
FY 2021 Budget Overview

Full Board

August 6, 2020



FY21 Budget Overview

COVID-19 has significantly impacted DFW and the aviation industry.

DFW recovering more quickly than other airports

- FY21 passengers up 16.5% to 53.1M from projection for FY20

Reduced expenditure budget \$68.7M from FY20 Budget

- Operating expenses reduced \$39.0M
- Debt service reduced \$29.7M

Achieved goal to keep airline rates and charges flat in FY21 with FY20 Budget.

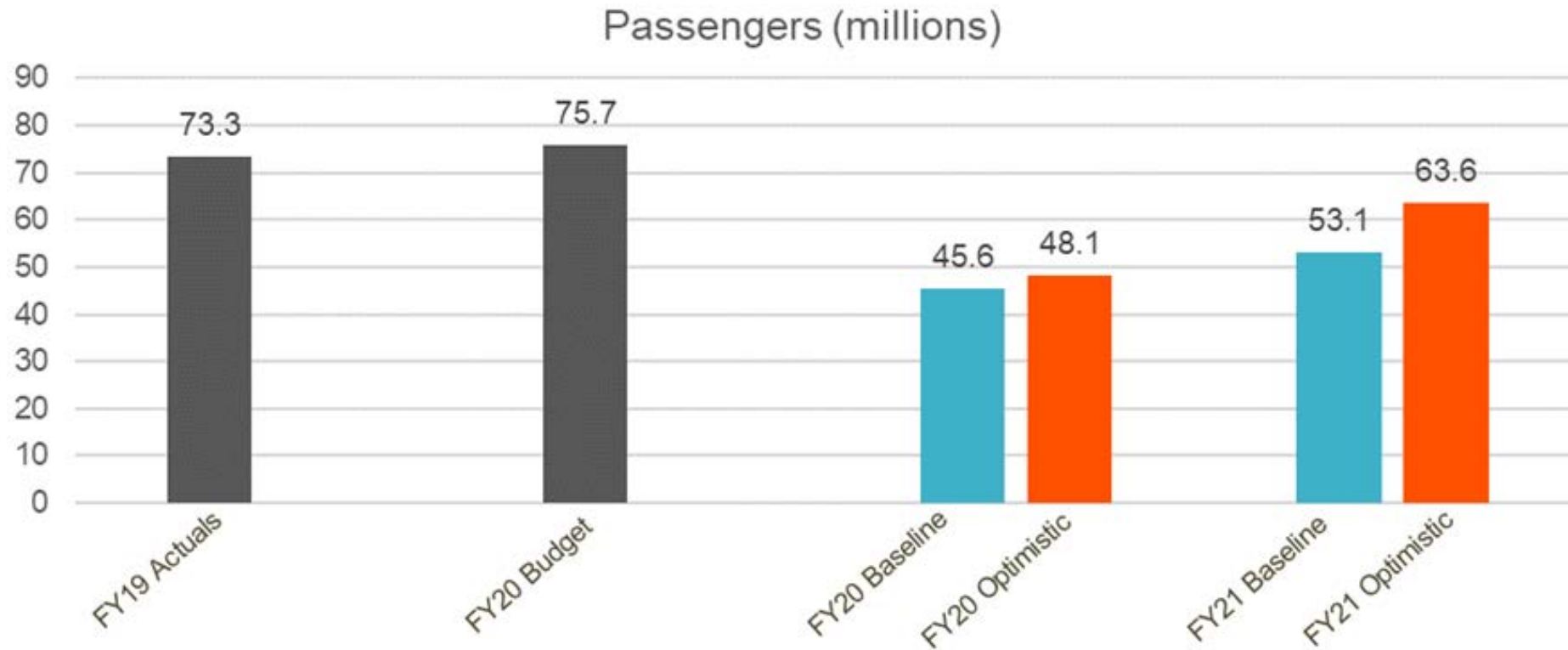
- Sufficient CARES Act funds available for FY21 (\$128.3M)
- Cost per Enplanement reduced 11.4%

DFW Cost Center net revenues of \$164M; \$94M to DFW Capital Account, same as FY20



Passenger Forecasts

DFW developed baseline and optimistic passenger forecasts based on the timing of availability of COVID-19 vaccine. Likely to take several years before passengers recover to FY 2019 levels.



Expenditure Budget

Total budget is \$963.4 million, a \$68.7 million (6.7%) reduction from FY20.

