transportation system recognizes and addresses the needs of DFW patrons and employees for improved facilities.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$721	$1,218	$760
Benefits	391	486	335
Contract Services	905	515	531
Equipment & Other Supplies	13	48	33
General, Administrative, & Other	39	42	32
Total Expenses	$2,069	$2,310	$1,690

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$2,310	
Salary Annualization	(459)	D
Benefits	(151)	K
Other, Net	(10)	
Total FY 2010 Proposed Budget	$1,690	

Environmental Affairs

Environmental Affairs implements comprehensive environmental compliance programs throughout DFW Airport; advises the Board of Directors, Executive and Senior Staff, and department personnel regarding the mission critical priorities of pollution prevention, source reduction, waste minimization, and continuous improvement; provides regulatory and technical guidance to DFW departments, tenants, and contractors engaging in activities subject to environmental laws, regulations, rules, and enforcement agency policy; and manages a compliance-focused Environmental Management System and seventeen core compliance programs.

The Planning Section provides support to capital development projects by conducting required environmental analyses responsive to the National Environmental Policy Act and Federal Aviation Administration requirements. The Noise Compatibility Office operates and maintains the noise and flight track monitoring system; addresses community concerns; provides public outreach and ensures compliance with applicable aircraft noise-related laws, regulations, and conditions contained in DFW's Final Environmental Impact Statement.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$1,705	$1,761	$1,732
Benefits	867	869	850
Contract Services	2,354	2,623	2,181
Equipment & Other Supplies	160	238	138
General, Administrative, & Other	149	97	87
Total Expenses	$5,235	$5,588	$4,988

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$5,588	
Salary Annualization	(30)	D
Benefits	(18)	K
Contract Services	(442)	J
General, Administrative, & Other	(11)	I
Other, Net	(100)	
Total FY 2010 Proposed Budget	$4,988	

Department of Public Safety (DPS)

It is the mission of the DFW Airport Department of Public Safety to ensure the protection of life and property through the effective and efficient delivery of professional public safety services to the airport community.

The Police Divisions provide law enforcement support for passenger pre-board security screening at terminal checkpoints and inside/outside of the terminals; criminal investigation; disseminate intelligence information; prosecute criminal cases; provide ancillary services in support of law enforcement; record processing; and evidence tracking.

The Fire Divisions provide aircraft rescue fire fighting response, structural fire response, hazardous material mitigation, emergency medical response, fire code inspection, assistance in code development, reviews all facility construction plans, develops and delivers fire safety education and investigates all fires.

Special Services Divisions provide badging services to the airport community, security at Airfield Operations Area gates, emergency management & planning, as well as public safety dispatch services.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$31,865	$32,954	$32,498
Benefits	14,222	14,341	14,150
Contract Services	2,024	2,478	1,524
Equipment & Other Supplies	1,259	1,520	1,251
General, Administrative, & Other	571	568	463
Total Expenses	$49,941	$51,861	$49,886

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$51,861	
Salary Annualization	(456)	D,L
Benefits	(191)	K
Contract Services	(955)	J
General, Administrative, & Other	(105)	I
Other, Net	(269)	
Total FY 2010 Proposed Budget	$49,886	

Airport Operations

Airport Operations is responsible for managing airside and landside operations and ground transportation regulation. The overall goal of Operations is to ensure the continuous availability of aviation support services and facilities for efficient and safe operations. Through this department, a clear line of responsibility for operational decisions is available to all DFW tenants, concessionaires, and service consumers 24 hours per day.

The Airport Operations Center (AOC) serves as DFW's central point of communications and provides real-time situational awareness of day to day operations and emergency events impacting DFW operational capability. The AOC provides a central point for DFW information, work and service requests processing, as well as, detailed reporting of DFW business operations on a 24/7 basis; comprehensive logistical support during emergencies and direct support to DFW's Emergency Operations Center (EOC) when activated.

Airfield Operations is responsible for ensuring the airfield is managed and maintained in compliance with Code of Federal Regulations - CFR139. This includes safety, security, and training associated with activities on the airfield and managing the General Aviation business.

Ground Transportation regulates commercial transportation service providers operating at the Airport and monitors standards to ensure that the safest, highest quality and best-managed transportation services are readily available to the traveling public. Ground Transportation also administers the parking citation appeal hearing and collection processes.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$5,213	$5,732	$5,648
Benefits	2,838	2,865	2,744
Contract Services	455	339	282
Equipment & Other Supplies	932	881	725
General, Administrative, & Other	54	68	51
Total Expenses	$9,491	$9,885	$9,449

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$9,885	
Salary Annualization	(84)	D
Benefits	(122)	K
Contract Services	(58)	J
General, Administrative, & Other	(17)	I
Other, Net	(156)	
Total FY 2010 Proposed Budget	$9,449	

Energy & Transportation Management

Energy & Transportation Management (E&TM) manages DFW's utility services and transportation systems infrastructure. Services include energy management, thermal energy production and distribution, potable water and sanitary sewer system operation, pretreatment plant operation, spent aircraft deicing fluid collection, and storage system operation, Skylink system operation and vehicle fleet maintenance. The department ensures the safe and efficient operation of a world class airport through core business activities of maintenance, repair, renewal and operation based on sustainable principles.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$6,872	$7,098	$6,900
Benefits	3,473	3,291	3,311
Contract Services	12,735	14,891	14,368
Equipment & Other Supplies	6,157	5,816	5,412
Utilities	33,391	38,413	27,965
General, Administrative, & Other	73	149	120
Total Expenses	$62,702	$69,658	$58,075

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$69,658	
Salary Annualization	(198)	D
Benefits	20	B,K
Skylink	(144)	
Contract Services	(379)	J
Utilities	(10,448)	H
General, Administrative, & Other	(29)	I
Other, Net	(404)	
Total FY 2010 Proposed Budget	$58,075	

Asset Management

Asset Management (AM) manages DFW's physical infrastructure assets. Services include facilities maintenance, commissioning/retro-commissioning of physical assets, infrastructure/ facility management, solid waste management, and customer support. The department ensures the safe and efficient operation of a world class airport through core business activities of maintenance, repair, renewal, operation, and special support.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$8,553	$9,249	$9,580
Benefits	4,664	4,641	4,724
Contract Services	50,594	49,796	51,232
Equipment & Other Supplies	4,715	5,353	6,250
Utilities	1,387	1,241	1,464
General, Administrative, & Other	338	182	164
Total Expenses	$70,250	$70,462	$73,416

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	$70,462	
Salary Annualization	331	D
Benefits	83	B,K
Contract Services	1,436	C
Utilities	223	H
General, Administrative, & Other	(17)	I
Other, Net	897	
Total FY 2010 Proposed Budget	$73,416	

Total Airport Non-Departmental

The Total Airport Non-Departmental budget reflects the change in Operating Reserve, payroll accruals, and salary and benefits savings that are recognized at a Board wide, rather than departmental level. 2008 results reflected and incremental year-end pension contribution, partially offset by healthcare cost savings.

Budget Comparison and Walkforward

	FY 2008 Actuals	FY 2009 Budget	FY 2010 Budget
Expenses (000s)			
Salaries & Wages	$1,410	($270)	$1,350
Benefits	2,850	(1,103)	27
Contract Services	0	(342)	0
Equipment & Other Supplies	1	0	1
Insurance	0	0	0
Utilities	0	0	0
General, Administrative, & Other	1	9	0
Contingency	0	0	0
Operating Reserve	3,432	0	(3,506)
Total Expenses	$7,693	($1,705)	($2,128)

Walk-Forward from FY09 Budget	(000s)	Reference
FY 09 Budget	($1,705)	
Salary Annualization	1,620	D
Benefits	1,130	B,K
Contract Services	342	C
General, Administrative, & Other	(9)	I
Operating Reserve	(3,506)	M
Other, Net	1	
Total FY2010 Proposed Budget	($2,128)	

New Position Summary

New Position Summary - Operating (102 Fund)

Department	#	Position	Justification	FY 2010 O & M Budget Impact Cost*	Savings**	Net
DPS	13	Fire Fighter	Staff new Station 6 - phased implementation	0		0
	6	Fire Sergeant	Staff new Station 6 - phased implementation	0	-	0
Total	19			$0	$0	$0

* These positions will be capitalized in FY 2010 as part of the start up expense for Fire Station #6. The cost in FY 2011 is approximately $1.5M.

Position Walkforward

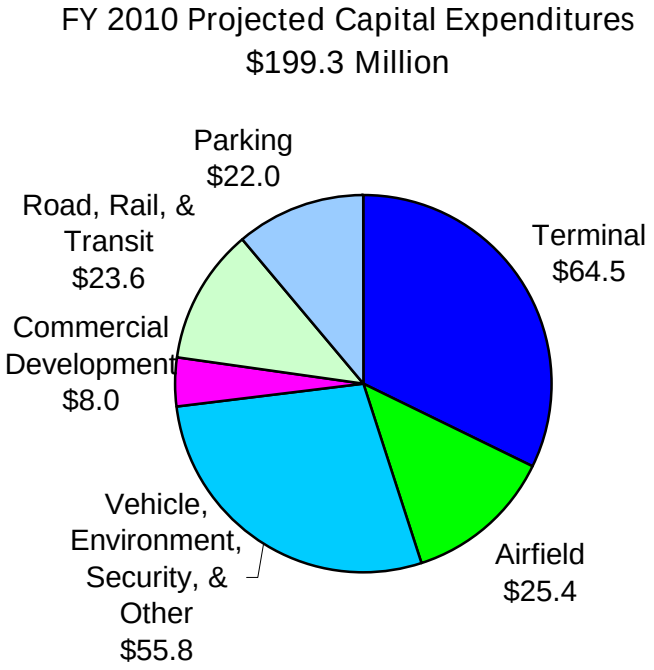
Total projected positions assumed in the FY 2010 Operating Expense Budget have increased by 19 positions. All of these positions are for Station 6 Fire personnel. The total net impact of these positions on the Operating Budget is zero and Capital Budgets is $1.6 million.

FY 2010 Position Summary

Division/Department/Section	Total FY 2009	FY 2009 Changes	Adjusted FY2009	New FY 2010	Total FY 2010
Executive Office	25		25		25
Legal	4		4		4
Audit Services	15		15		15
Administration & Diversity					
Human Resources	26		26		26
Internal Communications & Diversity	6		6		6
Procurement & Materials Mgmt	40		40		40
Risk Management	10		10		10
Business Development & Diversity	9		9		9
Total Admin & Diversity	91		91		91
Finance & ITS					
Finance	50		50		50
Treasury Management	8		8		8
Information Technology Services	104	11	115		115
Total Finance & ITS	162	11	173		173
Marketing & Terminal Management					
Air Service Development	9		9		9
Aviation Real Estate	8		8		8
Customer Service	121		121		121
Marketing Services	15	(1)	14		14
Total Marketing & Term Mgmt	153	(1)	152		152
Operations					
Airport Operations	112		112		112
Asset Management	180		180		180
Department of Public Safety	502		502	19	521
Energy & Transportation Mgmt	125		125		125
Environmental Affairs	29		29		29
Planning	14		14		14
Airport Development	78	9	87		87
Total Operations	1040	9	1049	19	1068
Revenue Management					
Commercial Development	15		15		15
Parking Operations	359		359		359
Concessions	17		17		17
Total Revenue Management	391		391		391
Total DFW	1,881	19	1,900	19	1,919

Projected Capital – Uses of Cash

DFW projects to spend approximately $199.3 million on capital expenditures in FY 2010 as summarized in the following chart.



