8. Funding Plan

This section presents a potential funding plan for implementing the CIP projects recommended in the Master Plan Update, along with an assessment of the ability of the Airport sponsor (i.e., the City) to fund the recommended projects associated with the preferred alternatives. These projects are designed to maintain the Airport and provide the required improvements and facilities from FY 2015 through FY 2024.

The actual implementation schedule for the various construction projects recommended in the Master Plan Update will be influenced, in part, by demand, funding availability, priorities of the City, and other relevant factors, and may not correspond precisely to the schedule described in this section. For purposes of the illustrative financial analysis, a specific implementation schedule was assumed. However, it should be noted that this schedule and the resulting financial analysis are intended only to demonstrate financial feasibility. Actual funding strategies for each project will be determined nearer to the time of project implementation.

In general, the financial analysis for the Master Plan Update was conducted as follows:

- The Airport's existing financial structure was examined and applicable financial information obtained.
- A list of proposed capital development projects was compiled, including estimated project construction costs and construction start and end dates.
- Potential funding sources were identified and the potential availability of funding from those sources was analyzed, as applicable.
- Debt service was estimated for projects requiring the use of future bond proceeds.
- Amortization was estimated for Airport cash expenditures.
- Projections of operation and maintenance (O&M) expenses and nonairline revenues were developed.
- Airline revenues and rates and charges were projected to enable an assessment of the effect of the potential funding plan on key financial metrics, such as airline rates and charges, cost per enplaned passenger (CPE), and debt service coverage.

8.1 Airport Financial Structure

The City of Dallas owns and operates the Airport through its Department of Aviation. In addition, the City owns Dallas Executive Airport and the Dallas Heliport. The City also manages numerous tenant facilities at DAL, provides a safe and efficient airport for the operation of aircraft, promotes the development of Airport

property for aviation and related commercial services, obtains and administers FAA grants, and ensures the compatibility of proposed developments within and around the Airport with federal, State, and local standards. The City/Airport operates on a fiscal year basis, with years ending September 30. Within the Department of Aviation, the Finance and Administration Division is responsible for finance, budget, and human resources functions, including the development and administration of budgets and the collection of revenues, among other tasks. The Department of Aviation manages and operates the Airport Revenue Fund, an enterprise fund of the City. The Airport Revenue Fund is used to account for services provided to the general public using the Dallas Airport System, and its costs are recovered primarily through user rentals, fees, and charges (e.g., landing fees, building and ground rentals, parking fees, concession fees).

The Airport Use and Lease Agreement (the Airline Agreement) dictates the business and operational relationship between the City and the airlines that execute the Airline Agreement (the Signatory Airlines) and defines the terms under which those airlines operate at and use the Airport. The City and Southwest Airlines (the busiest airline serving the Airport in terms of numbers of enplaned passengers and aircraft operations) executed an amended agreement on February 13, 2009, effective retroactively as of October 1, 2008. The term of Southwest's Amended Agreement extends through September 30, 2028.

For purposes of calculating airline rates and charges, Airport-related revenues and costs are allocated to various cost centers, defined in the Airline Agreement, as follows:

- **Administration**: The Administration cost center includes administrative and overhead costs of operating, maintaining, and administering the Airport not directly chargeable to one of the other Airport cost centers.
- **Airfield**: The Airfield cost center includes runways, taxiways, taxilanes, and apron areas (other than the Apron Area and other leased apron areas), navigational aids, hazard designation and warning devices, airfield security roads and fencing, blast fencing, lighting, avigation easements, and safety areas for aircraft landing, taking off, and taxiing.
- **Apron Area**: The Apron Area cost center includes the new aircraft apron pavement and associated hydrant fueling system serving the terminal building. The Apron Area also includes preferential use aircraft parking positions, aircraft RON parking areas, and associated taxilanes.
- **Other Buildings & Areas**: The Other Buildings & Areas cost center includes other buildings and ground areas of the Airport leased or available for lease to other Airport tenants and users, as they now exist or as they may be modified or expanded from time to time.
- **Parking & Ground Transportation Area**: The Parking & Ground Transportation Area cost center includes the public automobile parking structures and surface parking areas accommodating public automobile parking and ground transportation, as they now exist or as they may be modified or expanded from time to time.
- **Terminal Building**: The Terminal Building cost center includes the passenger terminal complex.
- **Terminal Roadways**: The Terminal Roadways cost center includes the terminal access roadway (Cedar Springs Road/Herb Kelleher Way/) and the terminal loop roadways and curbsides serving the terminal building, as they now exist or as they may be modified or expanded from time to time.

8.2 Capital Improvement Program – Projects and Funding Plan

Section 5 of this Master Plan Update presents an evaluation of alternative development projects culminating in the selection of the preferred alternatives to satisfy short- and long-term Airport capital development requirements. Projects that could be initiated within the initial 10-year planning period of the Master Plan Update consist of the CIP projects that are the subject of this financial analysis.

8.2.1 PROJECTS

Table 8-1 presents the projects included in the Master Plan Update CIP expected to be implemented through FY 2024, including estimated costs. The total estimated cost of the 10-year CIP in escalated dollars is $514.2 million. The CIP consists of Airfield Modification Projects and Landside Development Projects. Recognizing the conceptual nature of a master plan, implementation of these capital development projects would occur only after further refinement through advanced planning and programming and engineering and architectural analyses. Therefore, the estimated CIP costs developed for purposes of this funding plan must be viewed as preliminary, reflecting a master plan level of detail subject to refinement in subsequent implementation phases.

8.2.1.1 Airfield Modification Projects

Airfield Modification Projects are estimated to total approximately $275.7 million and, with the exception of Projects #17 through #24, generally consist of pavement reconstruction and modification, as described in a report describing an airfield pavement evaluation.[1] Estimated costs were escalated from 2014 dollars at an annual rate of 4 percent to the midpoint of construction and include construction contingencies, construction administration, and engineering/design services. For most of these projects, it was assumed that design would occur in one fiscal year, with construction occurring in the following fiscal year. The implementation schedule for Projects #1 through #7 was provided by one of the City's engineering consultants. The implementation schedule for the remaining projects was determined based on funding availability, with projects generally assumed to be implemented in the latter half of the initial 10-year planning period. The estimated cost and implementation schedule for Project #17 was provided by another of the City's engineering consultants. The estimated costs and implementation schedules for Projects #18 and #19 were obtained from the Airport's 5-year CIP. The estimated costs and implementation schedules for Projects #20 through #24 were obtained from the *Electrical Systems Conditions Inventory and Assessment.*

---

1 Kimley-Horn Associates, *Dallas Love Field Airfield Pavement Evaluation*, November 2014.

2 Parsons Brinkerhoff, Dallas Love Field Electrical Systems Conditions Inventory and Assessment, - Final Airfield Report, December 2013.