Identified \$57.2 million (10.7%) of cost reductions as part of FY21 budget process

\$18.2 million of funding for strategic priorities and fixed costs increases have been added back for net reduction of \$39M (7.3%) in operating expenses

Budget is sufficient to ensure DFW remains safe and secure and provides an excellent customer experience

Debt service reduced by \$29.7 million due to savings from July 2020 refundings



Annual Budget (in Millions)	FY20 Budget	FY21 Budget	FY21B v FY20B	
			Inc (Dec) Amount	Percent
Operating Expenses	\$534.1	\$495.2	(\$39.0)	(7.3%)
Gross Debt Service	497.9	468.2	(29.7)	(6.0%)
Total Expenditures Budget within rate base	\$1,032.0	\$963.4	(\$68.7)	(6.7%)

Budget Walkforward (millions)	Amount
FY 2020 Budget	\$534.1
Cost Savings and Budget Reductions	
Contract labor and services	(15.4)
Passenger/airline service reductions	(14.0)
Salaries and benefits	(8.9)
Asset management, fuels and facilities	(6.2)
Other savings	(6.9)
Reduce operating reserve	(5.8)
Total Cost Savings and Budget Reductions	(57.2)
Cost Increases	
Strategic Priorities	
Custodial and cleaning	3.0
Integrated Operations Center (IOC) staffing	2.3
Fixed increases:	
Property Insurance premiums	2.8
Technology	2.1
Skylink maintenance	1.4
Baggage handling and other maintenance	1.3
Restore CEO Contingency in rate base	5.1
Other, net	0.3
Net Decrease in Budget	(39.0)
FY 2021 Budget	\$495.2

Operating Expense Budget Walkforward

Almost all discretionary spending has been reduced from FY21 budget

Some of the \$14M of passenger service reductions may need to be added back if passengers return faster than baseline budget (e.g., busing, CBP overtime, wheelchair service)

122 positions are budgeted to remain vacant in FY21 plus a 2% vacancy rate (equivalent of 42 more positions)

No merit/salary increases are budgeted (normally effective first pay period in January)

Strategic priorities and fixed cost increases discussed on next pages

CEO Contingency restored to \$8 million, was \$6 million in FY20 – increase due to COVID uncertainties and deicing (removed from budget)

Debt Service – FY20 Refunding Summary

The debt service budget has been reduced 29.7 million (7.3%).

Refunded approximately \$2.2 billion of bonds in July 2020 in three series (includes \$250 million of commercial paper)

DFW was first large hub airport to issue bonds post-COVID

Extensive disclosure and investor outreach

Shuffled schedule to maximize results

Total debt service savings over life of bonds

- 2020A - \$169 million (27% NPV)
- 2020B - \$155 million (27%NPV)
- 2020C - \$290 million (22% NPV)
- Total savings of \$613 million



DFW Cost Center Net Revenues

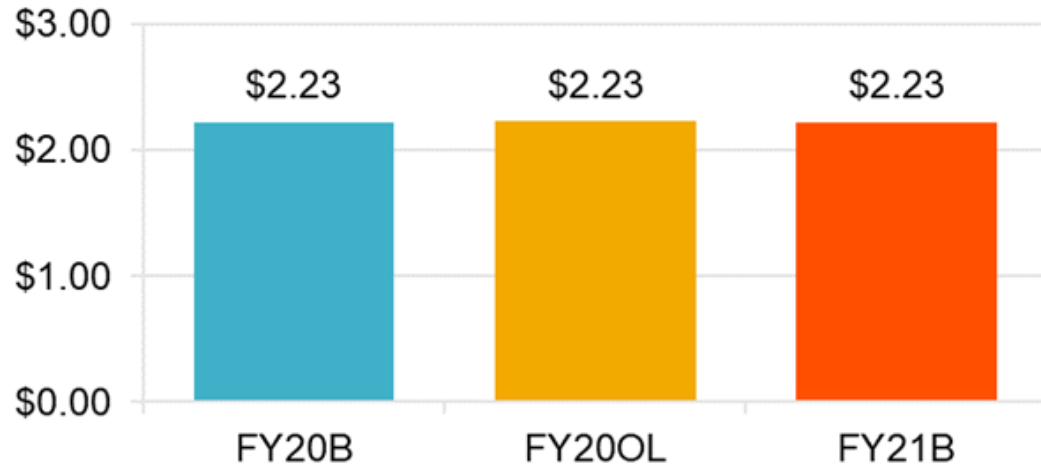
Passenger related revenues increase due to higher passenger levels.
 CARES Act revenue is the balancer to keep Net Revenues flat to FY20 Budget.