The following table summarizes total projected capital expenditures for projects to be in progress during FY 2010.

Projected Capital Expenditures
(In Millions)

			Active Projects in FY 2009			
	Actual FY 2008	Actual/Fcst FY 2009	Prior Years	Projected FY 2010	Future Years	Total Budget
Capital Expenditures						
Terminal	$26.7	$40.3	220.0	$64.5	$23.6	$308.1
Airfield	39.1	37.2	86.8	25.4	5.5	117.7
Vehicle, Envr, Security, & Other	26.7	33.6	32.2	55.8	40.0	128.0
Commercial Development	9.6	4.6	22.0	8.0	2.9	32.9
Road, Rail, and Transit	8.5	22.0	18.1	23.6	20.5	62.2
Parking	7.8	4.3	2.4	22.0	48.2	72.7
Total Capital	$118.4	$142.1	$381.5	$199.3	$140.7	$721.5

The following table shows cash flow projections by category and major project, and projected funding sources by project. New projects are highlighted in blue and are subject to change.

* Projects which are reasonably certain to occur in FY 2010 but have yet to be approved.

Project Name	Prior Years	FY2010	Future Years	FY10 Funding Source					
				301	302	301NG	313	JRB	316
FY09 Rehab Airfield Pavements (75% AIP)	$541	$9,820	$3,185	$9,820					
Rehab Airfield Lighting Systems FY09 (75% AIP)	945	3,130		3,130					
Reconfigure Southwest Holdpad Deicing Site	374	2,757				2,757			
ESP-Rehab Airfield Pavements FY10/11 (100% AIP)	65	1,943	165	1,943					
Air Service Incentive Program (ASIP)	3,534	1,445	2,021		1,445				
FY09 Rehab Aircraft Parking Aprons (75% AIP)	412	1,331		1,331					
Design NE Quadrant PerimeterTaxiways (75% AIP)	2,276	991			991				
AOA Physical Perimeter Security Upgrades	7,398	937							937
ESP-Rehab Airfield Lighting Systems FY10/11 (75% AIP)	164	665	84	665					
Passenger GSE Support Irregular & Emergency OPS	271	602			602				
Construction of SE Perimeter Taxiway (75% AIP)	51,083	579			579				
Other Airfield < $500k	19,785	1,174		879	194		101		
Total Airfield	$86,849	$25,373	$5,456	$17,767	$3,810	$2,757	$101	$	$937
Airport Development Update (ADP)	$5,996	$3,648	$1,824		$3,648				
Beltline Station Transit Oriented Development *		$238	$9,663			$238			
Southgate Plaza Development *		$375	$3,375			$375			
FY10 Natural Gas Salary Reimbursements *		1,000				1,000			
Other Commercial Development < $500k	15,964	2,745	1,065	819	292	876	66	691	
Total Commercial Development	$21,960	$8,006	$2,889	$819	$3,940	$2,489	$66	$691	$
Parking Control System (PCS)	$229	$7,543	$20,643				Interim fundi	$7,543	
FY09 Purchase Passenger Busses		4,472				4,472			
Replace Express/Terminal Link Vans FY09		2,997				2,997			
Rehab Parking Lots FY08	858	2,683		2,683					
North/South Parking Control Plaza Redevelopment *		2,400	27,600			Interim funding		2,400	
FY08 Repair Expansion Joints Parking Garages	694	1,342		1,342					
Other Parking < $500k	617	590		537	53				
Total Parking	$2,398	$22,027	$48,243	$4,562	$53	$7,469	$	$9,943	$
Rehab Landside Bridges FY08 (Terminal C)	$348	$8,773	$		$8,773				
FY08 Rehab Landside Pavements	2,073	3,584		3,584					
North Airfield Drive Construction	8,957	3,543			3,543				
Prelim Planning & Programming - A/B Rail Station *		1,880	1,880		Interim funding			1,880	
Mustang Drive Extension Construction	4,624	1,876		1,876					
Repair Skylink Spalling *		736		736					
Repair Skylink Walkway Lighting *		683		683					
Engineering Study E/W Connector - North Alignment	333	643					643		
ATMS 16 Intersctns	530	520					520		
Other Road, Rail & Transit < $500k	1,213	1,323	18,644	234			253	836	
Total Road, Rail, & Transit	$18,076	$23,563	$20,524	$7,114	$12,317	$	$1,416	$2,716	$

Project list continued on next page.

Continued from prior page.

Project Name	Prior Years	FY2010	Future Years	FY10 Funding Source					
				301	302	301NG	313	JRB	316
Terminal Dvlp Program Programming & Prelim Design *	$	$21,545	$8,000			Interim funding		$21,545	
ATSAC-Term A (75% AIP, 25%PFC)	21,125	14,085			34				14,051
Term Imprvmnt Prgm - Term Restroom Rehab A, B & C	1,910	5,585	1,055		5,585				
FY08 Restore PCA Terminal E	301	2,567				2,567			
General Aviation (GA) Relocation *		1,250	3,750		1,250				
Replace 400hz Equip Term D *		2,073				2,073			
Terminal IT Infrastructure Expansion	174	1,833			1,833				
Repair Escalators - Terminal B *		1,585				1,585			
AA Leasehold Improvements (Non Board)	9,591	1,465	2,929				1,465		
OAL Term Impr Prgm- Replcmnt of Term E Elevators	276	1,239			1,239				
Term E Rehab Security Check Point Consolidation	3,068	1,197			1,197				
Terminal Building Revolving Door	1,166	1,145	6,214					1,145	
FY07 Replace Terminal Seating	1,159	967			967				
Install 180KVA Gate Boxes at Terminal D	15	942				942			
Modify BHS Controls - Terminal B *		819	546	819					
AA Term Impr Prgm - Upgrade Term A & C Elevators	284	813			813				
OAL Term Impr Prgm - Term E HVAC Sys Imbalance	599	675	152		675				
FY08 Terminal B Lighting Retrofit	42	584				584			
Terminal Mods for Vending	101	536			536				
FY08 Replace Terminal Seating	3,073	500				500			
Other Terminal < $500k	177,112	3,075	972		1,672		872		531
Total Terminal	$219,996	$64,477	$23,617	$819	$15,799	$8,251	$2,336	$22,690	$14,582
DFW Data Center Build Project	$6,229	$6,280	$		$6,280				
Public Safety Station 6	1,735	5,005	1,884		5,005				
CCTV System Head-End Expansion	88	4,826	85		4,826				
Rehab Water System FY06		4,635	1,871	4,635					
Radio Simulcast (potential DHS grant reimb) *		2,211	8,002		2,211				
FY10 ADE Overhead *		2,500		2,500					
DPS Station #6 Start-up Costs (Pre-DBO)	315	1,573	537		1,573				
Design - Fire Training Facility Renovation (75% AIP)		2,335			2,335				
Replace Structural Fire Trucks *		1,091	1,172			1,091			
Rehabilitate Building HVAC Systems	1,193	1,847		1,847					
FY10 Water Reclamation Phase 1		1,600	18,400		1,600				
FY07 Radio Transmission Capacity Expansion	1,048	1,453						1,453	
FY07 Dual Data Center		1,280	142		1,280				
DPS Station #6 Fire Apparatus		1,300			1,300				
FAA GIS ALP Automation (75% AIP grant) *		1,139	561		1,139				
Telephone System-Administrative/Terminals	1,336	1,062			1,062				
ADE Building Addition for EAD	2,390	1,062			1,062				
FY07 Refurbish Fire System Components	49	983						983	
Miscellaneous Signage Completion	1,604	902	451				902		
Replace ADE Project Management Software *		638	213		638				
DFW-NCTCOG P-25 Regional Radio Sys(100% grant)*		770			770				
FY08 Automated Access Control (AACS) Upgrade	19	681			681				
Replace Hydraulic Lifts @ Vehicle/Bus Maint *		678	271	678					
Replace 33" Sanitary Sewer Line *		659				659			
FY06 Replace General Vehicles	697	645	92	645					
Renew Roofing & Waterproofing FY08	3,533	636		636					
Replace Hydraulic Lifts @ Bus & Gen Vehicle Maint	74	583		583					
FY07 Replace General Vehicles	333	517	517	517					
Other Vehicle, Environmental, Security, Other < $500k	11,595	6,939	5,760	1,870	2,847		164	2,058	
Total Vehicle, Environmental, Security, Other	$32,237	$55,831	$39,958	$13,912	$34,608	$1,750	$1,066	$4,494	$
Total Capital Expenditures	$381,517	$199,276	$140,687	$44,994	$70,527	$22,716	$4,986	$40,535	$15,519

From a process standpoint, the Board of Directors does not approve an overall capital budget; instead, the Board approves projects to be funded with bond proceeds before the bonds are sold and reviews individual capital projects as contracts for those projects are brought to the Board for approval.

FY 2010 Capital Budget

There are several major capital initiatives included in the FY 2010 Capital Budget including:

- Terminal Development Program (TDP) – As DFW's domestic terminals approach end of useful life, a significant level of rehabilitation and some redevelopment work is planned as part of the updated 10-year Capital Plan. Approximately $21.5 million is planned for FY 2010 for programming and preliminary design work.

- Terminal A Aviation Transportation Security Act Compliance (ATSAC) – Completion of the last remaining terminal to integrate Explosive Detection Systems into Terminal A's in-line baggage system as required by the Transportation Security Administration (TSA). The total budget of $35 million is funded entirely by a TSA Letter of Intent and PFCs. Approximately $14.1 million is forecasted to be spent during FY 2010.

- Terminal Improvements – As DFW's Terminals A, B, C, and E approach the end of their useful life, additional capital investments are required to maintain the facilities and equipment to desired customer service levels. The Board approved a $45 million Terminal Rehabilitation Program in June 2007. The Airlines agreed that this program should be funded by a transfer from natural gas revenues to the 302 fund so that the projects would not have an impact on rates, fees, and charges. In addition, there are numerous other terminal rehabilitation projects included in the budget and funded from a variety of sources. A total of $28.8 million is forecasted for terminal improvements in FY 2010.

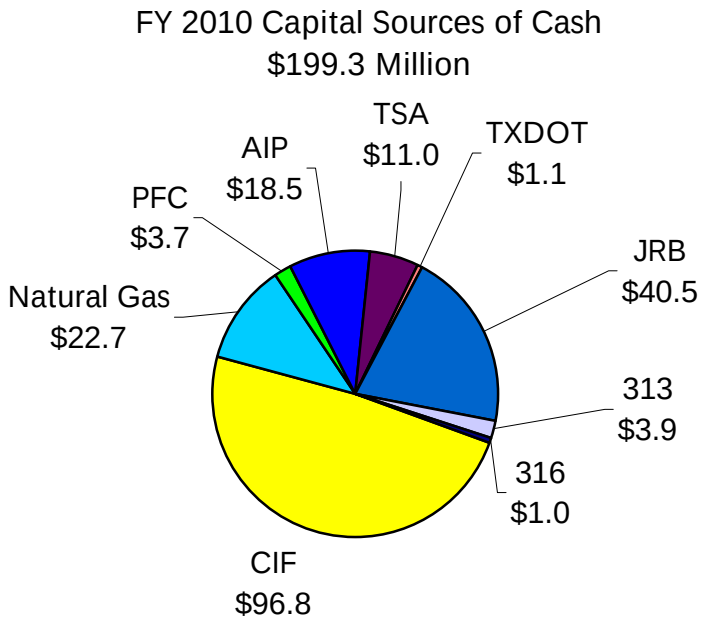
- Airfield Rehabilitation – To maximize the remaining useful life of DFW's airfield infrastructure, condition-based major rehabilitation is conducted annually. For FY 2010, approximately $25 million is planned for life-extending rehabilitation of airfield pavements and airfield lighting systems. These projects are typically reimbursed with 75% AIP grants. For FY 2009 -10, DFW applied for and was awarded $8.8 million in 100% reimbursable Economic Stimulus Package funding for airfield projects.

