

DFW International Airport FY 2024 Budget



Dallas City Council
September 6, 2023



FY24 Budget Overview

FY24 budget reflects strong growth and resiliency with record passengers, non-airline revenues, and net revenues to the DFW capital account.

Passengers – record 81.6 million, a 3.2% increase

Non-airline revenues – record \$520.4 million, a 4.0% increase

Expenditure budget - \$1.24 billion

- 6.7% increase – total budget
- Favorable increase compared to other airports

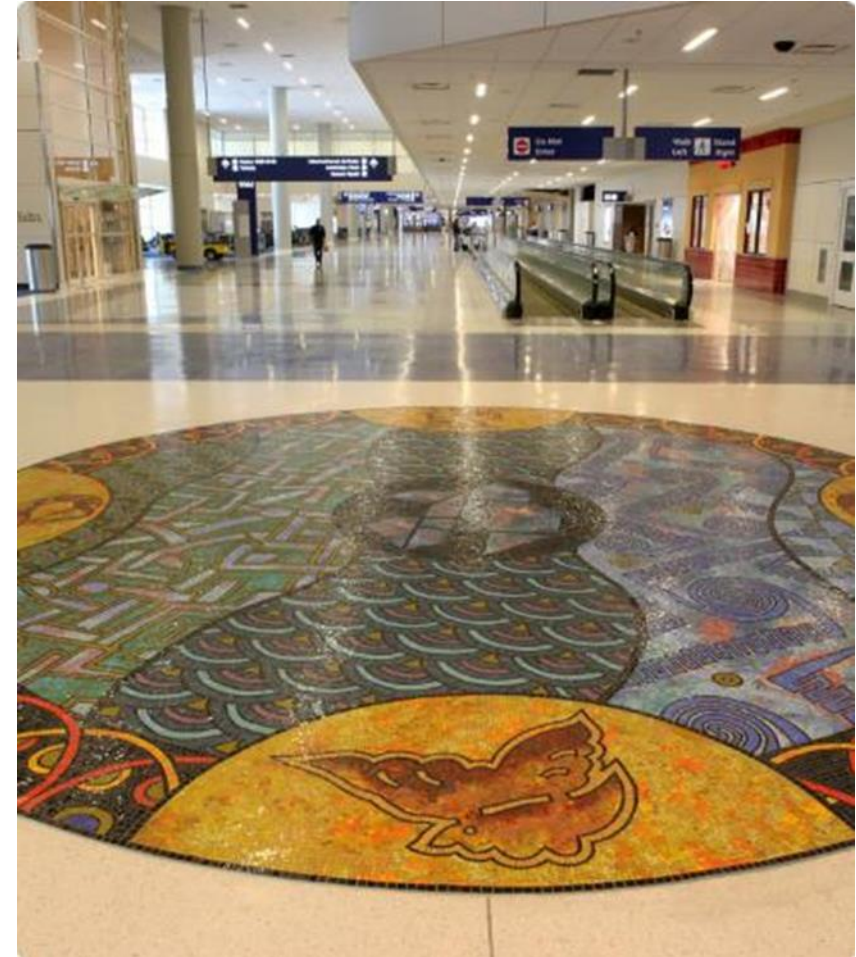
No Federal Relief Proceeds (FRPs) - \$100M in FY23

Airline costs - \$613.3 million

- 6.8% increase without impact of FRPs
- Only \$5.4 million (0.9%) higher than Use Agreement target