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-1 (1 of 2): Capital Improvement Program Estimated Costs and Annual Expenditures

For Fiscal Years Ending September 30

PROJECT #	PROJECT DESCRIPTION	START	END	ESTIMATED COSTS [1]	ESTIMATED ANNUAL PROJECT EXPENDITURES									
					2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Airfield Modification Projects [2]														
1	Runway 18-36 Midfield Taxiway Conversion	2015	2016	$8,475,000	$834,000	$7,641,000	$-	$-	$-	$-	$-	$-	$-	$-
2	Runway 18-36 Reconstruction of Taxiway Crossings	2015	2015	$2,402,000	$2,402,000	$-	$-	$-	$-	$-	$-	$-	$-	$-
3	Taxiway B Reconstruction - Taxiway B4 to Taxiway B2 (incl. Taxiway B3/B4)	2015	2016	$12,334,000	$1,213,000	$11,121,000	$-	$-	$-	$-	$-	$-	$-	$-
4	Taxiway B Reconstruction - Taxiway B2 to Runway 31R (incl. Taxiway B1/B2)	2016	2017	$15,318,000	$-	$1,507,000	$13,811,000	$-	$-	$-	$-	$-	$-	$-
5	Taxiway B Reconstruction - Runway 13L to Runway 18-36	2018	2019	$10,703,000	$-	$-	$-	$1,053,000	$9,650,000	$-	$-	$-	$-	$-
6	Taxiway B Reconstruction - Runway 18-36 to Taxiway B3 (incl. Taxiway D, B5, B6)	2019	2020	$22,491,000	$-	$-	$-	$-	$1,817,000	$20,674,000	$-	$-	$-	$-
7	Taxiway C Reconstruction - Taxiway D to Taxiway C2/C3 (incl. Taxiway C2/C3)	2017	2018	$12,822,000	$-	$-	$1,261,000	$11,561,000	$-	$-	$-	$-	$-	$-
8	Taxiway C Reconstruction - West End of Taxiway C to West of Taxiway C4 (incl. Runway 13R Hold Apron)	2019	2020	$16,284,000	$-	$-	$-	$-	$1,316,000	$14,968,000	$-	$-	$-	$-
9	Taxiway C Reconstruction - Taxiway C2 to East End of Taxiway C (incl. Runway 31L Hold Apron)	2020	2021	$17,430,000	$-	$-	$-	$-	$-	$1,362,000	$16,068,000	$-	$-	$-
10	Taxiway A Reconstruction - Taxiway D to East End of Taxiway A (incl. Taxiway A Hold Apron, and Taxiway A3, A2, A1)	2020	2021	$35,651,000	$-	$-	$-	$-	$-	$2,785,000	$32,866,000	$-	$-	$-
11	Taxiway M Reconstruction - Taxiway B3 to Taxiway B (incl. Runway 31R Hold Apron)	2021	2022	$20,633,000	$-	$-	$-	$-	$-	$-	$1,559,000	$19,074,000	$-	$-
12	Taxiway K Reconstruction - Taxiway L to Runway 18-36 (incl. Run Up Apron)	2021	2022	$8,513,000	$-	$-	$-	$-	$-	$-	$643,000	$7,870,000	$-	$-
13	Runway 13R-31L Keel Reconstruction (incl. Taxiway C2/C3)	2022	2023	$42,872,000	$-	$-	$-	$-	$-	$-	$-	$3,131,000	$39,741,000	$-
14	Misc. Taxiway Improvements within Runway 13R-31L RSA (Incl. Taxiway A3/A)	2023	2023	$2,813,000	$-	$-	$-	$-	$-	$-	$-	$-	$2,813,000	$-
15	Runway 18-36 Taxiway Conversion (Taxiway A to Runway 13L) and Taxiway D	2024	2024	$7,484,000	$-	$-	$-	$-	$-	$-	$-	$-	$-	$7,484,000
16	Miscellaneous Taxilane and Apron Improvements	2020	2024	$28,136,000	$-	$-	$-	$-	$-	$5,627,000	$5,627,000	$5,627,000	$5,627,000	$5,628,000
17	Relocate Runway 31R Glideslope, RVR and PAPI	2016	2018	$932,000	$-	$348,000	$465,000	$119,000	$-	$-	$-	$-	$-	$-
18	Airport Perimeter Roads Rehabilitation, Sections 1 and 2 [3]	2016	2016	$4,000,000	$-	$4,000,000	$-	$-	$-	$-	$-	$-	$-	$-
19	Security Controls Enhancements [3]	2015	2016	$2,050,000	$225,000	$1,825,000	$-	$-	$-	$-	$-	$-	$-	$-
20	2015 Ongoing Cable Replacement, Phase 1 [4]	2015	2015	$660,000	$660,000	$	$	$	$	$	$	$	$	$
21	2016 Drainage Efficiency Improvements, Phase 1 [4]	2016	2016	$970,000	$-	$970,000	$-	$-	$-	$-	$-	$-	$-	$-
22	2017 Drainage Efficiency Improvements, Phase 2 [4]	2017	2017	$1,000,000	$-	$-	$1,000,000	$-	$-	$-	$-	$-	$-	$-
23	2018 Runway LED HIRL, Centerline and TDZ Upgrades [4]	2018	2018	$1,100,000	$-	$-	$-	$1,100,000	$-	$-	$-	$-	$-	$-
24	2020 Ongoing Cable Replacement, Phase 2 [4]	2020	2020	$675,000	$-	$-	$-	$-	$-	$675,000	$-	$-	$-	$-
Total Airfield Modification Projects				**$275,748,000**	**$5,334,000**	**$27,412,000**	**$16,537,000**	**$13,833,000**	**$12,783,000**	**$46,091,000**	**$56,763,000**	**$35,702,000**	**$48,181,000**	**$13,112,000**

181354

Table 8-1 (2 of 2): Capital Improvement Program Estimated Costs and Annual Expenditures (2 of 2)

For Fiscal Years Ending September 30

PROJECT #	PROJECT DESCRIPTION	START	END	ESTIMATED COSTS 1/	ESTIMATED ANNUAL PROJECT EXPENDITURES 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Landside Development Projects 5/														
25	Aviation Place Bridge	2020	2022	$6,174,000	$-	$-	$-	$-	$-	$1,621,000	$3,892,000	$661,000	$-	$-
26	Parking Garage	2020	2022	$100,000,000	$-	$100,000,000	$-	$-	$-	$-	$-	$-	$-	$-
27	General Aviation Facilities	2022	2023	$81,553,000	$-	$-	$-	$-	$-	$-	$-	$34,798,000	$46,755,000	$-
28	Mockingbird Lane- Cedar Springs Road/Herb Kelleher Way Intersection	2018	2020	$38,120,000	$-	$-	$-	$9,514,000	$22,847,000	$5,759,000	$-	$-	$-	$-
29	Herb Kelleher Way Lighting/Streetscape, Phase 1 4/	2015	2015	$2,000,000	$2,000,000	$-	$-	$-	$-	$-	$-	$-	$-	$-
30	Herb Kelleher Way Lighting/Streetscape, Phase 2 4/	2016	2016	$4,700,000	$-	$4,700,000	$-	$-	$-	$-	$-	$-	$-	$-
31	Herb Kelleher Way Lighting/Streetscape, Phase 3 4/	2017	2017	$900,000	$-	$-	$900,000	$-	$-	$-	$-	$-	$-	$-
32	Correct Deficient Lighting in Parking Garage A, Covered Areas 4/	2018	2018	$800,000	$-	$-	$-	$800,000	$-	$-	$-	$-	$-	$-
33	Parking Garage A & B Lighting Efficiency Improvement 4/	2019	2019	$4,200,000	$-	$-	$-	$-	$4,200,000	$-	$-	$-	$-	$-
34	Valet Parking Lot Lighting Improvement 4/	2020	2020	$20,000	$-	$-	$-	$-	$-	$20,000	$-	$-	$-	$-
35	Airfield Maintenance Facility Parking Lot Lighting Improvement 4/	2020	2020	$20,000	$-	$-	$-	$-	$-	$20,000	$-	$-	$-	$-
Total Landside Development Projects				**$238,487,000**	**$2,000,000**	**$104,700,000**	**$900,000**	**$10,314,000**	**$27,047,000**	**$7,420,000**	**$3,892,000**	**$35,459,000**	**$46,755,000**	-
Total Capital Improvement Program				**$514,235,000**	**$7,334,000**	**$132,112,000**	**$17,437,000**	**$24,147,000**	**$39,830,000**	**$53,511,000**	**$60,655,000**	**$71,161,000**	**$94,936,000**	**$13,112,000**

NOTES: HIRL = High Intensity Runway Lights; LED = Light-emitting Diode; PAPI = Precision Approach Path Indicator; RSA = Runway Safety Area; RVR = Runway Visual Range.

1/ Estimated costs are for Master Plan Update purposes only and include escalation from 2014 dollars to the midpoint of construction at an annual rate of 4 percent, as applicable.