- DFW Roadway Improvements – In conjunction with TXDOT's Connector highway widening on the north side of the Airport, DFW anticipates receiving an estimated $46 million from a right-of-way (ROW) sale of land. These proceeds are programmed to facilitate increased traffic capacity on the Airport including: 1) widen North Airfield Drive; 2) extend Mustang Drive to North Airfield Drive; and 3) widen West Airfield Drive and Mid-Cities; and 4) widen Royal Lane from Regent Blvd to IH 635. The North Airfield Drive widening and Mustang Drive extension was backstopped by a TXDOT funding guarantee in advance of receiving any TXDOT ROW funding and is currently underway. Approximately $5.4 million remains in FY 2010 to complete North Airfield and Mustang.

- Rehabilitate Landside Pavements and Bridges – As part of a five-year landside roads and bridges renewal plan, this critical infrastructure will require major rehabilitation to maximize the remaining useful life. Approximately $12.4 million is anticipated to be spent during FY 2010.

Capital Projects - Sources of Cash

DFW's capital programs are funded from a variety of sources as shown in the following chart. The table highlights the walk forward of DFW's capital funds.



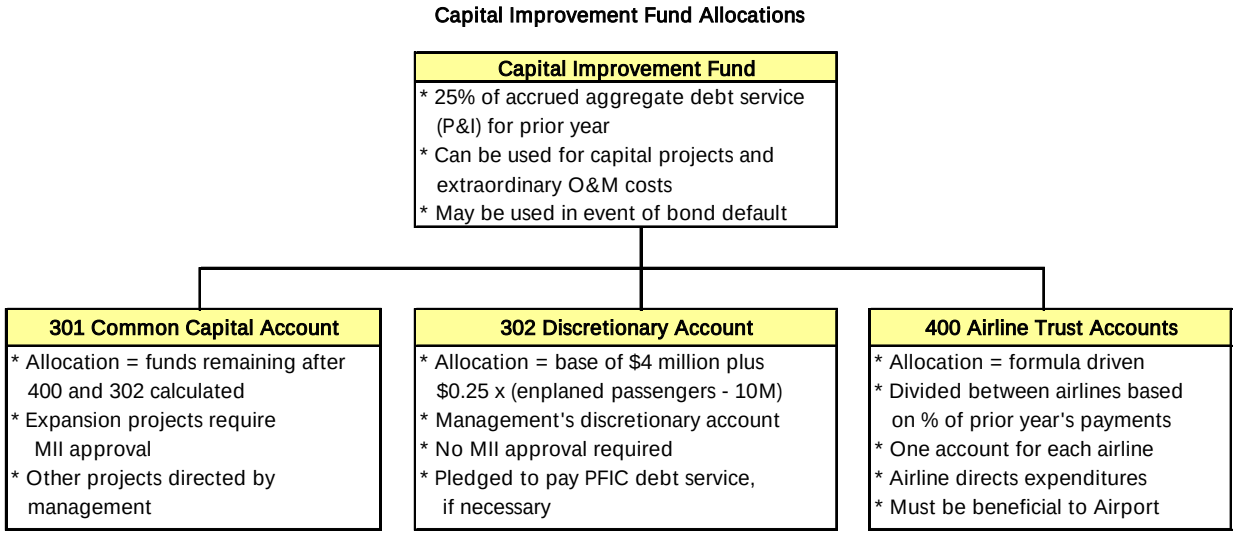
Airport Capital Funds Walkforward
(In Millions)

	CIF			Bonds		
	301	301NG	302	JRB	316	Total
Beginning Balance Fcst (10/1/09)	$40.4	$121.7	$101.2	$60.4	$112.5	$436.1
Sources of Funds:						-
CIF Settlement	28.4		8.4			36.8
Interest Income	$1.1	$1.8	$1.2	$.9	$1.0	6.0
AIP Reimbursements	14.0	.0	4.6	.0	.0	18.5
FY10 AIP LOI Runway Extension				6.0		6.0
PFC Reimbursements	.0	.0	.2	.0	3.5	3.7
TSA Reimbursements	.0	.0	.0	.0	11.0	11.0
TXDOT Right-of-Way Sale *	46.0					46.0
777 Program		(14.0)	7.0			(7.0)
Natural Gas Royalties		29.8				29.8
Less: Capital Uses	(45.0)	(22.7)	(70.5)	(45.5)	(15.5)	(199.3)
Less: Transfers to 102		(5.0)			(5.0)	(10.0)
Less: Debt Service					(107.4)	(107.4)
Ending Cash Balance	$84.8	$111.7	$52.1	$21.8	$.0	$270.3

* Rights to these proceeds to be determined.

Capital Improvement Fund (CIF)

DFW's Bond Ordinances require DFW to collect 25% of accrued aggregate debt service for Coverage as part of Rates, Fees, and Charges each year. On the first day of the following fiscal year, the unused coverage balance is transferred to the appropriate CIF account. The Airport's controlling documents govern the specific uses of these funds. CIF funds may be used to pay for capital programs, extraordinary or major operation and maintenance expenses and repairs; or to pay debt service if the Airport is in default. Historically, the Airport has primarily used these funds for capital projects. The following flowchart highlights how Capital Improvement Funds are distributed between the three accounts.



Airline Trust Accounts (4xxs)

An Airline Trust Account is established for Signatory Airlines that sign the Trust Agreements. Each airline may use funds in its trust account on capital projects that are beneficial to the Airline and the Airport. Funds are allocated to the overall Airline trust based on formula. Allocations among the individual Airline Trust Accounts are based on their percentage of payments in the previous year for landing fees, terminal rentals, and HVAC charges. As part of the CDP negotiations, it was agreed that the Trust Accounts would be capped at $7 million per year. For FY 2010, the $7 million trust allocation is being included in the 777 Program, whereby the $7 million trust allocation would transfer to Fund 102 to reduce landing fees.

Airport Discretionary Account (302)

A portion of the CIF is deposited into the Airport's Discretionary Account (302 Fund). The CIF is allocated by formula to the 302 Fund based on the number of enplaned passengers. The Airport Discretionary Account may be expended at the discretion of the Airport without airline approval. These funds are typically spent on projects that have a long-term benefit to the Airport, such as real estate development, or to temporarily fund projects that will be reimbursed from outside sources. For FY 2010, Fund 302 is to receive an additional $7 million funds transfer as part of the 777 Program as described above.

Common Capital Improvement Account (301)

All remaining CIF funds (after 302 and 400's) are deposited to the Common Capital Improvement Account (301 Fund). Management has capital expenditure authority for 301 Fund

projects that are required to renew or replace the Airport's infrastructure and equipment. Other capital expenditures (primarily expansion-type projects) from the 301 Fund require Majority in Interest (MII) approval by the Signatory Airlines. During FY 2007, Fund 301 received a minimum one-time bonus payment of $186 million from winner of the natural gas solicitation, of which $7 million remains to be spent on programmed needs.

Natural Gas Proceeds

Natural Gas Proceeds are deposited into the 301 CIF Fund. For accounting purposes they have been segregated into the 303 Fund. The following table shows current programming to date of the $186 million of proceeds for the one-time bonus paid to DFW in October 2007. New projects are highlighted in blue. Note that the $28 million transferred to DFW's Airport Discretionary Account (302) as part of the 777 Program is still available for capital programming.

Summary Natural Gas Programming
(In Millions)

Sources	In Millions
One-Time Bonus Payment	$186
Investment Earnings (Estimated through Sep-09)	14
Natural Gas Royalty Revenue (Estimated through Sep-09)	55
Natural Gas Royalty Revenue (Estimated for FY 2010)	30
Total Sources Through FY 2009:	$284
Uses (Actual + Remaining Commitments):	
Reimburse Owner Cities for original contribution	($20)
777 Program FY2007 through FY 2010 Transfer to 102	($28)
777 Program FY2007 through FY 2010 Transfer to 302	($28)
FY 2010 Cash Transfer to 102	($5)
Cash Transfer to 302 $45M Terminal Improvement Program	(45)
Terminal Projects:	
TDP Programming & Prelim Design (interim funding) *	(28)
Purchase Passenger Buses FY09	(4)
FY08 Restore Pre-Conditioned Air (PCA) Terminal E	(3)
Replace Terminal Link /Express Vans FY09	(3)
FY08 Replace Roadway Coating Term B	(2)
FY08 Replace Roadway Coating Term A	(2)
Replace 400hz Equip Term D *	(2)
Term E Baggage Handling System Rehab Phase 1C	(2)
Other Terminal Projects < $1M	(4)
Commercial Development Projects:	
International Commerce Park Phase 3F	(10)
30 Inch Water Line at Mustang	(2)
Beltline Station Transit Oriented Development	(1)
Southgate Plaza Development	(1)
FY10 Natural Gas Support *	(1)
Other Commercial Development Projects < $1M	(2)
Other Projects:	
Reconfigure Southwest Holdpad Deicing Site	(3)
N/S Parking Control Plaza Redevelopment (Interim funding) *	(2)
FY10 Replace Structural Fire Trucks *	(1)
FY09 Natural Gas Support	(0)
FY08 Natural Gas Support	(1)
Other < $1M:	(1)
Total Uses Programmed Through FY10:	($201)
Remaining Balance	$83

* New projects for FY 2010.

Capital Improvement Fund Allocations

The following table highlights the calculation of the CIF allocation for FY 2007 - FY 2009.