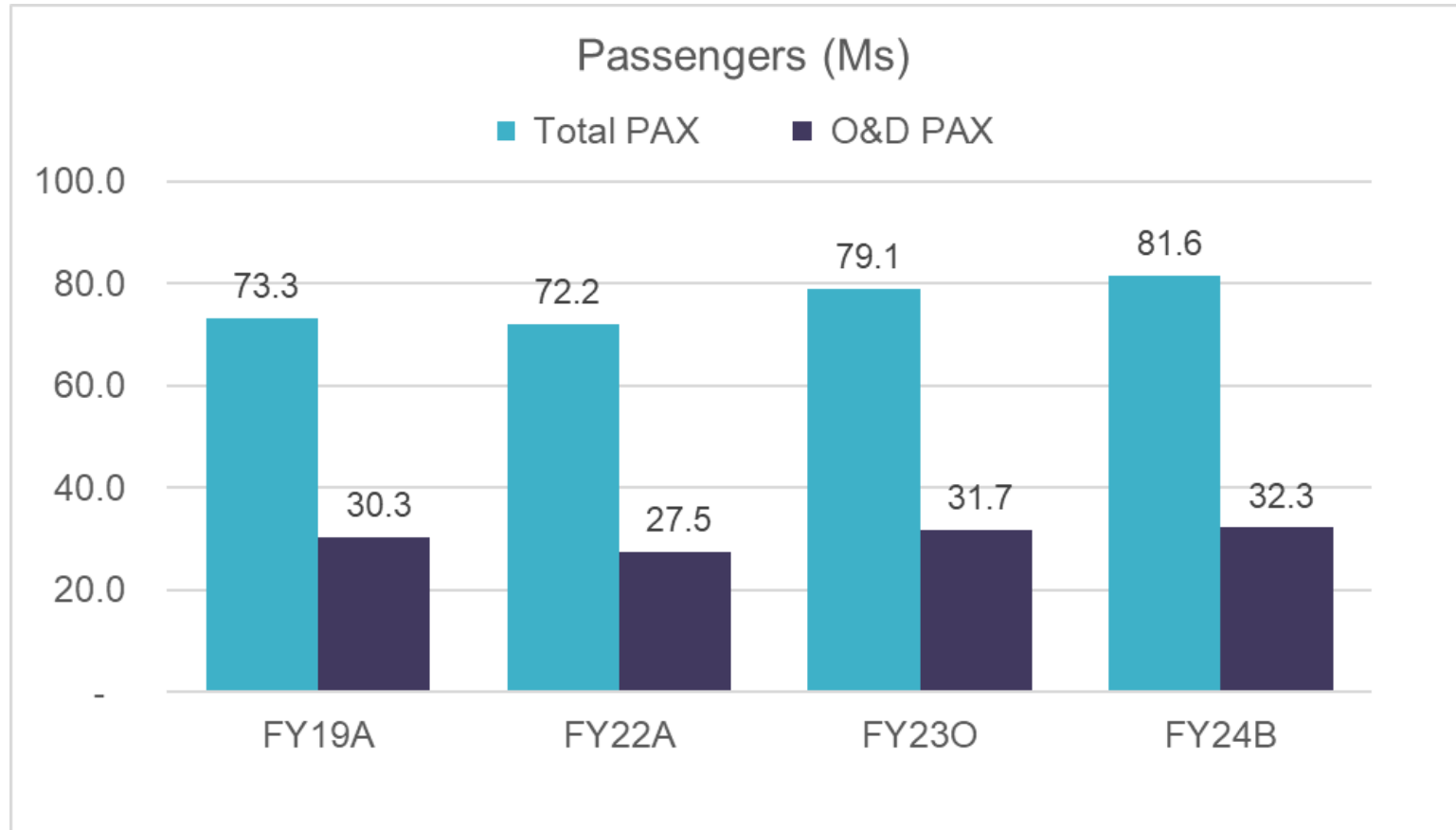
Cost per enplanement - \$14.68

- 1.9% increase without impact of FRPs
- Lower than Use Agreement target