2/ Estimated costs for Airfield Modification Projects were developed by Kimley-Horn Associates, November 2014, except for Project #17 (glideslope relocation), for which the cost was developed by Parsons Brinckerhoff, December 2014. The implementation schedules for Projects #1, #2, #3, #4, #5, #6, and #7 were provided by Kimley-Horn Associates. The implementation schedules for all other Airfield Modification Projects were provided by Ricondo & Associates, Inc., based on funding availability. The implementation schedule for Project #17 (glideslope relocation) was provided by Parsons Brinckerhoff.

3/ The implementation schedules and estimated costs for Projects #18 and #19 are from the Airport's 5-Year CIP, as submitted by the City to the Federal Aviation Administration in April 2014.

4/ The implementation schedules and estimated costs for Projects #20 through #24 and Projects 29 through 35 are from the *Electrical Systems Inventory and Conditions* Assessment-Final Airfield Report December 2013 and *Electrical Systems Inventory and Conditions* Assessment - *Final Landside Report* Parsons Brinkerhoff, September 2014.

5/ The implementation schedules and estimated costs for Landside Development Projects were prepared by Parsons Brinckerhoff, December 2014.

SOURCES: Ricondo & Associates, Inc., March 2015 and the sources noted in the footnotes above.
PREPAREDY BY: Ricondo & Associates, Inc., March 2015.

8.2.1.2 Landside Development Projects

The Landside Development Projects are estimated to cost approximately $238.5 million (escalated from 2014 dollars at an annual rate of 4 percent to the midpoint of construction). Cost estimates and implementation schedules for these projects were provided by one of the City's engineering consultants and include construction contingencies, construction administration, and engineering/design services. Landside Development Projects encompass approximately $12.6 million of improvements included in the Airport's Recommended Electrical System CIP. Key Landside Development Projects include the following:

- **Aviation Place Bridge**: This project would elevate Aviation Place via a one-lane vehicular bridge over Herb Kelleher Way to improve the traffic flow and level of service on Herb Kelleher Way. The one-lane bridge would have a 16-foot drive lane with two 10-foot shoulders. This width would allow for the potential to expand to two lanes at some point in the future if needed. In addition, signalization at the existing intersection of Aviation Place and Herb Kelleher Way would be eliminated.
- **Parking Garage**: This project consists of a new parking garage to be located east of the terminal complex and just north of Garage B. Initial planning for this facility is ongoing and anticipated to accommodate PAL E3 demand.
- **General Aviation Facilities**: This project consists of four 30,000-square-foot aircraft hangars, each assumed to contain 3,000 square feet of office space, and two 37,500-square-foot aircraft hangars, each assumed to contain 5,000 square feet of office space. Each hangar is estimated to include supporting parking spaces at the rear. The location of the development would be north of Taxiway A and west of Taxiway N. This project would also include realignment of the airfield perimeter road with the addition of three blast fences, two new access roads (one off Shorecrest Drive and one at Webb Chapel Road), associated traffic lighting, apron paving, apron lighting, airfield pavement and associated airfield electrical demolition, and associated drainage improvements for the site. This project would not be funded by the Airport enterprise, but by other funds.
- **Mockingbird Lane – Cedar Springs Road/Herb Kelleher Way Intersection**: This project consists of the construction of a four-lane depressed vehicular corridor at Mockingbird Lane, under Cedar Springs Road/Herb Kelleher Way, for a new urban interchange that would improve traffic flow and level of service at the intersection.

8.2.2 CAPITAL IMPROVEMENT PROGRAM FUNDING PLAN

Airport development is often funded by a combination of public and private sources. Most sponsors of airports similar in size to DAL have a variety of available funding sources and mechanisms to fund capital projects. The funding plan presented herein does not represent a final plan of finance for the CIP projects. Additional actions would be needed prior to the use of some of these funding sources for specific projects. It was assumed that the costs of these projects will ultimately be funded by a combination of sources, such as federal Airport Improvement Program (AIP) grants, passenger facility charge (PFC) revenues, Airport funds, proceeds from the issuance of airport revenue bonds, and other/third-party funds. **Table 8-2** presents the estimated funding sources for the CIP projects. Each potential funding source is described in the following subsections.

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-2 (1 of 2): Capital Improvement Program Funding Sources (1 of 2)

PROJECT #	PROJECT DESCRIPTION	ESTIMATED COSTS [1]	ESTIMATED FUNDING SOURCES					
			AIP ENTITLEMENT GRANTS	AIP DISCRETIONARY GRANTS	PFC REVENUES	AIRPORT FUNDS	REVENUE BOND PROCEEDS	OTHER FUNDS
Airfield Modification Projects								
1	Runway 18-36 Midfield Taxiway Conversion	$8,475,000	$900,000	$-	$7,575,000	$-	$-	$-
2	Runway 18-36 Reconstruction of Taxiway Crossings	$2,402,000	$900,000	$-	$1,502,000	$-	$-	$-
3	Taxiway B Reconstruction - Taxiway B4 to Taxiway B2 (incl. Taxiway B3/B4)	$12,334,000	$-	$-	$-	$12,334,000	$-	$-
4	Taxiway B Reconstruction - Taxiway B2 to Runway 31R (incl. Taxiway B1/B2)	$15,318,000	$1,400,000	$-	$-	$13,918,000	$-	$-
5	Taxiway B Reconstruction - Runway 13L to Runway 18-36	$10,703,000	$2,400,000	$5,250,000	$3,053,000	$-	$-	$-
6	Taxiway B Reconstruction - Runway 18-36 to Taxiway B3 (incl. Taxiway D, B5, B6)	$22,491,000	$2,400,000		$2,450,000	$17,641,000	$-	$-
7	Taxiway C Reconstruction - Taxiway D to Taxiway C2/C3 (incl. Taxiway C2/C3)	$12,822,000	$2,300,000	$3,750,000	$-	$6,772,000	$-	$-
8	Taxiway C Reconstruction - West End of Taxiway C to West of Taxiway C4 (incl. Runway 13R Hold Apron)	$16,284,000	$-	$-	$16,284,000	$-	$-	$-
9	Taxiway C Reconstruction - Taxiway C2 to East End of Taxiway C (incl. Runway 31L Hold Apron)	$17,430,000	$2,400,000	$-	$15,030,000	$-	$-	$-
10	Taxiway A Reconstruction - Taxiway D to East End of Taxiway A (incl. Taxiway A Hold Apron, and Taxiway A3, A2, A1)	$35,651,000	$-	$-	$-	$-	$35,651,000	
11	Taxiway M Reconstruction - Taxiway B3 to Taxiway B (incl. Runway 31R Hold Apron)	$20,633,000	$2,400,000	$-	$18,233,000	$-	$-	$-
12	Taxiway K Reconstruction - Taxiway L to Runway 18-36 (incl. Run-Up Apron)	$8,513,000	$-	$-	$-	$8,513,000	$-	$-
13	Runway 13R-31L Keel Reconstruction (incl. Taxiway C2/C3)	$42,872,000	$2,400,000	$-	$38,472,000	$2,000,000	$-	$-
14	Misc. Taxiway Improvements within Runway 13R-31L RSA (incl. Taxiway A3/A)	$2,813,000	$-	$-	$-	$2,813,000	$-	$-
15	Runway 18-36 Taxiway Conversion (Taxiway A to Runway 13L) and Taxiway D	$7,484,000	$2,400,000	$-	$5,084,000	$-	$-	$-
16	Miscellaneous Taxilane and Apron Improvements	$28,136,000	$-	$-	$28,136,000	$-	$-	$-
17	Relocate Runway 31R Glideslope, RVR and PAPI	$932,000	$-	$-	$932,000	$-	$-	$-
18	Airport Perimeter Road Rehabilitation, Sections 1 and 2	$4,000,000	$-	$-	$4,000,000	$-	$-	$-
19	Security Controls Enhancements	$2,050,000	$-	$-	$2,050,000	$-	$-	$-
20	2015 Ongoing Cable Replacement, Phase 1	$660,000	$-	$-	$-	$660,000	$-	$-
21	2016 Drainage Efficiency Improvements, Phase 1	$970,000	$-	$-	$-	$970,000	$-	$-
22	2017 Drainage Efficiency Improvements, Phase 2	$1,000,000	$-	$-	$-	$1,000,000	$-	$-
23	2018 Runway LED High Intensity Runway Lighting, Centerline and Touchdown Zone Upgrades	$1,100,000	$-	$-	$-	$1,100,000	$-	$-
24	2020 Ongoing Cable Replacement, Phase 2	$675,000	$-	$-	$-	$675,000	$-	$-
Total Airfield Modification Projects		**$275,748,000**	**$19,900,000**	**$9,000,000**	**$142,801,000**	**$68,396,000**	**$35,651,000**	**$-**