Capital Improvement Fund (CIF) Allocations
(In Millions)

	FY 2007 Allocation Paid In FY08	FY 2008 Allocation Paid In FY09	FY 2009 Allocation Paid In FY10
Coverage to be Distributed			
Net debt service	$235.6	$238.4	$236.5
Coverage percentage	25.0%	25.0%	25.0%
Total Coverage to be Distributed	$58.9	$59.6	$59.1
Airline Trust Fund			
Joint revenue bond reserve	$163.8	$163.4	$163.4
Divided by revenue bond outstanding	3,685.3	3,641.2	3,641.2
Ratio of reserve to debt	4.45%	4.49%	4.49%
Coverage multiplier	1.25%	1.25%	1.25%
Airline trust allocation factor	5.56%	5.61%	5.61%
Net debt service	235.6	238.4	236.5
(A) Trust Funds Distribution - Calculated	13.1	13.4	13.3
(B) Trust Funds - Threshold	7.0	7.0	7.0
Total Airline Trust Fund (lesser of A/B)	$7.0	$7.0	$7.0
Coverage Credit			
Total Avg Annual Reserve Fund w/o sureties	$255.1	$254.7	$254.7
Divided by revenue bond outstanding (principal)	3,685.3	3,641.2	3,641.2
Percentage to Outstanding Debt	6.92%	7.00%	7.00%
Allocation Factor	8.65%	8.74%	8.74%
Total Amount to Trust if no Sureties	20.4	20.9	20.7
Less Deposited to Trust (Item 1 above)	(7.0)	(7.0)	(7.0)
Total Coverage Credit (to 102 Fund)	$13.4	$13.9	$13.7
DFW Discretionary Fund 302			
Enplaned (revenue) passengers	29.9	29.1	27.8
Less established threshold	(10.0)	(10.0)	(10.0)
Enplaned passengers over 10 million	19.9	19.1	17.8
Per passenger amount due	25%	25%	25%
Total due from pax formula	5.0	4.8	4.4
Plus amount due from base allocation	4.0	4.0	4.0
DFW Discretionary Fund Transfer	$9.0	$8.8	$8.4
ATSAC Bond Coverage Transfer			
ATSAC Bonds Debt Service	$4.2	$7.1	$6.5
Coverage Percentage	25%	25%	25%
ATSAC Coverage (to 102 Fund)	$1.1	$1.8	$1.6
Capital Improvement Fund			
Total coverage distributed to funds	$58.9	$59.6	$59.1
Less airline trust distribution	(7.0)	(7.0)	(7.0)
Less Coverage Credit (Item 2 above)	(13.4)	(13.9)	(13.7)
Less airport discretionary distribution	(9.0)	(8.8)	(8.4)
Less Coverage for ATSAC	(1.1)	(1.8)	(1.6)
Remainder to CIF 301 Fund	$28.5	$28.2	$28.4
Note: Excludes 7/7/7 Program			

Debt Financing

The Airport has four forms of indebtedness—Joint Revenue Bonds, Special Facility Revenue Bonds, Facility Improvement Corporation (FIC) Revenue Bonds, and Public Facility Improvement Corporation Bonds.

Joint Revenue Bonds are issued for the development of airport property and are authorized by concurrent ordinances adopted by the City Councils of Dallas and Fort Worth. These bonds are secured by a lien on and pledge of gross revenues of the Airport.

Special Facility Revenue Bonds are issued for the construction of various special facilities and are payable solely from lease revenues between the Airport and the lessee. There have been no special facility bonds issued since 1979.

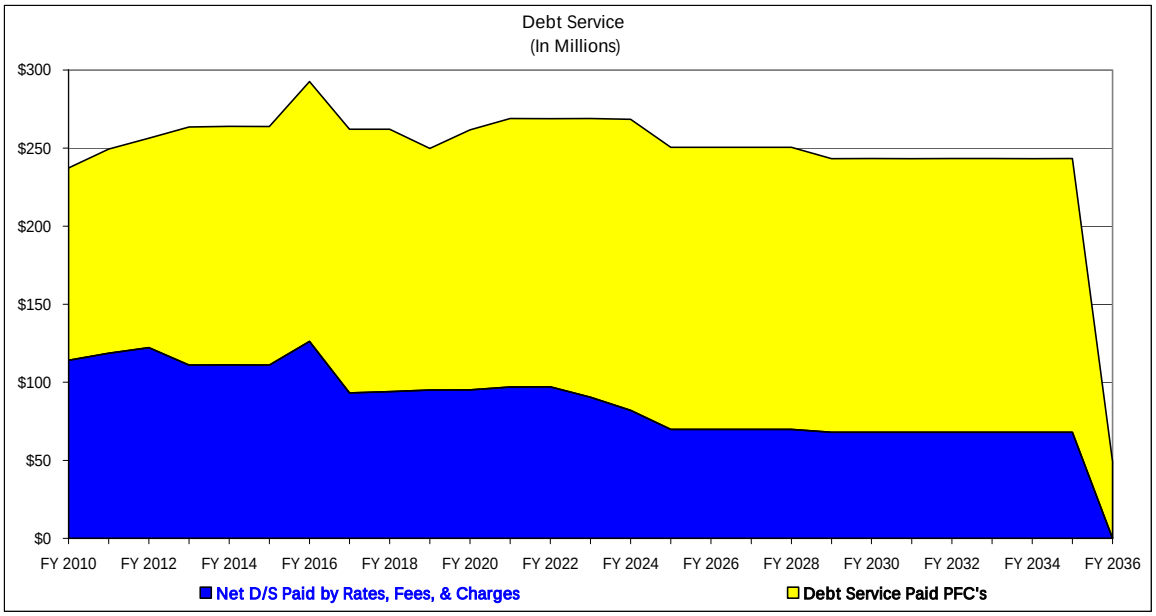
FIC bonds are issued to provide conduit financing for Airlines and other airport users. FIC bonds are secured solely by financing agreements between the FIC and the underlying party responsible for repayment of the bond. These bonds contain no relet provisions, cross default provisions, or liens against assets, which are owned by the airport. FIC bonds were also issued for construction of the Rental Car Facility. See discussion later in this section.

PFIC Bonds were issued for the sole purpose of financing the Grand Hyatt Hotel at Terminal D. Debt Service will be paid from hotel revenues.

There are no statutory limits on debt in the State of Texas. It is DFW's objective to obtain sufficient debt financing to meet its long-range objectives, while keeping our debt at levels that support competitive rates, fees, and charges for its customers.

Bond funds are committed to specific projects at the time of issuance and the use of proceeds is regulated by the bond covenants. Although the budget includes the assumption that DFW will not issue additional revenue bonds in FY 2010 or refund any debt, management may consider these options under the right conditions.

The following chart highlights projected debt service payments through 2036.



This chart shows the original debt service before the CDP debt services was incurred (green), the CDP debt incurred and payable from the first $3.00 of PFCs (yellow), the amount of debt service paid by the additional $1.50 PFC through 2010 in accordance with the MOU with American Airlines, and the total of debt service that will be allocable to Rates, Fees, and Charges (blue plus green). The chart also demonstrates the significant level of debt service that is being paid through PFCs through 2035 and the amount paid for debt service through 2010 (which is the end of the use agreement).

Passenger Facility Charges (PFC's)

Airports are authorized to impose user fees, known as Passenger Facility Charges (PFCs), which are used to fund eligible airport capital projects and associated debt service. DFW submits PFC applications to the Federal Aviation Administration (FAA) for approval which are collected by the Airlines when the airline ticket is sold and then remitted monthly to the Airport. DFW deposits these funds into the PFC 252 Fund and then uses the funds to pay for eligible capital projects on either a pay-as-you-go basis whereby the capital fund is reimbursed by PFC's, or to pay debt service on eligible projects via a PFC transfer to the 102 Operating Fund. PFC's for debt service are considered Gross Revenue of the Airport and represent one of the major revenue sources for the annual O&M revenue budget. As with the majority of other major hub airports, DFW collects the $4.50 maximum PFC per enplaned passenger. DFW projects PFC receipts of approximately $103.6 million for FY 2010. In FY 2010, DFW will use $113 million of PFC's to pay approximately 50% of the eligible debt service. Management projects the 252 Fund will have approximately $77 million at the end of FY 2010 (see Capital Budget section).

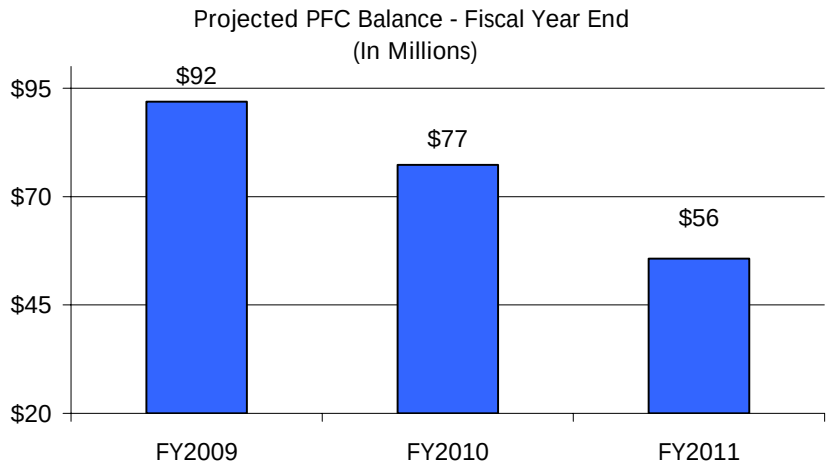
The following table shows the status of PFC applications submitted through 5/31/06; while the chart shows projected PFC balances that will be available in the future.

As of March 31, 2009
(In Millions)

Appl. #	Primary Purpose	Status	Eligible Amount	Amount Collected	Spent
PFC #1	Runway 16/34 East	Closed	$ 94	$ 94	$ 94
PFC #2/4	Various Projects	Closed	89	89	89
PFC #3	Terminal B	Closed	115	115	115
PFC #5	SkyLink	Active	2,191	1,021	438
PFC #6	Deicing System	Active	52	-	19
PFC #7	ATSAC	Active	60	-	49
PFC #8	CDP Completion	Active	2,892	-	389
PFC #9	Perimeter Taxiways, ATSAC	Active	37	-	20
Totals			$ 5,529	$ 1,319	$ 1,212
PFC Balance					$ 106
Collection Authority Remaining					$ 4,210

PFCs may be used for eligible projects as defined by the FAA. Eligible projects include airfield improvements, transportation systems, terminals, and debt service on these related projects. PFCs collected from PFC applications 5-8 will be used to pay debt service for the eligible portions of the associated projects through 2034 and will significantly reduce the cost to the Airlines. DFW filed PFC#9 in FY 2006 to help fund the southeast perimeter taxiway and Terminal A In-line Baggage Screening system (ATSAC).

The following chart shows estimated PFC balances available for capital projects. All of the remaining PFC funds are scheduled to be used to pay future debt service.



Grant Funds - Airport Improvement Program

Airport Improvement Program (AIP) grants are issued by the FAA on an annual basis for entitlement and discretionary purposes. Entitlements are funds allocated to airports based on passenger and cargo enplanements. Airports compete for and are awarded discretionary funds based on a priority system administered by the FAA. The following table highlights the FAA entitlement and discretionary funds projected to be outstanding in FY 2010.

Federal AIP Grant Summary
(In 000's)

Grant Number	Award Date	Grant Amount	Grant Drawdowns Prior Years	Grant Balance 9/30/09	Proj. FY 2010	Grant Balance 9/30/10
Entitlement						
86-08	4-Jun-08	$6,908	$4,615	$2,293	$2,293	$0
87-08	20-Aug-08	$2,279	$217	$2,062	$2,062	$0
Discretionary						
85-08	14-May-08	$2,552	$2,552	$0	$0	$0
Total Discretionary		$2,552	$2,552	$0	$0	$0
Totals		$11,739	$7,384	$4,355	$4,355	$0

The FY 2010 entitlement grant requested funding for the following projects:

2010 AIP Grant Application
(In 000's)

Project	AIP	DFW	Total Cost
Rehab Airfield Aprons	$ 451	$ 382	$ 833
Rehab Airfield Lighting	607	913	1,520
Rehab Airfield Pavements	6,142	3,754	9,896
Airfield Pavement Evaluation	338	112	450
Purchase Friction Tester	52	18	70
Design/CM/Equip Fire Training	1,623	610	2,233
Runway Extension LOI	6,000	-	6,000
Rehab Runway 13L/31R	7,370	1,272	8,642
Total	$ 22,583	$ 7,061	$ 29,644

Note:
Rehab Runway 13L/31R is an American Recovery and Reinvestment Act of 2009 Grant.