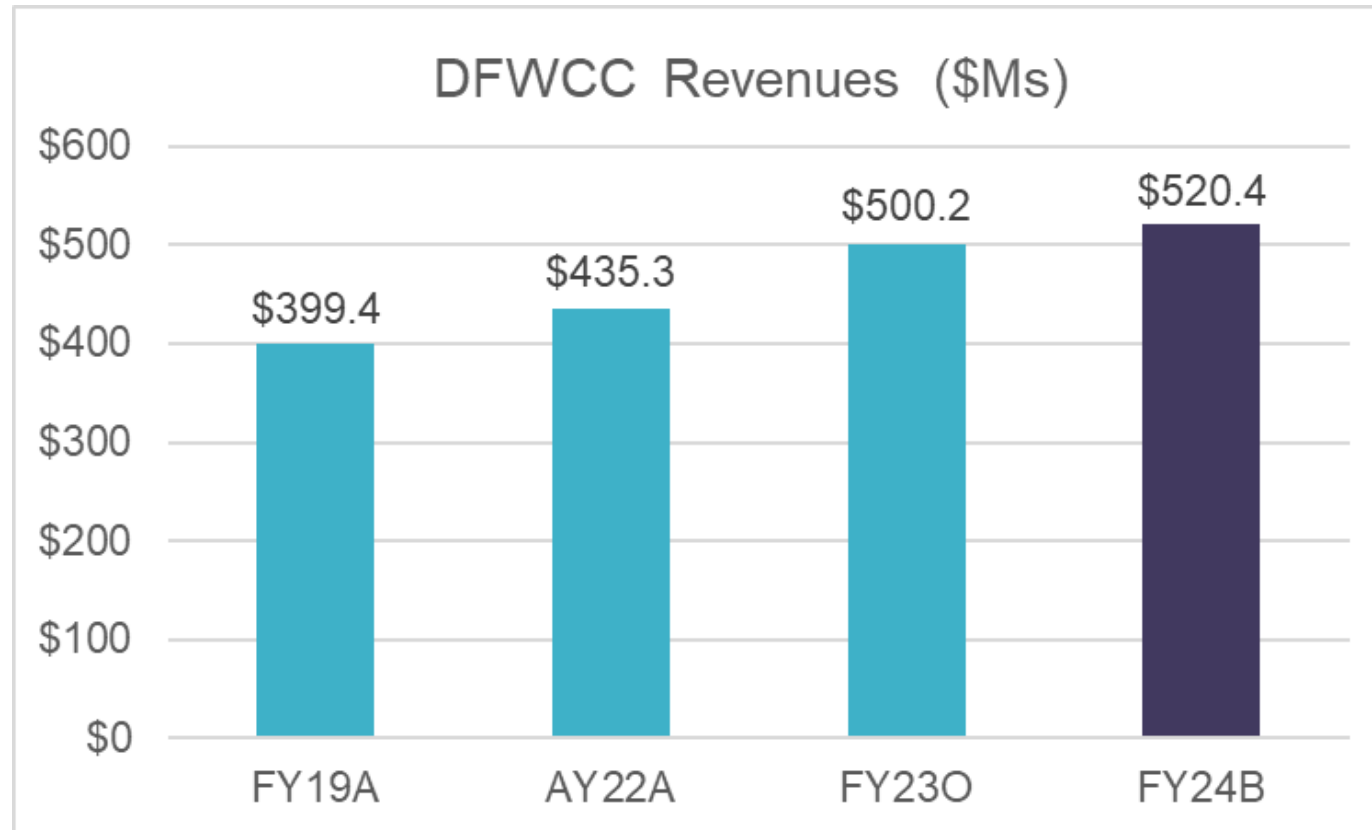
Record Passengers

FY24 passenger budget is 81.6 million, a 3.2% increase over the FY23 Outlook and 11.4% more than FY19.