Table 8-2 (2 of 2): Capital Improvement Program Funding Sources (2 of 2)

PROJECT #	PROJECT DESCRIPTION	ESTIMATED COSTS 1/	ESTIMATED FUNDING SOURCES: AIP ENTITLEMENT GRANTS	AIP DISCRETIONARY GRANTS	PFC REVENUES	AIRPORT FUNDS	REVENUE BOND PROCEEDS	OTHER FUNDS
Landside Development Projects								
25	Aviation Place Bridge	$6,174,000	$-	$-	$-	$6,174,000	$-	$-
26	Parking Garage	$100,000,000	$-	$-	$-		$100,000,000	$-
27	General Aviation Facilities	$81,553,000	$-	$-	$-	$32,756,000	$-	$48,797,000
28	Mockingbird Lane-Cedar Springs Road Intersection	$38,120,000	$-	$-	$-	$4,681,000	$-	$33,439,000
29	Cedar Springs Road Lighting/Streetscape, Phase 1	$2,000,000	$-	$-	$-	$2,000,000	$-	$-
30	Cedar Springs Road Lighting/Streetscape, Phase 2	$4,700,000	$-	$-	$-	$4,700,000	$-	$-
31	Cedar Springs Road Lighting/Streetscape, Phase 3	$900,000	$-	$-	$-	$900,000	$-	$-
32	Correct Deficient Lighting in Parking Garage A, Covered Areas	$800,000	$-	$-	$-	$800,000	$-	$-
33	Parking Garage A & B Lighting Efficient Improvement	$4,200,000	$-	$-	$-	$4,200,000	$-	$-
34	Valet Parking Lot Lighting Improvement	$20,000	$-	$-	$-	$20,000	$-	$-
35	Airfield Maintenance Facility Parking Lot Lighting Improvement	$20,000				$20,000		
Total Landside Development Projects		**$238,487,000**	**$-**	**$-**	**$-**	**$56,251,000**	**$100,000,000**	**$82,236,000**
Total Capital Improvement Program		**$514,235,000**	**$19,900,000**	**$9,000,000**	**$142,801,000**	**$124,647,000**	**$135,651,000**	**$82,236,000**

NOTES:

AIP = Airport Improvement Program, LED = Light-emitting Diode, PAPI = Precision Approach Path Indicator, PFC = Passenger Facility Charge, RSA = Runway Safety Area, RVR = Runway Visual Range.

1/ Estimated costs are for Master Plan Update purposes only and include escalation from 2014 dollars to the midpoint of construction at an annual rate of 4 percent, as applicable.

SOURCE: Ricondo & Associates, Inc., November 2015
PREPAREDY BY: Ricondo & Associates, Inc., November 2015.

8.2.2.1 Federal Grants

The Airport and Airway Improvement Act of 1982 authorizes funding of the federal AIP from the Airport and Airway Trust Fund for nationwide airport development, airport planning, and noise compatibility planning and programs. The Airport and Airway Trust Fund is funded through user taxes on airfares, air freight, and aviation fuel.

On February 15, 2012, President Obama signed into law the FAA Modernization and Reform Act of 2012, which reauthorized FAA AIP funding for airport projects. Under this current reauthorization, the AIP was extended for 4 federal fiscal years, through September 30, 2015. The authorized funding levels for AIP investment were established at $3.35 billion each year. For purposes of this analysis, it was assumed that the AIP would continue to be funded throughout the planning period at a level of at least $3.2 billion per year.

The FAA distributes grants under the AIP to airport operators in two ways: entitlement grants and discretionary grants. Entitlement grants are distributed based on the number of enplaned passengers served at airports on an annual basis. Discretionary grants are distributed for individual projects based on funding availability and the priority of projects at airports nationwide. AIP grants may be used to fund eligible land acquisition, noise mitigation, airfield improvements, airport roadways, and safety and security systems and equipment. Generally, only those projects that do not generate revenues are eligible for AIP grant funding.

AIP grant eligibility is generally assumed to be 75 percent for eligible projects at medium-hub airports, such as DAL. All of the Airfield Modification Projects in the CIP are likely be eligible for AIP funding. However, entitlement grants available to the Airport in any given year are established by a formula set forth in the FAA AIP Handbook.[2] Entitlement grants for the Airport were projected based on the following AIP formula using the enplaned passenger forecasts provided in Section 3 of this Master Plan Update:

- $15.60 for each of the first 50,000 enplaned passengers
- $10.40 for each of the next 50,000 enplaned passengers
- $5.20 for each of the next 400,000 enplaned passengers
- $1.30 for each of the next 500,000 enplaned passengers
- $1.00 for each enplaned passenger beyond 1.0 million enplaned passengers

For a given year, the entitlement formula is based on numbers of enplaned passengers from 2 years prior. For example, when calculating entitlement grants for 2015, the formula applies to numbers of enplaned passengers in 2013. The amount of entitlement grants for large- and medium-hub airports where a passenger facility charge (PFC) is collected is reduced based on the PFC collection level approved for the airport. The PFC level currently authorized for DAL is $4.50 per eligible enplaned passenger. Therefore, AIP entitlement grants would be reduced by 75 percent. Annual AIP entitlement grants available to fund CIP projects at the Airport through the initial 10-year planning period are presented in **Table 8-3**.

[2] Federal Aviation Administration, Order 5100.38D, *Airport Improvement Program Handbook*, September 30, 2014.

Table 8-3: Projected Airport Improvement Program Entitlement Grants for Dallas Love Field

For Fiscal Years Ending September 30

	FORECAST ENPLANED PASSENGERS		AIP ENTITLEMENT GRANTS			
FISCAL YEAR	FISCAL YEAR	ENPLANED PASSENGERS	TOTAL (CALCULATED) 1/	ADJUSTED 2/	FOR LFMP 3/	REMAINING 4/
2015	2013	4,194,079	$7,200,000	$1,800,000	$900,000	$900,000
2016	2014	4,216,000	$7,200,000	$1,800,000	$900,000	$900,000
2017	2015	6,171,153	$9,200,000	$2,300,000	$900,000	$1,400,000
2018	2016	6,303,640	$9,300,000	$2,300,000	$-	$2,300,000
2019	2017	6,405,657	$9,400,000	$2,400,000	$-	$2,400,000
2020	2018	6,502,792	$9,500,000	$2,400,000	$-	$2,400,000
2021	2019	6,602,748	$9,600,000	$2,400,000	$-	$2,400,000
2022	2020	6,637,379	$9,700,000	$2,400,000	$-	$2,400,000
2023	2021	6,655,755	$9,700,000	$2,400,000	$-	$2,400,000
2024	2022	6,681,704	$9,700,000	$2,400,000	$-	$2,400,000
Total			**$90,500,000**	**$22,600,000**	**$2,700,000**	**$19,900,000**

NOTES:

AIP = Airport Improvement Program; LFMP = Love Field Modernization Program.

1/ Total AIP entitlement grants calculated using the methodology set forth in Federal Aviation Administration Order 5100.38D, *Airport Improvement Program Handbook*, September 30, 2014.

2/ Calculated entitlement grants reduced by 75 percent because a $4.50 passenger facility charge is collected at the Airport.