The Airport is scheduled to receive $6 million in FY 2010 for the reimbursement under an FAA Letter of Intent ASW-00-1 signed May 2001 to provide federal funding for the design and construction of Runway Extension 17C, 18R, and 18L and the Northwest Holding Apron projects. The FY 2010 payment will represent the 11th of 11 agreed-upon installment payments from the FAA.

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Consolidated Rental Car Facility/Facility Improvement Corporation

In March 2000, DFW Airport consolidated the North and South Rental Car Facilities into a single consolidated facility just south of the South Remote Parking lot. This facility was constructed with two Facility Improvement Corporation (FIC) bond sales totaling $159.6M (Series 1998 and 1999). These bonds were secured solely by a $4 transaction fee per daily car rental which is also used to pay for RAC capital projects. In January 2008, DFW and the Rental Car Companies entered into an agreement whereby DFW will begin collecting a Customer Transaction Charge (CTC), to cover the maintenance and operating expenses of the RAC bus fleet which was previously paid by the Rental Car Companies. The current CTC fee is $2.20 per transaction day and will be adjusted to collect actual costs.

The majority of RAC capital expenditures planned for FY 2010 are for a phased replacement of the original bus fleet which has been in service since the RAC opened in 2000. The FY 2010 expenditure of $13.6 million will replace 32 of the 46 total busses currently serving this facility. The current diesel fueled bus replacement will also entail a change to cleaner burning Compressed Natural Gas (CNG) busses. This will complete a full bus fleet conversion to all CNG to further DFW's efforts to achieve the highest level of environmental leadership. Additionally, these 32 CNG-fueled bus purchases are expected to qualify for a Texas Emissions Reduction Program (TERP) grant totaling approximately $1.3M. This change in fueling type will also necessitate conversion of the existing RAC bus fueling facility to CNG fueling stations. This fueling infrastructure conversion cost will be borne by a third-party provider, as was done with the current non-RAC CNG fueling facility for all other non-RAC CNG-fueled DFW vehicles.

RAC Financial Summary - Residual Account
(In 000's)

	2008 Actual	2009 Outlook	2009 Budget	2010 Budget
Transaction Days	4,941	4,050	4,536	4,131
Beginning Cash Balance	$18,710	$21,445	$23,036	$22,774
Revenues:				
$4 Customer Facility Charge (CFC)	19,765	16,198	18,144	16,522
$2.20 Customer Transportation Charge (CTC) *	7,224	8,679	9,979	9,087
Investment Earnings	492	382	764	289
Gross Revenue	$27,480	$25,259	$28,887	$25,899
Expenses:				
Busing Operations Expense	(7,486)	(8,679)	(9,979)	(9,087)
Total Expenses	(7,486)	(8,679)	(9,979)	(9,087)
Net Income from Operations	$19,994	$16,580	$18,908	$16,811
Less: Debt Service Expense	(14,686)	(14,690)	(14,690)	(14,681) **
Less: Capital Expenditures	(2,454)	(173)	(7,623)	(14,910)
Less: Administrative Fees	(118)	(387)	(390)	(87)
Income after Debt Service & Capex	$2,735	$1,330	($3,795)	($12,866)
Ending Cash Balance	$21,445	$22,774	$19,241	$9,908

* CTC began Jan-08. $2 Jan-08 to Dec-08, $2.20 from Jan-09 to current.
** Approx $1.3M reimbursement in FY11 from Texas Emission Reduction Program (TERP) for CNG buses.

Grand Hyatt Hotel/PFIC

In July 2005 DFW Airport opened a 298 room Grand Hyatt Hotel located on top of DFW Airport's new International Terminal D. This $62.3M hotel was financed through the Public Facility Improvement Corporation (PFIC) in 2001. The PFIC was created by the Airport Board to provide financing and management for the Grand Hyatt Hotel. Debt service incurred from construction of the Grand Hyatt is funded from Hotel operating profits. In the event Hotel revenues are insufficient to cover debt service, DFW Airport's Discretionary 302 fund will guarantee any shortfalls. The Airport Board is required under the PFIC Rules and Regulations to approve the annual budget. The annual budget for FY 2010 is as follows:

DFW Grand Hyatt Financial Summary
(In 000's)

	2008 Actual	2009 Outlook	2009 Budget	2010 * Budget
Hotel Operating Revenue	$28,234	$25,195	$26,821	$23,431
Hotel Operating Expense	(17,579)	(16,671)	(16,980)	(16,784)
Gross Operating Profit	10,655	8,524	9,841	6,647
Debt Service Expense	(4,476)	(4,445)	(4,445)	(4,574)
PFIC Administrative Expenses	(486)	(499)	(499)	(513)
Net Income	$5,693	$3,579	$4,897	$1,560

* Estimated - Hyatt has not yet completed their budget for FY2010

As specified in the Trust Indenture for the PFIC, the distribution of net revenues generated from the Grand Hyatt operations, flows to three (3) DFW-controlled accounts. The following table shows projected cash balances of those funds:

Grand Hyatt Owners Cash Walkforward
(In 000's)

	Surplus Redemption	FF&E	Capital	Total
Est. Beginning Cash Balance - October 1, 2009	$19,697	$569	$2,414	$22,681
Net Operating Income from Grand Hyatt *	6,647			$6,647
FF&E Cash Flow Distribution (5% of Revenues)	(1,172)	1,172		$0
Capital Cash Flow Distribution (2% of Revenues)	(469)		469	$0
Less: Debt Service	(4,574)			($4,574)
Less: FY10 FF&E Expenditures (est) *		(991)		($991)
Less: FY10 Capital Expenditures (est) *			(767)	($767)
Add: Investment Earnings	341	11	45	$397
Ending Cash Balance (September 30, 2010)	$20,471	$761	$2,161	$23,393

* Estimated - Hyatt has not yet completed their budget for FY2010

As DFW's Grand Hyatt Hotel has only been open since 2005, only minor FF&E and Capital expenditures have been needed thus far. The Hotel's first "soft" renovation is scheduled for FY 2011 which will require design funding for FY 2010. Major rehabilitation is not expected until sometime in the 6 – 8 year time frame. Current and forecasted funding balances are projected to be sufficient to meet all future Capital and FF&E hotel needs.

Memorandum

CITY OF DALLAS

Date September 11, 2009

To The Honorable Mayor and Members of the City Council

Subject FY 2009-10 Budget Amendments

Attached are the FY 2009-10 Proposed Budget Amendments submitted by the Council members and me.

These amendments are scheduled for discussion and informal straw votes at the City Council Budget Amendment Workshop on Wednesday, September 16, 2009.

Please contact me if you have any questions or require additional information.

Mary K. Suhm
City Manager

Attachments

c: Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Director – Budget and Management Services

Budget Amendments
As submitted by Councilmember Natinsky

USE OF FUNDS

1	Restore Park & Recreation programs	$	2,100,000
2	Restore Senior Services Manager		38,000
3	Restore additional funding for Library materials		282,251
	TOTAL USES OF FUNDS	**$**	**2,420,251**

SOURCE OF FUNDS

1	Atmos Gas franchise fee increase from 4% to 5% (6 months)	$	1,300,000
2	Single Family Rental Registration/Inspection Fee (net revenue)		300,000
3	Additional revenue from Park & Recreation Programs		300,000
4	Fee Study recommended fee adjustments		50,000
5	Interest Earnings		40,000
6	Use NCTCOG grant to pay VisiCAD cost (DPD/DFD)		430,251
	TOTAL SOURCES OF FUNDS	**$**	**2,420,251**

Recreation Centers Hours and Operations

Recreation Center hours and programs as identified in the City Manager's proposed budget on August 24, 2009	Increased Recreation Center hours and programs provided through $2.1 million budget amendment
36 Large Centers **Operating 45 hours/week with 3.5 FTEs** Basic Program Description • After School 5 days/week, for up to 20 children. Enrollment limited by the 20 to 1 staffing ratio required by the State • Mornings/Senior Programs limited, 2-3 days/week • Evenings/Adult/Teen Programs limited, 2-3 days/week • Saturday hours based on community priorities within the 45 hours/week • Summer Camps will be half-day programs for up to 20 children. Enrollment limited due to the 20 to 1 staffing ratio required by the State	**36 Large Centers** **Operating 55 hours/week with 5.5 FTEs** Basic Program Description • After School 5 days/week, for up to 40 children. The additional staff allows more children to attend under the 20 to 1 staffing ratio of required by the State • Mornings/Senior Programs available 3-4 days/week • Evenings/Adult/Teen Programs available 3-4 days/week • Saturday hours based on community priorities within the 55 hours/week • Summer Camps will be all-day programs (8am – 6pm) fully structured and supervised to achieve cultural, educational and recreational enrichment with an early drop off option for up to 60 children. The additional staff allows more children to attend at the same staffing ratio of 20 to 1 required by the State.
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Recreation Center Hours and Operations (continued)

Proposed budget hours and programs (cont.)	Increased hours and programs from additional funding (cont.)
2 Small Centers (Mildred Dunn, Pike) **Operating for Reservations Only with 0 FTEs** Basic Program Description • Community Reservations and Special Events **1 Small Center (Ignacio Zaragoza)** **Operating 20 hours/week** Basic Program Description • After School 5 days/week with CDBG Funding	**2 Small Centers (Mildred Dunn, Pike)** **Operating for Reservations Only with 0 FTEs** Basic Program Description • Community Reservations and Special Events **1 Small Center (Ignacio Zaragoza)** **Operating 40 hours/week with 1 FTE** Basic Program Description • After School 5 days/week with CDBG Funding • Evening Teen Programs available through partnership with Boys and Girls Clubs • Saturday hours based on community priorities within the 40 hours/week
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Budget Amendments
As submitted by City Manager

USE OF FUNDS

1	Restore First Offender \ Juvenile Case Management Program	$	395,000
	TOTAL USES OF FUNDS	**$**	**395,000**

SOURCE OF FUNDS

1	Juvenile Case Manager Fee ($5 per conviction)	$	395,000
	TOTAL SOURCES OF FUNDS	**$**	**395,000**

USE OF FUNDS - Debt Service Fund

2	Certificates of Obligation debt service for land acquisition for Convention Center Hotel	$	27,215,000
	TOTAL USES OF FUNDS	**$**	**27,215,000**

SOURCE OF FUNDS - Debt Service Fund

2	Land acquisition reimbursement from the Convention Center Hotel bond proceeds	$	27,215,000
	TOTAL SOURCES OF FUNDS	**$**	**27,215,000**

Budget Amendments
As submitted by Councilmember Allen

USE OF FUNDS

1	Changes	$ 4,634
2	Add appropriate staff support for independent Office of Cultural Affairs. Options available to CMO recommended administrative reductions (Coordinator II; Administrative Specialist; Office Assistant	$ 147,824
3	Cultural Programming	$ 8,123
	TOTAL USES OF FUNDS	**$ 160,581**

SOURCE OF FUNDS

1	Reduce Cultural Facilities - Electricity and Operational Support/Maintenance	$ 160,581
	TOTAL SOURCES OF FUNDS	**$ 160,581**