Record DFW Cost Center Revenues

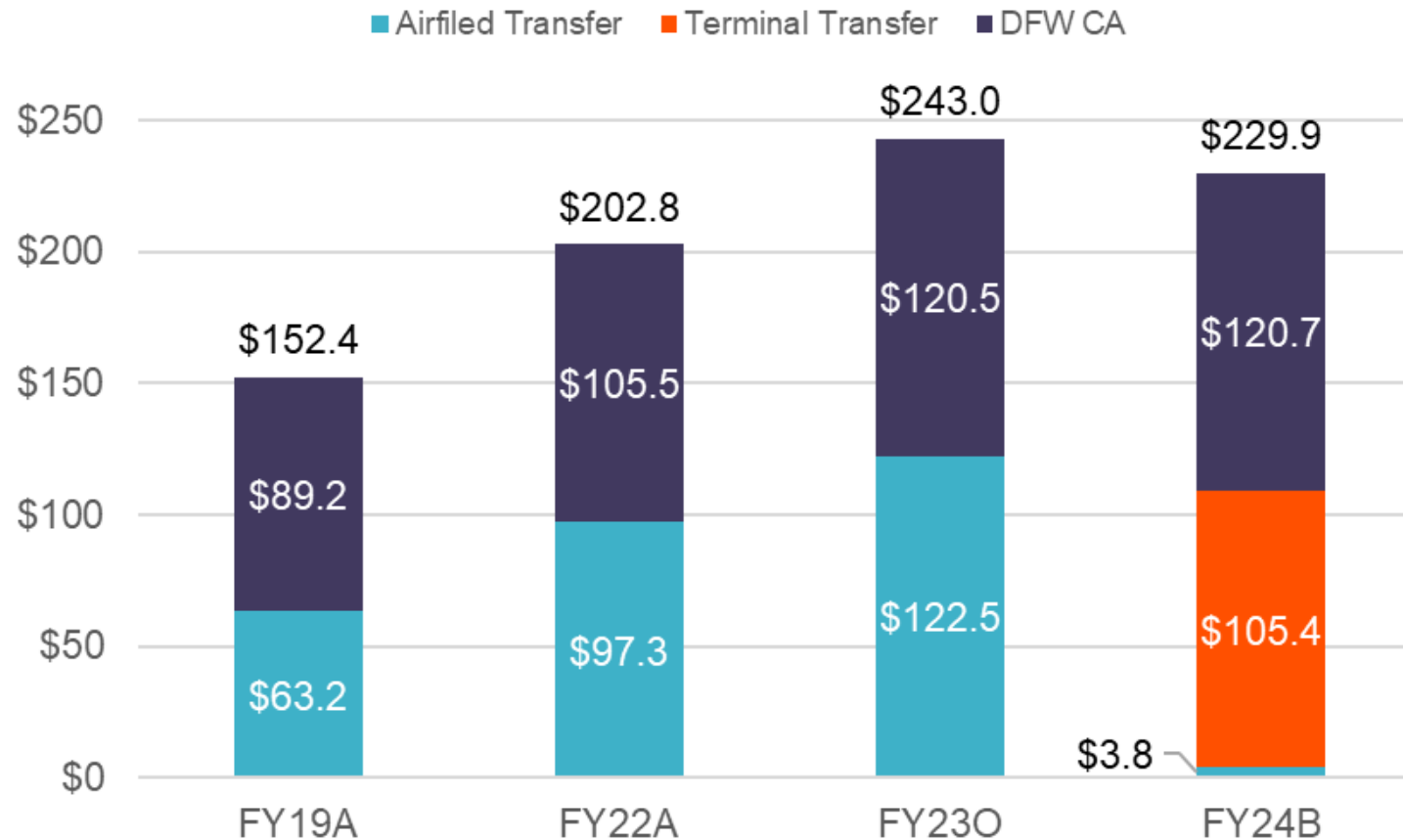
FY24 budget is \$520.4 million, \$20.2 million (4.0%) higher than the FY23 Outlook; and \$121 million (30.3%) higher than FY19.



DFW Cost Center Net Revenues

Net revenues transferred to the DFW Capital Account (DFWCA) are budgeted at a record \$120.7 million. Total net revenues and airline transfers decrease primarily due to new Use Agreement debt service allocations.