3/ Entitlement grants are provided to help pay for improvements related to the LFMP.

4/ Remaining entitlement grants are available for use on eligible Capital Improvement Program projects.

SOURCE: Ricondo & Associates, Inc., November 2015.
PREPAREDY BY: Ricondo & Associates, Inc., November 2015.

As shown in Table 8-3, $900,000 of projected AIP entitlement grants would be dedicated through FY 2017 for use on LFMP projects, including apron rehabilitation and fuel system costs. In total, approximately $20 million of AIP entitlement grants are projected to be available for funding eligible CIP projects through FY 2024. Table 8-2 shows the estimated uses of these funds.

Discretionary grants (annual and multiyear commitments through FAA Letters of Intent [LOIs]) are distributed by each FAA region on the basis of availability and project priorities. Discretionary grants are generally made immediately available to fund project costs, while LOI grants are distributed to an airport sponsor over a number of years at defined annual funding levels. For example, an LOI grant was issued to the City for the Airport in relation to the LFMP. Through the LOI grant, the City receives approximately $7 million per year in

AIP grant funds. Approximately $56.3 million of the LFMP apron and fuel system costs are being funded through an LOI. LOI proceeds in FY 2015 through FY 2017 will be used to pay principal on debt service for bonds issued to finance a portion of the LFMP. As shown in Table 8-2, approximately $9 million of AIP discretionary funds were assumed to be available to partially fund two taxiway reconstruction projects. These funds were also shown in the Airport's 5-year CIP that was submitted to the FAA on April 30, 2014. For purposes of this analysis, it was conservatively assumed that additional AIP discretionary grant funds would not be obtained for funding CIP projects. However, it is likely (and recommended) that the City will request discretionary grant funds for one or more eligible projects.

8.2.2.2 Passenger Facility Charge Revenues

Since 1991, the collection of a PFC at the nation's airports has been authorized under Title 14 of the Code of Federal Regulations, Part 158, and the PFC Program has been administered by the FAA. PFCs are collected from qualified passengers to fund eligible airport projects. Since April 1, 2001, a PFC of up to $4.50 per qualified enplaned passenger can be imposed by an airport operator in the United States. The City previously collected a $3.00 PFC at DAL. Since February 1, 2010, the City has collected a $4.50 PFC (less $0.11 airline collection fee) from qualified enplaned passengers at DAL.

PFC revenues may be used on a "pay-as-you-go" basis or leveraged to pay debt service on bonds or other debt used to pay for PFC-eligible projects. The City is currently committed to using $10 million of PFC revenues each year to pay debt service on bonds issued for the LFMP. Because airport sponsors may use PFC revenues for the local matching share of AIP grants, PFCs can help airport sponsors implement AIP-financed projects sooner than they would be able to do otherwise. Although the FAA is required to approve the collection of a PFC and the use of PFC revenues, the PFC Program permits local collection of PFC revenues through the airlines operating at airports and provides more flexibility to airport sponsors than the AIP funding. PFCs may be used for any AIP-eligible project, although PFC eligibility is generally broader than AIP eligibility.

As of September 2014, the FAA has approved two PFC applications for the Airport, with a combined authority for the City to impose and use approximately $360 million of PFC revenues to fund recently completed and future improvements at the Airport. This amount includes approximately $270 million leveraged to pay debt service on LFMP bonds, as mentioned above. As of September 2014, the City has yet to collect approximately $283 million of this PFC authority. For purposes of this financial analysis, it was assumed that the City will continue to apply for, collect, and use PFCs at a level of $4.50 per qualified enplaned passenger throughout the planning period.

Projected PFC revenues based on the enplaned passenger forecasts presented in Section 3 are shown in **Table 8-4**. As shown, beginning in FY 2016, the only existing obligation for which PFC revenues are to be used is $10 million per year for debt service on the LFMP bonds. All remaining PFC revenues were assumed to be available for use on CIP projects. The PFC balance would be nearly used in its entirety by FY 2023, in part because it was assumed in the estimated funding plan that PFC revenues will be used to fund a significant portion of the construction costs related to keel reconstruction of Runway 13R-31L (CIP Project #13). In total, approximately $142.8 million of PFC revenues are estimated to be used to fund CIP projects, as shown in Table 8-2.

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-4: Projected Passenger Facility Charge Revenues

For Fiscal Years Ending September 30

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PFC Collections											
Enplaned passengers		6,171,153	6,303,640	6,405,657	6,502,792	6,602,748	6,637,379	6,655,755	6,681,704	6,707,693	6,726,460
PFC level		$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50
Less: airline collection fee		(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)
		$4.39	$4.39	$4.39	$4.39	$4.39	$4.39	$4.39	$4.39	$4.39	$4.39
Percent of passengers paying a PFC 1/		85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Enplaned passengers paying a PFC		5,245,000	5,358,000	5,445,000	5,527,000	5,612,000	5,642,000	5,657,000	5,679,000	5,702,000	5,717,000
PFC collections from airlines		$23,026,000	$23,522,000	$23,904,000	$24,264,000	$24,637,000	$24,768,000	$24,834,000	$24,931,000	$25,032,000	$25,098,000
Application of PFC Revenues											
Beginning balance	[A]	$16,046,000	$9,080,000	$9,878,000	$23,652,000	$37,354,000	$49,544,000	$40,809,000	$35,553,000	$27,684,000	$25,000
PFC collections		$23,026,000	$23,522,000	$23,904,000	$24,264,000	$24,637,000	$24,768,000	$24,834,000	$24,931,000	$25,032,000	$25,098,000
PFC interest income 2/		251,000	190,000	335,000	610,000	869,000	904,000	764,000	632,000	277,000	45,000
PFC revenues	[B]	$23,277,000	$23,712,000	$24,239,000	$24,874,000	$25,506,000	$25,672,000	$25,598,000	$25,563,000	$25,309,000	$25,143,000
Use of PFC Revenues											
PFC Application #3		$26,802,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000	$10,000,000
PFC Application #4		880,000	-	-	-	-	-	-	-	-	-
Future PFC applications (Master Plan CIP Projects)		2,561,000	12,914,000	465,000	1,172,000	3,316,000	24,407,000	20,854,000	23,432,000	42,968,000	10,712,000
Annual expenditures	[C]	$30,243,000	$22,914,000	$10,465,000	$11,172,000	$13,316,000	$34,407,000	$30,854,000	$33,432,000	$52,968,000	$20,712,000
Ending balance	**[A]+[B]-[C]**	**$9,080,000**	**$9,878,000**	**$23,652,000**	**$37,354,000**	**$49,544,000**	**$40,809,000**	**$35,553,000**	**$27,684,000**	**$25,000**	**$4,456,000**

NOTES:

CIP = Capital Improvement Program; PFC = Passenger Facility Charge.

1/ Only those passengers paying for an airline ticket are charged a PFC for that ticket. Therefore, in any given year, the percentage of passengers paying a PFC may not equal 100 percent. The assumption that 85 percent of passengers enplaned at the Airport pay a PFC is believed to be reasonable based on historical Airport PFC collections data, as well as generally accepted industry PFC revenue projection practices for airports of similar size.

2/ Interest was calculated at an assumed annual rate of 2.0 percent.

SOURCE: Ricondo & Associates, Inc., December 2014

PREPAREDY BY: Ricondo & Associates, Inc., March 2015

THIS PAGE INTENTIONALLY LEFT BLANK

8.2.2.3 Airport Funds

The Airline Agreement specifies the application of net revenues generated by the Dallas Airport System and how those revenues may be used to fund capital projects. Generally speaking, revenues remaining after the payment of O&M expenses, outstanding debt service, and transfers to other accounts, as applicable, are deposited into the City's Aviation Capital Fund. Revenues in this fund may be used to fund capital improvement projects at the Airport. See Section 8.5 for additional information, including the projected availability and use of Aviation Capital Fund monies. For purposes of this analysis, revenues available in the Aviation Capital Fund are identified as Airport funds and are essentially treated as cash.