Budget Amendments
As submitted by Councilmembers Caraway and Davis

USE OF FUNDS

1	Restore the Senior Employment Initiative for one year only	$	38,672
	TOTAL USES OF FUNDS	**$**	**38,672**

SOURCE OF FUNDS

1	Additional debt service interest earnings (related to Hotel purchase and retirement of the related Certificate of Obligations)	$	38,672
	TOTAL SOURCES OF FUNDS	**$**	**38,672**

Budget Amendments
As submitted by Mayor Tom Leppert

	USE OF FUNDS		
1	Library materials	$	63,124
	TOTAL USES OF FUNDS	**$**	**63,124**
	SOURCE OF FUNDS		
1	Elimination of a salaried positions (with benefits)	$	55,699
2	Reduction of office holder account by 25%		7,425
	TOTAL SOURCES OF FUNDS	**$**	**63,124**

Budget Amendments
As submitted by Council members Koop and Natinksy

USE OF FUNDS

1	Amount already factored into City Manager Suhm's Proposed budget	$	9,300
2	Restore additional funding for Library materials		43,140
	TOTAL USES OF FUNDS	**$**	**52,440**

SOURCE OF FUNDS

1	30% cut in overall office budget-District 11	$	6,120
2	30% cut in overall office budget-District 12		6,120
3	1/4 of an Assistant- District 12		18,200
4	Share District 11 Secretary until Jan. 2010		12,700
5	Both District 11/12 will go electronic & forego packet delivery		9,300
	TOTAL SOURCES OF FUNDS	**$**	**52,440**

Budget Amendments
As submitted by Councilmember Kadane

USE OF FUNDS - General Fund

1	Senior Dental Program	$	16,377
	TOTAL USES OF FUNDS	**$**	**16,377**

SOURCE OF FUNDS

1	Reduce District 9 Office Budget by 30%	$	4,920
2	Reduce District 9 travel budget by 30%		1,200
3	Eliminate District 9 paper agendas		9,867 *
4	Eliminate District 9 hand-delivery of packets		390 *
	TOTAL SOURCES OF FUNDS	**$**	**16,377**

*Cannot realize savings unless all Councilmembers agree to discontinue

Budget Amendments
As submitted by Council members Koop and Natinksy

USE OF FUNDS

1	Restore additional funding for Library materials		7,500
	TOTAL USES OF FUNDS	**$**	**7,500**

SOURCE OF FUNDS

1	Reduce sign language services for council agenda meetings	$	7,500
	TOTAL SOURCES OF FUNDS	**$**	**7,500**

Budget Amendments

As submitted by Councilmembers Hunt, Allen, Margolin, Koop, Natinsky, Jasso, Davis, Salazar, Medrano, Caraway and Atkins

SOURCE OF FUNDS

		Submitted	Adjusted
1	Eliminate paper agendas	~~$ 148,000~~	$ 70,000
2	Reduce Council members office budgets by 25%	57,880	57,880
3	Reduce meals by 30%	9,600	9,600
4	Eliminate hand-delivery of packets	6,024	6,024
5	Eliminate hard-copies of interoffice memos (email only)	5,850	5,850
6	Reduce Council members travel budgets by 15%	~~8,600~~	8,400
7	Eliminate two secretarial positions for Council offices	~~103,200~~	111,950
8	Postpone hiring of one Council Office Assistant for 3 months	~~17,500~~	18,200
9	Reduce Mayor's office budget	~~70,000~~	63,124
	TOTAL SOURCES OF FUNDS	**$ 426,654**	**$ 351,028**

Budget Amendments
As submitted by Councilmembers Margolin, Caraway, Allen and Kadane

USE OF FUNDS

		Submitted	Adjusted
1	Senior Dental Program	~~$ 426,654~~	$ 351,028
	TOTAL USES OF FUNDS	**$ 426,654**	**$ 351,028**

SOURCE OF FUNDS

1	City Council Office reductions	~~$ 426,654~~	$ 351,028
	TOTAL SOURCES OF FUNDS	**$ 426,654**	**$ 351,028**

Budget Amendments
As submitted by Councilmembers Jasso and Caraway

USE OF FUNDS

		Submitted	Adjusted
1	Restore 7 Community Outreach Rep	~~$ 426,587~~	$ 351,028
	TOTAL USES OF FUNDS	**$ 426,587**	**$ 351,028**

SOURCE OF FUNDS

1	City Council Office reductions	~~$ 426,654~~	$ 351,028
	TOTAL SOURCES OF FUNDS	**$ 426,654**	**$ 351,028**

Budget Amendments
As submitted by Councilmember Davis

	USE OF FUNDS	Submitted	Adjusted
1	Restore Dental Services	$ 350,000	$ 350,000
	TOTAL USES OF FUNDS	**$ 350,000**	**$ 350,000**
	SOURCE OF FUNDS		
1	Council office reductions	$ 350,000	$ 350,000
	TOTAL SOURCES OF FUNDS	**$ 350,000**	**$ 350,000**
	USE OF FUNDS		
1	Restore Senior Affairs (includes Grandparent Support Program, Geriatric Substance Abuse, MLK Senior Center, Office of Senior Affairs)	$ 670,100	$ 670,100
2	Increase youth services	500,000	500,000
3	Increase Youth Development	500,000	500,000
4	Restore Utility Pay Stations	150,000	150,000
5	Augment Library materials	1,300,000	1,300,000
6	Restore hours of operation for the Eloise Lundy Recreation Center	73,974	73,974
7	Restore education position at the South Dallas Cultural Center	100,000	100,000
	TOTAL USES OF FUNDS	**$ 3,294,074**	**$ 3,294,074**
	SOURCE OF FUNDS		
1	Reduce service 1.28 Police Field Patrol or increase the tax rate by 0.4¢	~~$ 3,293,974~~	$ 3,294,074
	TOTAL SOURCES OF FUNDS	**$ 3,293,974**	**$ 3,294,074**

Budget Amendments
As submitted by Councilmember Salazar

USE OF FUNDS

		Submitted	Adjusted
1	Restore Park and Recreation Center hours ($244,000/ hr)	$ 1,420,000	1,420,000
2	Restore Pools ($50,000/pool)	700,000	700,000
3	Restore Bachman Rec. Center hours/personnel	293,500	293,500
4	Restore Senior Dental	250,000	250,000
5	Restore Utility Pay Stations	150,000	150,000
6	Restore Cultural Affairs staff	~~160,581~~	0*
7	Restore Library materials	201,600	201,600
	TOTAL USES OF FUNDS	**$ 3,175,681**	**3,015,100**

SOURCE OF FUNDS

1	Manager Adjusted Revenue Forecast (9/3/09)	$ 2,120,251	2,120,251
2	City Council Office Reduction	~~426,654~~	351,029
3	Downtown Improvement District (remove city property assessment) (removed per Councilmember Salazar and AC Gonzalez)	~~628,776~~	0
	TOTAL SOURCES OF FUNDS	**$ 3,175,681**	**2,471,280**

* **Funds will be re-allocated from the electricity line item within the cultural affairs budget.**

Budget Amendments
As submitted by Councilmember Margolin

USE OF FUNDS - General Fund

1	Reducing the PILOT (Payment in Lieu of Taxes) from Dallas Water Utilities	$ 4,750,000
	TOTAL USES OF FUNDS	**$ 4,750,000**

SOURCE OF FUNDS

1	Multi-tenant registration fees	$ 250,000
2	Multi-tenant inspection fines	$ 500,000
3	Encumbered funds that have been encumbered for over 12 months but not used	$ 2,000,000
4	Public Private Partnership funds	$ 1,000,000
5	Undesignated Reserve	$ 1,000,000
	TOTAL SOURCES OF FUNDS	**$ 4,750,000**

Budget Amendments
As submitted by Councilmember Hunt

USE OF FUNDS

1	Restore partial funding to HIV/AIDS prevention and education	$	250,000
	TOTAL USES OF FUNDS	**$**	**250,000**

SOURCE OF FUNDS

1	Collection of delinquent Multi-Tenant inspection fees	$	250,000
	TOTAL SOURCES OF FUNDS	**$**	**250,000**

USE OF FUNDS

1	Restore partial funding to slurry seal approximately 80 miles of city streets	$	1,000,000
	TOTAL USES OF FUNDS	**$**	**1,000,000**

SOURCE OF FUNDS

1	Multi-Tenant registration fines	$	1,000,000
	TOTAL SOURCES OF FUNDS	**$**	**1,000,000**

Budget Amendments

As submitted by Councilmembers Hunt and Margolin

SOURCE OF FUNDS - Capital Fund

1 Reduce March 2010 Bond Sale from $355m to $140m

Memorandum

CITY OF DALLAS

DATE: September 9, 2009

TO: Honorable Mayor Tom Leppert and
Members of the City Council

SUBJECT: **BUDGET AMENDMENTS**

The following are my recommended budget amendments:

Source of Funds

Atmos Gas franchise fee increase from 4% to 5% (6 months)	$1,300,000
Single Family Rental Registration/Inspection Fee (net revenue)	300,000
Additional revenue from Park & Recreation Programs	300,000
Fee Study recommended fee adjustments	50,000
Interest Earnings	40,000
Use NCTCOG grant to pay VisiCAD cost (DPD/DFD)	$ 430,251
TOTAL	$2,420,251

Use of Funds

Restore Park & Recreation programs - as per attached matrix	$2,100,000
Restore Senior Services Manager	38,000
Restore additional funding for Library materials	$ 282,251
TOTAL	$2,420,251

Thank you for your consideration.

Ron Natinsky
Councilmember – District 12

c: Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Dave Cook, Chief Financial Officer
Helena Stevens-Thompson, Assistant to the City Manager

"Dallas – Together, we do it better!"

Recreation Centers Hours and Operations

Recreation Center hours and programs as identified in the City Manager's proposed budget on August 24, 2009	Increased Recreation Center hours and programs provided through $2.1 million budget amendment
36 Large Centers **Operating 45 hours/week with 3.5 FTEs** Basic Program Description • After School 5 days/week, for up to 20 children. Enrollment limited by the 20 to 1 staffing ratio required by the State • Mornings/Senior Programs limited, 2-3 days/week • Evenings/Adult/Teen Programs limited, 2-3 days/week • Saturday hours based on community priorities within the 45 hours/week • Summer Camps will be half-day programs for up to 20 children. Enrollment limited due to the 20 to 1 staffing ratio required by the State	**36 Large Centers** **Operating 55 hours/week with 5.5 FTEs** Basic Program Description • After School 5 days/week, for up to 40 children. The additional staff allows more children to attend under the 20 to 1 staffing ratio of required by the State • Mornings/Senior Programs available 3-4 days/week • Evenings/Adult/Teen Programs available 3-4 days/week • Saturday hours based on community priorities within the 55 hours/week • Summer Camps will be all-day programs (8am – 6pm) fully structured and supervised to achieve cultural, educational and recreational enrichment with an early drop off option for up to 60 children. The additional staff allows more children to attend at the same staffing ratio of 20 to 1 required by the State.
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Recreation Center Hours and Operations (continued)

Proposed budget hours and programs (cont.)	Increased hours and programs from additional funding (cont.)
2 Small Centers (Mildred Dunn, Pike) **Operating for Reservations Only with 0 FTEs** Basic Program Description • Community Reservations and Special Events **1 Small Center (Ignacio Zaragoza)** **Operating 20 hours/week** Basic Program Description • After School 5 days/week with CDBG Funding	**2 Small Centers (Mildred Dunn, Pike)** **Operating for Reservations Only with 0 FTEs** Basic Program Description • Community Reservations and Special Events **1 Small Center (Ignacio Zaragoza)** **Operating 40 hours/week with 1 FTE** Basic Program Description • After School 5 days/week with CDBG Funding • Evening Teen Programs available through partnership with Boys and Girls Clubs • Saturday hours based on community priorities within the 40 hours/week
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Memorandum

CITY OF DALLAS

DATE September 3, 2009

TO Honorable Mayor and Members of the City Council

SUBJECT Amendments to the FY2009-10 Proposed Budget

The proposed FY2009-10 Budget was presented to you on August 10th and represented the best known estimates at that time. Listed below are $2.1 million of recommended changes to expenditures and revenues that may be used to fund amendments to the proposed budget. Please turn in your amendments to me by **close of business on Wednesday, September 9th**.