Non-Airline Net Revenue (\$Ms)



Expenditure Budget

FY24 Budget is \$1.24 billion, a \$78.6 million (6.7%) increase from FY23 Outlook.

Operating expense budget reflects cost increases primarily related to:

- Increased passengers
- Fixed contract increases
- Inflation in service contracts, parts, and utilities
- Continued investment in technology/digital

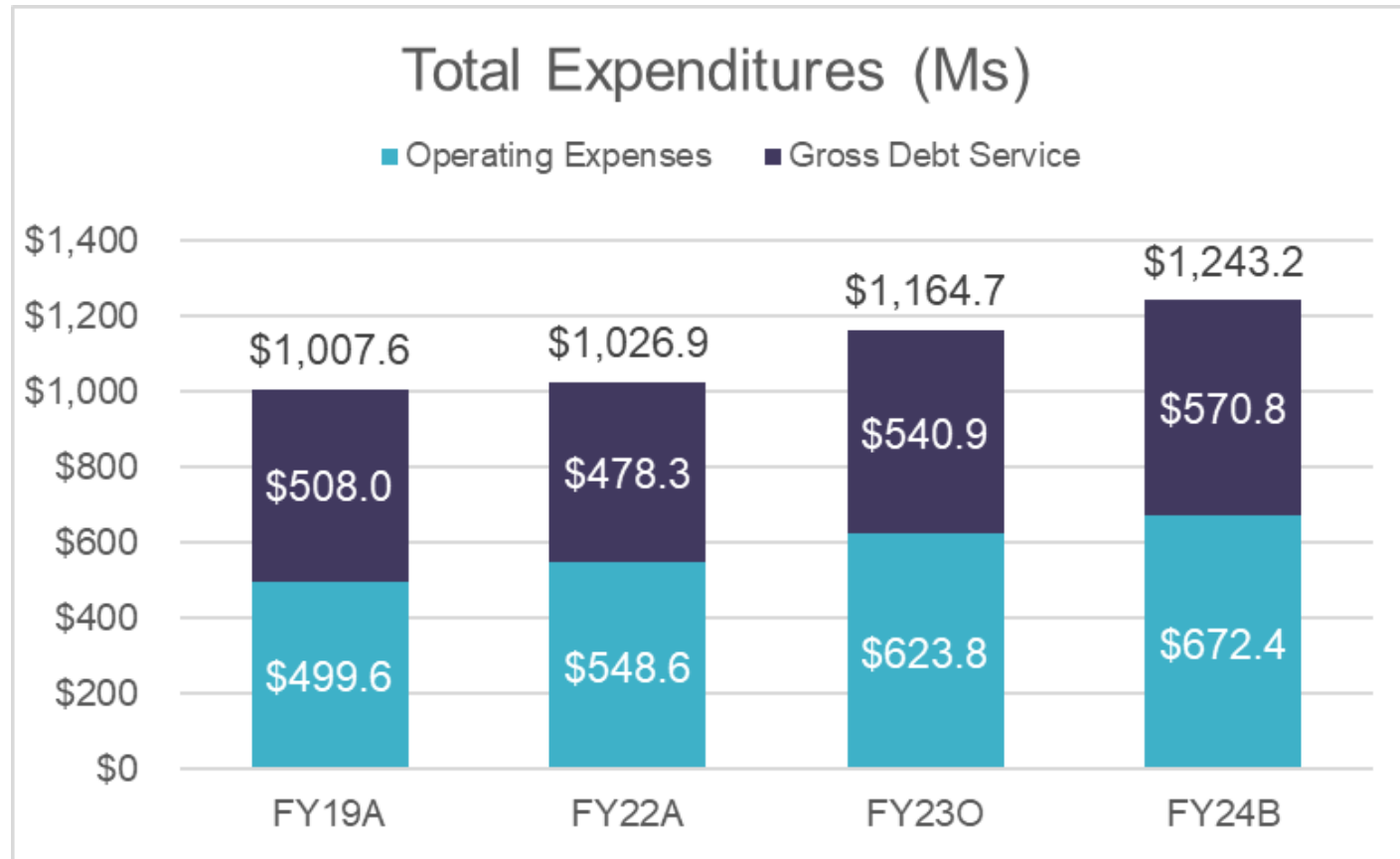
Debt service budget increase due primarily to issuance of debt for AA facilities in FY23 and the planned issuance of \$300 million of new debt in FY24 to fund capital program