As shown in Table 8-2, CIP project costs totaling approximately $124.6 million were assumed to be funded with Airport funds through the planning period. These funds are primarily to be used to pay remaining costs of the Airfield Modification Projects after maximizing the use of AIP grants and PFC revenues. With regard to the Landside Development Projects, Airport funds were assumed to be the primary funding source for the Aviation Place Bridge project, as well as the portion of the General Aviation Facilities project that is not eligible for tenant funding, and engineering design costs associated with the Mockingbird Lane– Cedar Springs Road /Herb Kelleher Way Intersection project.

Airport funds expended on capital improvement projects are amortized and included in the airline rate base, as applicable, as defined in the Airline Agreement. **Table 8-5** presents projected amortization by cost center based on the assumed use of Airport funds through the initial 10-year planning period. Existing amortization by cost center (associated with the LFMP, as well as other previous non-Master Plan Update CIP cash expenditures) was added to amortization associated with the Master Plan Update CIP.

Amortization is a function of the amount of amortizable cash expended on a project, the expected useful life of the project, and an amortization rate. With regard to useful life, Airfield Modification Projects were assumed to have a useful life of 20 years, and Landside Development Projects were assumed to have a useful life of 25 years. The amortization rate used by the Department of Aviation for a given Fiscal Year is based on the Bond Buyer Revenue Bond Index[3] as of September 30 of the prior Fiscal Year. For FY 2015, this rate is 4.78 percent. For purposes of this analysis, this rate was used for the duration of the initial 10-year planning period.

8.2.2.4 Revenue Bond Proceeds

For purposes of this financial analysis and funding plan, proceeds from the issuance of General Airport Revenue Bonds (GARBs) were assumed to fund the proposed parking garage, as well as a taxiway reconstruction project. In total, approximately $135.7 million of CIP project costs are assumed to be funded with GARB proceeds. **Table 8-6** presents projected debt service by cost center through the initial 10-year planning period.

---

[3] The Bond Buyer Revenue Bond Index consists of 25 various revenue bonds that mature in 30 years. The average rating on these bonds is roughly equivalent to Moody's A1 and Standard & Poor's A-plus ratings; available at: http://www.bondbuyer.com/marketstatistics/search_bbi.htm

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-5: Projected Amortization by Cost Center

For Fiscal Years Ending September 30

	ACTUAL	ESTIMATED	PROJECTED									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Existing Amortization (through FY 2014) 1/												
Airfield	$1,282,000	$1,965,000	$1,882,000	$1,882,000	$1,822,000	$1,801,000	$1,801,000	$1,681,000	$1,681,000	$1,600,000	$1,600,000	$1,600,000
Apron Area	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000
Terminal Building	$222,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000
Parking & Ground Transportation Area	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$21,000	$21,000	$-	$-
Terminal Roadways	$154,000	$154,000	$154,000	$154,000	$154,000	$154,000	$154,000	$42,000	$14,000	$14,000	$14,000	$14,000
Other Buildings & Areas	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$175,000	$175,000
Total Existing Amortization	**$1,973,000**	**$3,282,000**	**$3,199,000**	**$3,199,000**	**$3,139,000**	**$3,118,000**	**$3,118,000**	**$2,886,000**	**$2,835,000**	**$2,754,000**	**$2,683,000**	**$2,683,000**
Master Plan Update Projects (FY 2015 - FY 2024) 2/												
Airfield	$-	$-	$-	$52,000	$1,100,000	$2,275,000	$2,894,000	$2,894,000	$4,337,000	$4,337,000	$5,007,000	$5,386,000
Apron Area	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Terminal Building	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Parking & Ground Transportation Area	$-	$-	$-	$-	$-	$-	$56,000	$347,000	$350,000	$350,000	$350,000	$350,000
Terminal Roadways	$-	$-	$-	$139,000	$465,000	$527,000	$527,000	$527,000	$852,000	$852,000	$1,281,000	$1,281,000
Other Buildings & Areas	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$2,273,000
Total Amortization from Master Plan Update Projects	**$-**	**$-**	**$-**	**$191,000**	**$1,565,000**	**$2,802,000**	**$3,477,000**	**$3,768,000**	**$5,539,000**	**$5,539,000**	**$6,638,000**	**$9,290,000**
Total Amortization by Cost Center												
Airfield	$1,282,000	$1,965,000	$1,882,000	$1,934,000	$2,922,000	$4,076,000	$4,695,000	$4,575,000	$6,018,000	$5,937,000	$6,607,000	$6,986,000
Apron Area	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000
Terminal Building	$222,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000
Parking & Ground Transportation Area	$44,000	$44,000	$44,000	$44,000	$44,000	$44,000	$100,000	$391,000	$371,000	$371,000	$350,000	$350,000
Terminal Roadways	$154,000	$154,000	$154,000	$293,000	$619,000	$681,000	$681,000	$569,000	$866,000	$866,000	$1,295,000	$1,295,000
Other Buildings & Areas	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$225,000	$175,000	$2,448,000
Total Projected Amortization	**$1,973,000**	**$3,282,000**	**$3,199,000**	**$3,390,000**	**$4,704,000**	**$5,920,000**	**$6,595,000**	**$6,654,000**	**$8,374,000**	**$8,293,000**	**$9,321,000**	**$11,973,000**

NOTES:

1/ Includes amortization on projects associated with the Love Field Modernization Program, as well as other projects completed prior to FY 2015.

2/ Useful life for Master Plan Update Airfield Modification Projects was assumed to be 20 years; useful life for Master Plan Update Landside Development Projects was assumed to be 25 years. The assumed amortization rate for Master Plan Update projects was 4.78 percent, based on the Bond Buyer Revenue Bond Index as of September 30, 2014, available at: http://www.bondbuyer.com/marketstatistics/search_bbi.htm

SOURCE: Ricondo & Associates, Inc., November 2015.
PREPAREDY BY: Ricondo & Associates, Inc., November 2015.

Table 8-6: Projected Debt Service

For Fiscal Years Ending September 30

		ACTUAL	ESTIMATED	PROJECTED									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Love Field Modernization Program Bonds Debt Service													
Series 2010		$8,181,192	$16,275,000	$16,275,000	$16,275,000	$16,275,000	$16,275,000	$16,275,000	$16,275,000	$16,275,000	$16,275,000	$16,275,000	$16,275,000
Series 2012		$10,165,000	$	$13,709,750	$13,710,250	$13,713,250	$13,712,750	$13,713,000	$13,713,000	$13,711,000	$13,712,000	$13,709,750	$13,713,250
less: PFCs revenues available for debt service		$(5,000,000)	$(5,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)	$(10,000,000)
less: LOI grant payments		$(10,165,000)	$	$(6,990,000)	$(7,340,000)	$(7,710,000)	$-	$-	$-	$-	$-	$-	$-
Net Existing Debt Service	**(A)**	**$3,181,192**	**$11,275,000**	**$12,994,750**	**$12,645,250**	**$12,278,250**	**$19,988,000**	**$19,988,000**	**$19,988,000**	**$19,986,000**	**$19,987,000**	**$19,984,750**	**$19,988,250**
Future GARBs for Master Plan Update Projects													
Parking Garage		$-	$-	$-	$-	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$9,292,800
Airfield Projects		$-	$-	$-	$-	$-	$-	$-	$-	$-	$3,621,120	$3,621,120	$3,621,120
Roadway Projects		$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Other Projects		$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Net Master Plan Update Debt Service	**(B)**	$-	$-	$-	$-	**$9,292,800**	**$9,292,800**	**$9,292,800**	**$9,292,800**	**$9,292,800**	**$12,913,920**	**$12,913,920**	**$12,913,920**
Net Debt Service	**(A)+(B)**	**$3,181,192**	**$11,275,000**	**$12,994,750**	**$12,645,250**	**$21,571,050**	**$29,280,800**	**$29,280,800**	**$29,280,800**	**$29,278,800**	**$32,900,920**	**$32,898,670**	**$32,902,170**
Debt Service by Cost Center													
Airfield		$34,271	$121,464	$139,991	$136,226	$132,272	$215,328	$215,328	$215,328	$215,307	$3,836,438	$3,836,413	$3,836,451
Apron Area		$509,635	$1,806,283	$2,081,791	$2,025,800	$9,550,217	$15,546,982	$15,546,982	$15,546,982	$15,545,426	$15,546,204	$15,544,454	$15,547,177
Terminal Building		$2,474,382	$8,769,873	$10,107,522	$9,835,675	$1,967,006	$3,202,127	$3,202,127	$3,202,127	$3,201,806	$3,201,967	$3,201,606	$3,202,167
Parking & Ground Transportation Area		$154,601	$547,947	$631,524	$614,539	$9,889,503	$10,264,184	$10,264,184	$10,264,184	$10,264,087	$10,264,136	$10,264,026	$10,264,196
Terminal Roadways		$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Other Buildings & Areas		$8,304	$29,433	$33,923	$33,010	$32,052	$52,178	$52,178	$52,178	$52,173	$52,176	$52,170	$52,179
Net Projected Debt Service		**$3,181,193**	**$11,275,000**	**$12,994,751**	**$12,645,250**	**$21,571,050**	**$29,280,800**	**$29,280,800**	**$29,280,800**	**$29,278,800**	**$32,900,920**	**$32,898,970**	**$32,902,170**

