



## Legislation Text

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**File #:** 20-1604, **Version:** 1

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**STRATEGIC PRIORITY:** Mobility Solutions, Infrastructure, and Sustainability  
**AGENDA DATE:** September 9, 2020  
**COUNCIL DISTRICT(S):** N/A  
**DEPARTMENT:** Office of Strategic Partnerships & Government Affairs  
**EXECUTIVE:** Kimberly Bizer Tolbert

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### **SUBJECT**

A resolution to approve the Dallas Fort Worth International Airport Board's FY 2021 proposed budget - Financing: No cost consideration to the City

### **BACKGROUND**

The Dallas Fort Worth International Airport is requesting the Owner Cities of Dallas and Fort Worth to approve its FY 2021 Budget. The total budget is \$981.4 million. The budget assumes \$68.7 million reductions from the FY20 Budget, largely in response to the COVID-19 pandemic, which has had a material impact on aircraft operations, passenger volumes, revenues and costs since March 2020 and will continue into FY21.

Though DFW has seen a reduction in passengers based on COVID-19, DFW is experiencing a faster recovery than other airports in the United States. In fact, in May and June 2020, DFW Airport was the busiest airport in the United States. Below are the major themes for this budget:

- Passengers are projected to be 53.1 million, a 7.5 million (16.5%) increase over the FY20 passenger projection of 45.6 million. This is primarily due to American Airlines' announced strategy to extensively utilize DFW, its largest connecting hub.
- Management identified \$57.2 million (10.7%) of operating expense reductions before adding back funding for strategic priorities (customer experience and safety and security) and certain fixed cost increases. The total FY21 operating expense budget is \$495.2 million, a \$39 million (7.3%) reduction from the FY20 budget.
- The debt service budget is \$468.2 million, \$29.7 million (6%) lower than the FY20 budget primarily due to savings achieved from the July 2020 bond refunding.
- DFW has attained its publicly stated goal to keep FY21 landing fees and terminal rental rates flat to the FY20 budget by reducing costs and utilizing the CARES Act proceeds.
- Cost per enplanement is budgeted at \$17.28, a \$2.22 (11.4%) reduction from the projection for FY20 of \$19.50.

- DFW cost center net revenues (from non-airline sources) are budgeted at \$164 million., the same as FY20. Of this amount, \$70 million is budgeted to be shared with the airlines and the remaining \$94 million will be transferred to the DFW capital account.

The budget request includes \$8 million of passenger driven contingency, plus the traditional request for \$10 million of Board contingency. These funds may be necessary to fund expenditures that were cut from the budget if passenger growth is stronger than assumed. These costs are not included in the airline rate based (landing fees and terminal rents). If passengers recover more quickly than budget, DFW will generate incremental revenues to pay for the costs.

The budget was briefed and approved by the DFW Airport Board on August 6, 2020. In accordance with the 1968 Contract and Agreement between the Cities of Dallas and Fort Worth. DFW has submitted a copy of the board-approved budget to each City Secretary's Office. Per the Contract and Agreement. The budget needs to be approved by both Owner Cities prior to September 30th each year.

### **FISCAL INFORMATION**

No cost consideration to the City.