Annual Expenditure (in Millions)	FY23	FY 24	FY24 vs FY23	
	Outlook	Budget	Increase/(Decrease)	
Operating Expenses	\$ 623.8	\$672.4	\$ 48.7	7.8%
Gross Debt	540.9	570.8	29.9	5.5%
Total Expenditure Budget within rate base	\$ 1,164.7	\$1,243.2	\$ 78.6	6.7%
Board Contingency outside rate base	10.0	10.0		
Total Budget with Contingency	\$ 1,174.7	\$1,253.2		

Expenditure Budget

The FY24 Budget is 6.7% higher than FY23 Outlook, 23.4% higher than FY19. Increases in operating costs and the issuance of new debt are offset by savings from refundings over the last several years.

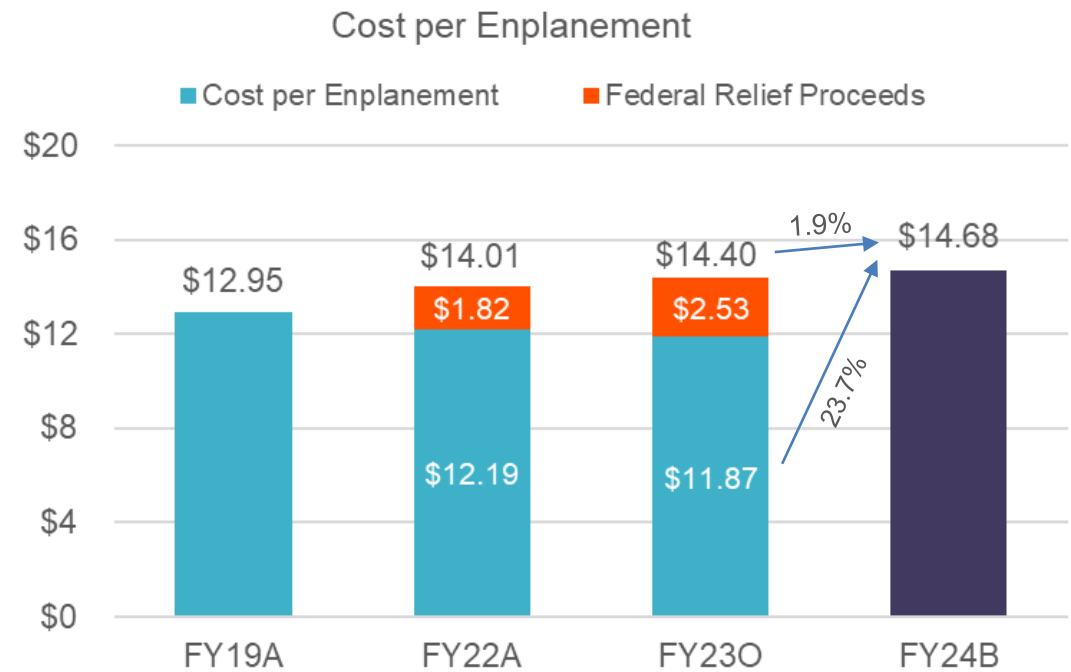
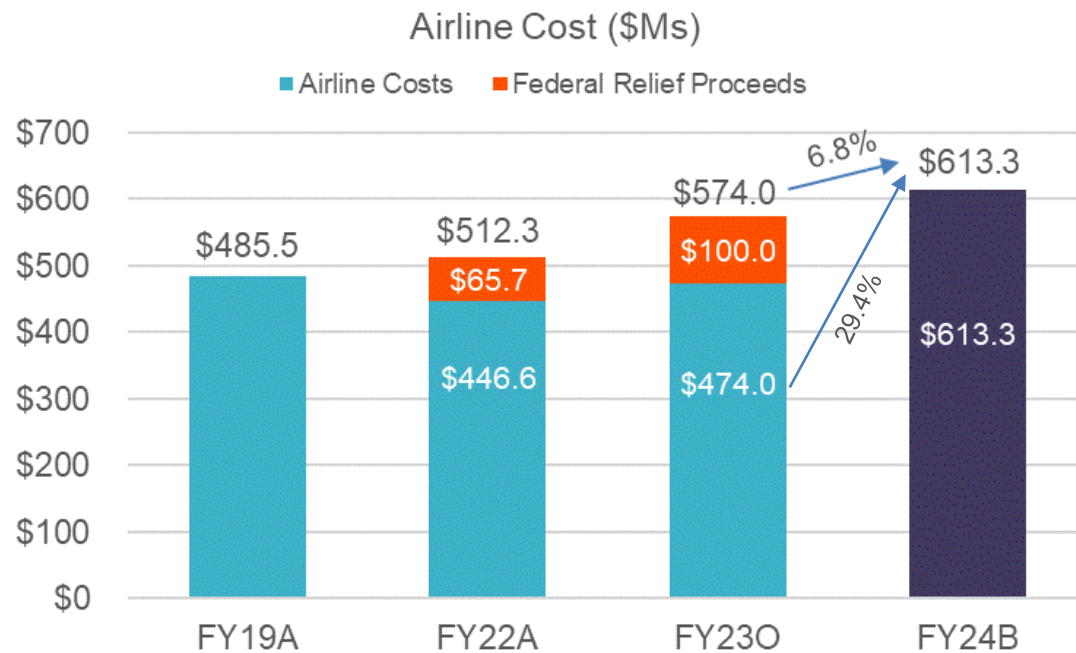