DFW Cost Center (in Millions)	FY20 Budget	FY20 Outlook	FY21 Budget	FY21B vs FY20OL	
				Inc (Dec) Amount	Percent
Revenues					
Parking	\$181.4	\$98.1	\$107.6	\$9.4	9.6%
Concessions	83.1	46.6	58.7	12.1	26.0%
Advertising	14.6	10.4	11.1	0.7	6.7%
Rental Car (RAC)	33.3	21.8	25.1	3.3	14.9%
Commercial Development	55.3	55.3	57.4	2.1	3.8%
Miscellaneous Revenue	43.8	41.4	34.5	(6.9)	(16.6%)
CARES Act Revenue	0.0	124.3	91.0	(33.3)	(26.8%)
Total Revenues	411.5	398.0	385.4	(12.6)	(3.2%)
Less Expenses and Net Debt Service	247.5	234.0	221.4	(12.6)	(5.4%)
Total Net Revenues	\$164.0	\$164.0	\$164.0	(0.0)	(0.0%)
Allocation of Net Revenues					
Transfer to Airfield Cost Center	\$70.5	\$70.5	\$70.0	(0.5)	(0.7%)
DFW Capital Account	93.5	93.5	94.0	0.5	0.6%
Total Net Revenues	\$164.0	\$164.0	\$164.0	(0.0)	(0.0%)

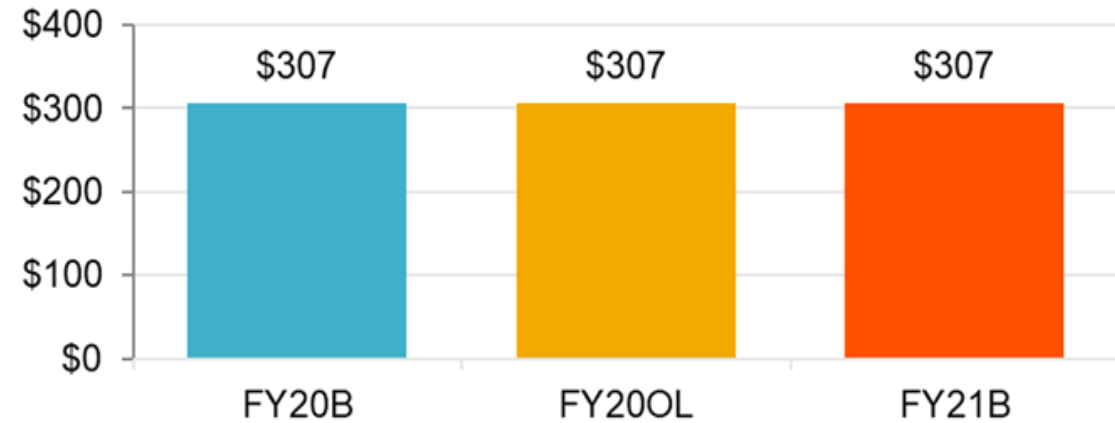
Airline Metrics

Airline rates and charges remain the same, CPE reduced.

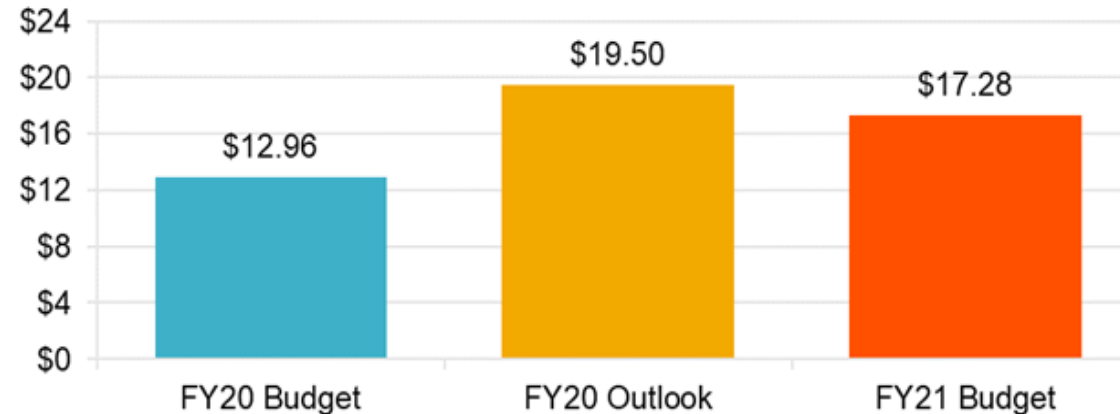
Landing Fee Rates (per 1,000 pounds)



Average Terminal Rents before Credits per square foot



Airline Cost per Enplanement



OBA – Budget Approval

Request approval of the FY 2021 Budget in the amount of \$981.4 million, including contingency outside the rate base.

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Total Expenditures Budget within rate base	\$1,032.0	\$963.4	(\$68.7)	(6.7%)
Passenger Driven Contingency outside rate base	-	8.0		
Board Contingency outside rate base	10.0	10.0		
Total Budget w/Contingency	\$1,042.0	\$981.4		