NOTES: LOI = Letter of Intent; PFC = Passenger Facility Charge; values may not sum to totals due to rounding.

SOURCES: City of Dallas, Department of Aviation, August 2014 (existing debt service); Ricondo & Associates, Inc., March 2015 (future debt service for Master Plan Update projects)
PREPAREDY BY: Ricondo & Associates, Inc., November 2015.

Existing debt service is associated with two series of bonds issued to partially fund the LFMP. In 2010, the Love Field Airport Modernization Corporation (LFAMC) issued the Series 2010 Bonds in the amount of $310.0 million to fund approximately $268.0 million of LFMP project costs. Debt service (principal plus interest) on the Series 2010 Bonds extends through 2040. In 2012, the LFAMC issued the Series 2012 Bonds in the amount of $146.3 million to fund approximately $136.0 million of LFMP project costs. Debt service on the Series 2012 Bonds extends through 2028. Annual debt service on these bonds is reduced through the leveraging of $10 million of PFC revenues each year used to pay debt service, as well as the application of LOI grant payments, as previously discussed.

The Series 2010 and Series 2012 Bonds were both issued as Special Facility Revenue Bonds under an agreement between the City and Southwest Airlines, whereby the payment of principal and interest on the bonds is unconditionally guaranteed by Southwest Airlines. Pursuant to the Revenue Credit Agreement in the Airline Agreement, net revenues of the Dallas Airport System are transferred to Southwest Airlines to reimburse the airline for its LFMP bond debt service payments.

Future debt service associated with the Master Plan Update projects was calculated based on an assumed interest rate of 7.00 percent, a bond term of 30 years, and a debt service reserve funding investment rate of 4.00 percent. The resulting annual debt service is approximately $9.3 million beginning in FY 2017, increasing to approximately $12.9 million beginning in FY 2022.

As described in Section 5 of this Master Plan Update, future recommended development projects include construction of a consolidated rental car facility within the planning period. Rental car facilities are often funded, at least in part, through customer facility charges (CFCs), charged as a fee per transaction day. Similar to PFCs, CFCs can be used on a pay-as-you-go basis or leveraged to pay eligible debt service. The City currently does not charge a CFC, but it is expected to do so in the future. Further planning will be required to determine the location, size, cost, and implementation schedule of the CRCF. It is anticipated that special facility bond proceeds will represent a significant portion of the funding for the CRCF. It is further assumed that some combination of CFC revenues and/or other rental car-related revenues will be available to pay the associated debt service and other costs. As the funding source(s) for any future CRCF are not expected to include sources that affect the funding of other CIP projects at the Airport, omission of the CRCF from this financial analysis is not material to the overall feasibility of the CIP funding plan.

8.2.2.5 Other Sources of Funding

Other sources of funding were identified for certain Master Plan Update CIP projects, as follows:

- Tenant/developer funding of approximately $49 million was assumed to cover the cost of hangar facilities associated with the General Aviation Facilities project.
- For the Mockingbird Lane– Cedar Springs Road/Herb Kelleher Way Intersection project, it was assumed that the City of Dallas would fund approximately $33.4 million (88 percent) of total project costs through funds other than Airport funds. Airport funds were assumed to be used for engineering/design costs, accounting for the remaining $4.7 million of estimated project costs.

8.3 Operation and Maintenance Expenses

O&M expenses for the Airport (and the Dallas Airport System) are defined as all reasonable and necessary expenses, paid or accrued, for operating, maintaining, repairing, and administering the Airport. These expenses are tracked at a departmental level, including Administration, ARFF, Operations, Field Maintenance, Security, Custodial, Terminal Maintenance, Parking Area, Executive Airport, Heliport, and Other. Within each department, O&M expenses are further categorized as follows:

- **Personnel Services**: Includes personnel expenses, such as salaries and wages and fringe benefits.
- **Supplies**: Includes utilities (e.g., electricity, fuel, water, and sewer), laundry and cleaning, buildings, streets and roads, and other related expenses.
- **Contractual Services**: Includes security services, repair and maintenance of buildings, miscellaneous special services, property insurance, and other related expenses.
- **Equipment**: Includes automobiles and trucks, furniture, tools, computers, and other related expenses.

For purposes of calculating airline rates and charges, O&M expenses are allocated to cost centers. Each departmental and O&M expense category is allocated to cost centers based on percentages provided by the Department of Aviation. O&M expenses allocated to the indirect Administration cost center are re-allocated to each of the direct cost centers based on calculated percentages.

O&M expenses were projected through a review of O&M expenses for each of the four categories above by cost center for Actual FY 2013, Estimated FY 2014, and Budget FY 2015. Based on this review, personnel services were assumed to increase at an annual rate of 6 percent, supplies were assumed to increase at an annual rate of 5 percent, contractual services and equipment were assumed to increase at an annual rate of 4 percent, and reimbursements were assumed to remain constant at approximately $6.5 million, based on the FY 2015 Budget. Increases in all O&M expense categories were projected from the FY 2015 Budget, as provided by the Department of Aviation. It is expected that, as certain CIP projects are completed, associated O&M expenses could change accordingly. Construction of new facilities may increase future O&M expenses, while reconstructed pavement (for example) may require less maintenance, thereby reducing future O&M expenses. For purposes of this financial analysis, no changes to future O&M expenses were assumed as the result of implementation of the anticipated CIP projects.

Table 8-7 presents projections of O&M expenses for the Dallas Airport System by expense category and cost center. O&M expenses for Actual FY 2013, Estimated FY 2014, and Budget FY 2015 are also included for reference. As shown, total O&M expenses for the Dallas Airport System are projected to increase from approximately $60.1 million in FY 2015 to approximately $94.0 million in FY 2024, reflecting a compound annual growth rate of 5.1 percent over that period.