Summary of Recommended Changes:

Revenues	
Atmos Gas franchise fee increase from 4% to 5% (6 months)	$1,300,000
Single Family Rental Registration/Inspection Fee (net revenue)	300,000
Fee Study recommended fee adjustments	50,000
Interest Earnings	40,000
Total Revenue Increases	1,690,000
Expenses	
Use NCTCOG grant to pay VisiCAD cost (DPD/DFD)	(430,251)
Total Expense Reductions	(430,251)
Total Available for Amendments	**$2,120,251**

Atmos Gas Franchise – The current gas franchise with Atmos Energy expires in December 2009. To be consistent with those franchises that are based on a percent of revenues (cable and water/sewer), a new franchise which increases the fee from 4% to 5% is recommended. The additional revenue generated by the franchise fee increase is projected to be $1.3m; assuming an April 2010 implementation. **A Council vote, prior to April, is required to implement the new franchise.**

Single Family Rental Registration and Inspection fee - The September 2nd Council agenda included a briefing on the implementation of a new program to ensure compliance with the City's codes within single family rental properties. The net revenues are estimated at $300,000 in FY2009-10. **A Council vote is required to implement the program.**

Fee Study - A fee study is conducted annually. The newest draft report recommends changes to various fees. A schedule of fee changes is included in Attachment A. **A Council vote is required to implement the fee adjustments**.

Interest Earnings – The receipt of bond proceeds for the reimbursement of the land acquisition costs for the Convention Center Hotel increases the cash balance in the City's debt service fund. The funds will be held for 30 days prior to the redemption of the Certificates of Obligation. The increased cash balance will generate an estimated $40,000 in additional interest earnings.

VisiCAD costs – $430,251 in expense may be reduced from the Police and Fire departments' General Fund budgets for FY2009-10 as the City has been notified that the North Central Texas Council of Governments (NCTCOG) will provide a grant to fund these costs.

Attachment B includes responses to several questions received regarding the dollar amounts associated with various revenues and expenditures.

City Manager's Recommended Budget Amendments

Operating Budget – First Offender Program

A $5 Juvenile Case Manager Fee may be added to municipal court tickets for those defendants convicted of fine-only misdemeanor offenses. These fees may only be used to pay the salary and benefits of juvenile case managers. The First Offender program, which was eliminated in the proposed budget, is a qualifying use of these funds. Estimated revenues and expenditures are $395,000 for FY2009-10. It is recommended that this fee be implemented and used to reinstate funding for the First Offender program. **A Council vote is required to implement the fee.**

Debt Service Budget

The bond proceeds for the reimbursement of the land acquisition costs for the Convention Center Hotel have been received. Council authorized the partial redemption of the land acquisition certificates of obligation (issued in May, 2008) at the time the ordinance to sell the hotel revenue bonds was approved. An appropriation adjustment of $27,215,000 for the redemption of the certificates is required. (The expense is offset by the reimbursement.) Note: The remaining debt service will be paid for by the Convention Center, which will be purchasing the remaining parcel of land. This payment is included in the budget.

Please turn in your amendments to me by **close of business Wednesday, September 9th**. Amendments will be compiled and provided in Council packets on Friday, September 11th. Amendments will be discussed, with straw votes taken, on Monday, September 14th.

Please let me know if you have questions or need additional information.

Mary K. Suhm
City Manager

Attachments

c: Ryan Evans, First Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Jill A. Jordan, Assistant City Manager
Forest E. Turner, Assistant City Manager
David Cook, Chief Financial Officer
Tom Perkins, City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Jeanne Chipperfield, Director, Budget & Management Services

Attachment A

Fee Title	Current Fee	Proposed Fee
Carriages - Duplicate Permit Fee	$11	$18
Floodplain Fill Permits	$5,300	$6,000
Limousines - Application Fee	$150	$220
Limousines - Authorization Fee	$30	$50
Limousines - DFW Inspection	$13	$16
Limousines - Driver Application Fee	$20	$40
Limousines - Duplicate Permit Fee	$11	$18
Limousines - Operating Authority/Inspections	$500	$520
Pedicabs - Application Fee	$150	$250
Pedicabs - Authorization Fee/Inspection	$20	$50
Pedicabs - Driver Application Fee	$16	$40
Pedicabs - Duplicate Permit Fee	$11	$18
Shuttle - DFW Inspection	$13	$20
Shuttles - Application Fee	$150	$220
Shuttles - Driver Application Fee	$16	$40
Shuttles - Duplicate Permit Fee	$11	$18
Shuttles - Operating Authority/Inspection	$500	$520
Taxicab - Application Fee	$150	$250
Taxicab - Driver Application Fee	$30	$50
Taxicab - Driver Training Fee	$12	$25
Taxicab - Duplicate Permit Fee	$11	$18
Taxicab - Vehicle Reinspection Fee (after failing initial inspection)	$25	$40
Vehicle Tow - Application Fee	$50	$250
Vehicle Tow - Driver Application Fee	$10	$15
Vehicle Tow - Duplicate Permit Fee	$11	$15
Wreckers - Application Fee	$150	$250
Wreckers - Driver Application Fee	$10	$15
Wreckers - Duplicate Permit Fee	$11	$15
Wreckers - Inspection Fee	$23	$30
Wreckers - Operating Authority	$500	$520

Attachment B

Listed below are the amounts associated with various revenues and expenditures.

The current tax rate is 74.79 cents.

Property tax increase

Rate change (in cents)	Revenue Generated
0.25	$2,100,883
0.50	$4,201,766
0.75	$6,302,649
1.00	$8,403,532
1.50	$12,605,299
2.00	$16,807,064
2.50	$21,008,830
3.00	$25,210,596
3.50	$29,412,362
4.00	$33,614,128
4.50	$37,815,894
Effective Rate 4.58	$38,488,177

Reduce number of police officers hired over attrition in the General Fund

Hire 75 officers over attrition	($1,215,616)
Hire 50 officers over attrition	($1,726,616)
Hire 25 officers over attrition	($2,126,526)
Hire 0 officers over attrition	($2,496,577)

Senior Employment Initiative $38,672

Recreation Center Hours

1 hour @ 42 centers = $244,000 (includes programming)
42 centers reduced by 15 hours

Library materials (restore to FY09 level) $2,400,000

Amount of bonds that could be issued in March 2010 and be cost neutral to the FY2010-11 budget is approximately $140 million.

MEMORANDUM

CITY OF DALLAS

DATE: September 11, 2009

TO: Mary K. Suhm
City Manager

SUBJECT: Budget Amendment

Please find attached the memo identifying savings in the amount of $160,851 necessary to maintain a separate Office of Cultural Affairs and not to combine this department with the Library.

Jerry Allen
Councilmember

Attachment

Memo for Allen, Jerry-Doc.2

TO: Dallas City Council

FROM: Veletta Forsythe Lill, Judy Pollack, Charles Santos, Maura Conley, Joanna St. Angelo

DATE: September 2, 2009

REQUEST

The cultural community respectfully asks that the City Council amend the budget and not combine the Office of Cultural Affairs with the Library. We have identified savings in the amount of $160,851, necessary to maintain a separate Office of Cultural Affairs.

We recommend that the offset for the cost of staffing an independent Office of Cultural Affairs with a Director level position and support staff for the office be a 4.5% reduction in the category of Cultural Facilities – Electrical Forecast and Operational Support/Maintenance (except DCPA where a greater reduction has already been incorporated into the CMO budget). This savings would be achieved through conservation, some reduced hours of operation and programming and cost reductions as a result of recently installed energy efficient, mechanical systems in several of the buildings .

We have consulted with leadership of the institutions and city staff in the formulation of this recommendation.

Thank you for your consideration.

AMENDMENT

Reduce Cultural Facilities – Electrical (2140) and Operational Support/Maintenance (3099) by 4.5%. $160,581.

Reinstate Director and Assistant Director Level Position Salary Grade Changes - $4,634.

Add appropriate staff support for independent OCA Options available in CMO recommended administrative reductions - $147,824

Coordinator II
Administrative Specialist
Office Assistant

Add remainder $8,123 to Cultural Programming

Memorandum

CITY OF DALLAS

Date September 3, 2009

To Mary Suhm
City Manager

Subject FY 2009-10 Proposed Budget Amendment

Source of Funds:
Additional debt service interest earnings (related to the Hotel land purchase and retirement of the related Certificate of Obligations) = $38,672

Use of Funds:
Restore the Senior Employment Initiative for one year only = $38,672

Dwaine R. Caraway
Mayor Pro Tem

Carolyn R. Davis
Councilmember

C: Honorable Mayor and members of the City Council

Memorandum

CITY OF DALLAS

Date: September 11, 2009

To: Mary Suhm
City Manager

Subject: Amendment to the FY 2009-2010 Proposed Budget **(AMENDED)**

I would like to propose the following amendment to the FY 2009-2010 Proposed City Manager's Budget pertaining to the mayor's office budget:

Elimination of a salaried position (with benefits):	$ 55,699.00
Reduction of office holder account by 25%	$ 7,425.00
Total savings	$ 63,124.00

The total dollars saved should be placed in Libraries for the materials. If you should have any questions please feel free to contact my office.

Sincerely,

Tom Leppert
Mayor

cc: Members of the Dallas City Council

Memorandum

CITY OF DALLAS

DATE: September 9, 2009

TO: Honorable Mayor Tom Leppert and
Members of the City Council

SUBJECT: **BUDGET AMENDMENTS**

The following are the proposed combined Councilmember Koop's/Natinsky's office related savings:

Source of Funds

30 % cut in overall Office Budget – District 11	$ 6,120
30 % cut in overall Office Budget – District 12	$ 6,120
¼ of an Assistant - District 12	$18,200
Share District 11 Secretary until Jan. 2010	$12,700
Both District 11/12 will go electronic & forego packet delivery	$ 9,300
TOTAL	$52,440

Use of Funds

Amount already factored into City Manager Suhm's proposed budget	$ 9,300
Restore additional funding for Library materials	$43,140
TOTAL	$52,440

Should you have any questions please do not hesitate to contact either one of us.

Ron Natinsky
Councilmember – District 12

Linda Koop
Councilmember – District 11

c: Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Dave Cook, Chief Financial Officer
Helena Stevens-Thompson, Assistant to the City Manager

"Dallas – Together, we do it better!"