Operating Expense Budget Walkforward

Operating Expenses (in Millions)	Total
FY23 Outlook	\$623.8
Budget reductions	(10.8)
Fixed contract increases	19.2
Employee related increases	14.8
Restore CEO Contingency	8.0
Digital and technology investments	6.9
Customer related increases	4.9
Other increases	5.2
Operating reserve adjustments	0.5
Net increase	48.7
FY24 Budget	<u><u>\$672.4</u></u>

Airline Cost and CPE

The FY24 Airline Cost budget increase is mainly due to zero Federal Relief Proceeds. CPE increases because costs are rising faster than enplanements; however, CPE is lower than the rate negotiated as part of the new Use Agreement with the airlines.



Request Budget Approval - \$1.253B

Annual Expenditure (in Millions)	FY 24 Budget
Operating Expenses	\$672.4
Gross Debt	570.8
Total Expenditure Budget within rate base	<u>\$1,243.2</u>
Board Contingency outside rate base	<u>10.0</u>
Total Budget with Contingency	<u><u>\$1,253.2</u></u>

Tax Sharing to Owner Cities

Euless, Irving, Coppell, and Grapevine (south of HWY 114) have tax sharing arrangements with DFW and the Owner Cities.

Revenues split between “Host City” (1/3rd) and Owner Cities (2/3rd)

- Split between Dallas and Fort Worth is based upon 7/11th and 4/11th ownership, except for Rental Car Center taxes which are shared equally

Host Cities paid \$23.2 million in 2022

- \$8.1 million (53.7%) increase from prior year due primarily taxes paid on car rentals
- Dallas - \$13.1 million
- Fort Worth - \$10.1 million