Memorandum

CITY OF DALLAS

Date September 11, 2009

To Mary Suhm
City Manager

Subject FY 2009-10 Proposed Budget Amendment

Source of Funds:

Reduce District 9 Office Budget by 30%	$4,920
Reduce District 9 travel budget by 30%	1,200
Eliminate District 9 paper agendas	9,867
Eliminate hard-copies of District 9 interoffice memos (email only)	390
Total	$16,377

Use of Funds:
The savings should be used to support Community Dental Care for their senior dental program.

Sheffield Kadane
Councilmember

C: Honorable Mayor and Members of the City Council

Memorandum

CITY OF DALLAS

DATE: September 11, 2009

TO: Honorable Mayor Tom Leppert and
Members of the City Council

SUBJECT: **BUDGET AMENDMENT #2**

Houston, San Antonio and Fort Worth only provide sign language services on an as needed basis and if requested in advance. We would like to propose the following amendment to the FY 2009-10 proposed City Manager's budget:

Source of Funds

Sign language services for council agenda meetings	$10,000
Minus 25% for services requested in advance. Each agenda meeting = $1,600	$ 2,500
TOTAL	$ 7, 500

Use of Funds

Restore additional funding for Library materials	$ 7,500
TOTAL	$ 7,500

Additionally, we request the City Secretary make formal notification of the services available on the bottom of the council agenda and on the City's website.

Should you have any questions please do not hesitate to contact either one of us.

Linda L. Koop
Councilmember – District 11

Ron Natinsky
Councilmember – District 12

c: Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest Turner, Assistant City Manager
Dave Cook, Chief Financial Officer
Helena Stevens-Thompson, Assistant to the City Manager

Memorandum

CITY OF DALLAS

DATE September 2, 2009
TO Mary Suhm, City Manager
FROM Councilmember Angela Hunt
SUBJECT Proposed Budget Cuts for City Council

With the severe cuts needed to balance our city budget, every department will have to make sacrifices. That includes the budget for the Mayor and City Council offices. In order to reduce our impact on the budget, we propose the following cuts, which will save nearly half a million dollars in the 2009-10 budget:

BUDGET ITEM	TOTAL SAVINGS
Eliminate paper agendas	$148,000
Reduce Councilmembers' office budgets by 25%	$ 57,880
Reduce meals by 30%	$ 9,600
Eliminate hand-delivery of packets	$ 6,024
Eliminate hard-copies of interoffice memos (email only)	$ 5,850
Reduce Councilmembers' travel budgets by 15%	$ 8,600
Eliminate two secretarial positions for Council offices	$103,200
Postpone hiring of one Council office assistant for 3 mos.	$ 17,500
Reduce Mayor's office budget	$ 70,000
TOTAL SAVINGS	$426,654

Angela Hunt

Memorandum

CITY OF DALLAS

DATE September 9, 2009

TO Mary Suhm
City Manager

SUBJECT Budget Amendment

Proposed Amendment

To allocate all savings from the City Council Budget to Community Dental Care for their senior dental program.

Ann Margolin
City Councilmember – District 13

Dwaine Caraway
Mayor Pro Tem

Jerry Allen
City Councilmember – District 10

Sheffie Kadane
City Councilmember – District 9

c. Honorable Mayor and Members of the City Council
Thomas C. Perkins, City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Dave Cook, Chief Financial Officer
Ryan Evans, First Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Ramon F. Miguez, P. E., Assistant City Manager
A. C. Gonzalez, Assistant City Manager
Forest Turner, Interim Assistant City Manager
Helena Stevens-Thompson, Assistant to the City Manager

Memorandum

CITY OF DALLAS

DATE September 11, 2009

TO Mary K. Suhm, City Manager

SUBJECT Amendment to the FY2009-10 Proposed Budget

We would like to propose the following amendment to the budget:

Allocate savings from the City Council proposed reductions to restore funding in the amount of $ $426,587 to fund 7 community outreach rep positions for the Police Storefronts.

Councilmember Delia Jasso
District 1

Mayor Pro Tem Dwaine Caraway
District 4

c: Honorable Mayor and Members of the City Council
Deborah K. Watkins, City Secretary
Thomas C. Perkins, City Attorney
Ryan S. Evans, First Assistant City Manager
Jill S. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner Assistant City Manager
David Cook, Chief Financial Officer
Helena Stevens-Thompson, Assistant to the City Manager

Memorandum

CITY OF DALLAS

DATE September 9, 2009

TO Mary K. Suhm, City Manager

SUBJECT **FY 09-10 Carolyn Davis Budget Amendments**

Budget Amendment #1:

Use of Funds: Restore Dental Services for Seniors by $350,000

Source of Funds: Out of the Council Office proposed reductions

Budget Amendment #2:

Use of Funds:
1. Restore Senior Affairs, including
   - Grandparent Support Program
   - Geriatric Substance Abuse
   - MLK Senior Center
   - Office of Senior Affairs

   For a total of $670,100
2. Increase Youth Services by $500,000
3. Increase Youth Development by $500,000
4. Restore Pay Stations for $150,000
5. Augment Library Materials by $1,300,000
6. Restore hours of operations for the Eloise Lundy Recreation Center by $73,974
7. Restore education position at the South Dallas Cultural Center for $100,000

Total for Items 1-7 is $3,293,974

Source of Funding:
Alternate 1. Reduce Service 1.28 Police Field Patrol by $3,293,974
Or
Alternate 2. Increase the tax rate by 0.4¢

Carolyn R. Davis
Councilmember

c: Honorable Members of the Dallas City Council
Ryan Evans, First Assistant City Manager
Jill Jordan, Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner, Assistant City Manager
Dave Cook, Chief Financial Officer

Memorandum

CITY OF DALLAS

DATE September 9, 2009

TO Mary Suhm
City Manager

SUBJECT 2009-10 Proposed Budget Amendment

Below is my 2009-10 Proposed Budget Amendment:

Revenue Source

Manager Adjusted Revenue Forecast (9/3/09)	2,120,251.00
City Council Office Reduction	426,654.00
Downtown Improvement District	628,776.00
Remove City Property Assessment	
Total	3,175,681.00

Amendment

Restore Park & Rec. Center Hours (244,000/hr)	1,420.000.00
Restore Pool (50,000/pool)	700,000.00
Restore Bachman Rec. Center hrs/personnel	293,500.00
Restore Senior Dental	250,000.00
MLK/Multipurpose Pay Stations	150,000.00
Restore Cultural Affairs Staff	160,581.00
Restore Library Funding Material	201,600.00
Total	3,175,681.00

Steve Salazar – District 6
Councilmember

Memorandum

CITY OF DALLAS

Date: September 11, 2009

To: Mary Suhm, City Manager
From: Ann Margolin
Subject: Budget Amendments

I propose the following amendment to the 2009-10 City of Dallas Budget:

Reduction: $4,750,000
This will substantially reduce the PILOT (Payment in Lieu of Taxes) from Dallas Water Utilities

Sources:

*Multi-tenant registration fees	$ 250,000
*Multi-tenant inspection fines	$ 500,000
*Encumbered funds that have been encumbered For over 12 months but not used	$2,000,000
Public Private Partnership funds	$1,000,000
Undesignated Reserve	$1,000,000

Ann Margolin
Councilmember – District 13

*Explanations of these sources of these funds are on the attached page.

c. Honorable Mayor & Members of the City Council
Thomas C. Perkins, City Attorney
Deborah Watkins, City Secretary
Craig Kinton, City Auditor
Dave Cook, Chief Financial Officer
Ryan Evans, First Assistant City Manager
Jill A. Jordan, PE., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner, Interim Assistant City Manager
Helena Stevens-Thompson, Assistant to the City Manager

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Background on Multi-Tenant Registration Fees:

City Code Section 27-33 provides that an applicant for a multi-tenant registration certificate should not have any outstanding fees assessed for prior inspections. In October, 2007 the City Auditor's report No. A08-002, Audit of Code Enforcement for Multi-Tenant Properties said that multi-tenant property owners are registering and operating their properties even though city code prohibits issuance of registration certificates to delinquent property owners. At the time of the audit over $500,000 of unpaid inspection fees remained uncollected. According to the City Auditor, the preliminary results of the follow-up audit indicate that multi-tenant registration certificates are still being issued without checking for outstanding fees. If an attempt were made to collect unpaid fees plus collect fees in the next year, $250,000 should be collected.

Background on Multi Tenant Inspection Fines:

According to the October 2007, City Auditor's report No. A08-002, Audit Code Enforcement for Multi-Tenant Properties,

"Changes to the City Code in March 2004 inadvertently referenced the incorrect section when setting a minimum fine for failure to register a multi-tenant property. As a result, delinquent property owners are faced with fines ranging from $0 to $560 rather than the $2000 intended by the City Council. This error makes the fines less effective as an enforcement tool, and the City may be losing $1.2 million during Fiscal Year 2008."

According to the City Auditor, the preliminary results of the follow-up audit indicate that, while the city code has been corrected, the city is not tracking the registration status for multi-tenant properties and the $2000 fine intended by the City Council is not being assessed. Based the audit, $500,000 should be collected.

Background on encumbered funds:

According to the City Auditor's report A09-011 (June 2009) about $5.4 million remained encumbered (treated as expended for budget purposes) from FY 2007 and prior fiscal years but was unspent a year or more later.

Any encumbrances (spending authority) remaining from FY 2008-09 and prior that have not yet been spent should be released and made available for appropriation in FY 2010 unless management can justify why the spending authority should be retained. Base on this, I am assuming that $2 million is available.

Memorandum

CITY OF DALLAS

DATE September 11, 2009
TO Mary Suhm, City Manager
FROM Councilmember Angela Hunt
SUBJECT Proposed Budget Cuts for City Council

I propose the following amendments to the 2009-10 City of Dallas budget:

AMENDMENT 1:

Proposed Expenditure:

$250,000 Restore partial funding to HIV/AIDS prevention and education. While the federal HOPWA (Housing Opportunities for People with AIDS) grant addresses housing needs, it does not cover HIV/AIDS prevention and education.

Funding Source:

$250,000 Based on the City Auditor's 2007 report "Audit of Code Enforcement for Multi-Tenant Properties," the City of Dallas could collect at least $250,000 in unpaid inspection fees from delinquent multi-tenant property owners. City Auditor Craig Kinton has confirmed that this is a conservative estimate for revenue that could be recovered in 2009-10.

AMENDMENT 2:

Expenditure:

$1,000,000 Restore partial funding to slurry seal approximately 80 miles of city streets.

Funding Source:

$1,000,000 Based on the City Auditor's 2007 report "Audit of Code Enforcement for Multi-Tenant Properties," the City of Dallas could collect at least $1 million in additional revenue if delinquent multi-tenant property owners were required to pay the minimum $2000 fine for failing to register with the city. City Auditor Craig Kinton has confirmed that this is a conservative estimate for revenue that could be recovered in 2009-10.

Angela Hunt

Memorandum

CITY OF DALLAS

DATE September 11, 2009
TO Mary Suhm, City Manager
FROM Councilmembers Angela Hunt and Ann Margolin
SUBJECT Proposed Budget Cuts for City Council

We propose the following amendment to the 2009-10 City of Dallas budget:

Reduce the capital budget from $355 million to $140 million. If we spend $355 million on our capital budget next year, we will have to spend an additional $24 million in debt service in 2010-11. If instead, we spend "only" $140 million, our debt service will not increase in 2010-11, and we will not risk having to cut city services by $24 million to balance the 2010-11 budget.

Angela Hunt

Ann Margolin