Table 8-7: Projected Operation and Maintenance Expenses for the Dallas Airport System

For Fiscal Years Ending September 30

	ACTUAL	ESTIMATED	BUDGET	PROJECTED									CAGR
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	FY 2015 – FY 2024
Expense Category													
Personnel Services	$11,744,000	$12,132,000	$14,016,000	$14,859,000	$15,751,000	$16,695,000	$17,697,000	$18,758,000	$19,884,000	$21,077,000	$22,542,000	$23,894,000	6.1%
Supplies	$6,531,000	$7,394,000	$7,397,000	$7,765,000	$8,154,000	$8,563,000	$8,990,000	$9,441,000	$9,912,000	$10,406,000	$11,227,000	$11,787,000	5.3%
Contractual Services	$37,094,000	$31,354,000	$44,238,000	$46,007,000	$47,849,000	$49,764,000	$51,756,000	$53,826,000	$55,979,000	$58,220,000	$61,049,000	$63,492,000	4.1%
Equipment	$675,000	$668,000	$941,000	$977,000	$1,017,000	$1,059,000	$1,102,000	$1,146,000	$1,191,000	$1,239,000	$1,290,000	$1,341,000	4.0%
Reimbursements	$(6,969,000)	$(6,331,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	$(6,491,000)	0.0%
Total Expenses by Category	**$49,075,000**	**$45,217,000**	**$60,101,000**	**$63,117,000**	**$66,280,000**	**$69,590,000**	**$73,054,000**	**$76,680,000**	**$80,475,000**	**$84,451,000**	**$89,617,000**	**$94,023,000**	**5.1%**
Total DAL O&M Expenses by Cost Center													
Airfield	Not available for FY 2013	$14,739,000	$18,812,000	$19,726,000	$20,774,000	$21,965,000	$23,105,000	$24,271,000	$25,587,000	$27,081,000	$28,444,000	$29,892,000	5.3%
Terminal Building		$15,462,000	$18,245,000	$19,167,000	$20,107,000	$21,074,000	$22,113,000	$23,207,000	$24,331,000	$25,484,000	$26,686,000	$27,991,000	4.9%
Parking & Ground Transportation Area		$4,912,000	$9,926,000	$10,474,000	$10,999,000	$11,486,000	$12,058,000	$12,669,000	$13,247,000	$13,786,000	$15,557,000	$16,313,000	5.7%
Terminal Roadways		$2,846,000	$3,726,000	$3,901,000	$4,082,000	$4,271,000	$4,469,000	$4,674,000	$4,889,000	$5,113,000	$5,338,000	$5,580,000	4.6%
Other Buildings & Areas		$2,067,000	$3,011,000	$3,174,000	$3,329,000	$3,479,000	$3,654,000	$3,847,000	$4,035,000	$4,214,000	$4,424,000	$4,653,000	5.0%
Total DAL O&M Expenses		**$40,026,000**	**$53,720,000**	**$56,442,000**	**$59,291,000**	**$62,275,000**	**$65,399,000**	**$68,668,000**	**$72,089,000**	**$75,678,000**	**$80,449,000**	**$84,429,000**	**5.2%**
Executive Airport		$4,647,000	$5,807,000	$6,078,000	$6,362,000	$6,660,000	$6,970,000	$7,295,000	$7,635,000	$7,989,000	$8,348,000	$8,737,000	4.6%
Heliport		$544,000	$574,000	$597,000	$627,000	$655,000	$685,000	$717,000	$751,000	$784,000	$820,000	$857,000	4.6%
Total Dallas Airport System O&M Expenses		**$45,217,000**	**$60,101,000**	**$63,117,000**	**$66,280,000**	**$69,590,000**	**$73,054,000**	**$76,680,000**	**$80,475,000**	**$84,451,000**	**$89,617,000**	**$94,023,000**	**5.1%**

NOTES: CAGR = Compound Annual Growth Rate; DAL = Dallas Love Field; O&M = Operation and Maintenance.

SOURCES: City of Dallas, Department of Aviation, August 2014 (Actual FY 2013, Estimated FY 2014, Budget FY 2015); Ricondo & Associates, Inc., November 2015 (projections)

PREPAREDY BY: Ricondo & Associates, Inc., November 2015

THIS PAGE INTENTIONALLY LEFT BLANK

8.4 Airport Revenues – Nonairline and Airline

8.4.1 NONAIRLINE REVENUES

Nonairline revenues include those revenues obtained from sources other than airline rentals, fees, and charges for operating at the Airport. However, as specified in the rate-setting methodologies defined in the Airline Agreement, nonairline revenues affect airline rates and, therefore, airline revenues. Nonairline revenues are reported separately for Dallas Love Field and Dallas Executive Airport. The Department of Aviation provided nonairline revenue data for Actual FY 2013, Estimated FY 2014, and Budget FY 2015.

Projections of future nonairline revenues were developed based on a review of historical/budget data, the effects of inflation, the forecast growth in numbers of aircraft operations and enplaned passengers at the Airport, and the anticipated increases in revenue from implementation of certain Master Plan Update CIP projects. Projections for all nonairline revenue categories were based on the FY 2015 Budget, as provided by the Department of Aviation. **Table 8-8** presents projected nonairline revenues for the Airport, as well as for the Dallas Airport System in total. A description of each nonairline revenue category shown in Table 8-8, as well as how revenues were projected (from FY 2015 through FY 2024) for each category, follows:

- **Fuel Flowage Fees**: Fuel flowage fees at the Airport result from a fuel surcharge assessed on aircraft fueling activities. These fees/revenues are projected to increase 1.5 percent annually, reflecting the forecast growth in numbers of based aircraft at the Airport (see Section 3).
- **On-Airport Rentals**: Includes nonairline terminal building rentals. These rental revenues are projected to increase 2.0 percent annually based on growth from Actual FY 2013 to Budget FY 2015.
- **Field Rentals**: Includes revenues from rental car services and support facilities, FBO leases, federal agencies, and other entities/tenants that lease land at the Airport. These rental revenues are projected based on growth from Actual FY 2013 to Budget FY 2015. Revenues from rental car services and support facilities are projected to increase 2.0 percent annually. Other field rentals are projected to increase 3.5 percent annually.
- **Other Terminal Revenue**: Includes electricity reimbursement and miscellaneous rental revenues. These revenues were assumed to be constant at $1.162 million per year through the planning period.
- **Concessions Revenue**: Includes revenue from rental cars and ground transportation, automobile parking, food and beverage, news and gifts, and advertising and other concessions. With the exception of advertising and other concessions, concessions revenues are generally tied to passenger traffic at the Airport. For each of these categories, annual growth was projected by calculating a revenue-per-enplaned-passenger factor for Budget FY 2015 and increasing that factor at a rate of 2.5 percent annually through FY 2024 (3.75 percent annually for rental car revenues). An additional 1.0 percent increase in the revenue-per-enplaned-passenger factor was included for automobile parking in FY 2017 to reflect additional revenues that may be realized as a result of the opening of the planned parking garage. Advertising and other concessions revenues (baggage carts, valet services, etc.) were assumed to increase 3.0 percent annually, based on growth from Actual FY 2013 to Budget FY 2015.

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-8: Projected Nonairline Revenues for the Dallas Airport System

For Fiscal Years Ending September 30

		ACTUAL	ESTIMATED	BUDGET	PROJECTED								
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Dallas Love Field													
Fuel flowage fees	[A]	$1,171,971	$1,062,573	$1,171,255	$1,189,000	$1,207,000	$1,225,000	$1,243,000	$1,262,000	$1,281,000	$1,300,000	$1,320,000	$1,340,000
On-Airport rentals	[B]	$-	$91,413	$93,125	$95,000	$97,000	$99,000	$101,000	$103,000	$105,000	$107,000	$109,000	$111,000
Field rentals	[C]	$-	$7,464,097	$8,096,662	$8,380,000	$8,673,000	$8,977,000	$9,291,000	$9,616,000	$9,953,000	$10,301,000	$10,662,000	$11,035,000
Other terminal revenue	[D]	$8,569,352	$1,159,847	$1,161,559	$1,162,000	$1,162,000	$1,162,000	$1,162,000	$1,162,000	$1,162,000	$1,162,000	$1,162,000	$1,162,000
Concessions													
Rental cars and ground transportation		$7,526,911	$7,664,148	$8,713,993	$9,233,000	$9,732,000	$10,248,000	$10,795,000	$11,256,000	$11,708,000	$12,192,000	$12,696,000	$13,207,000
Automobile parking		$15,792,941	$15,792,941	$20,085,123	$21,029,000	$22,118,000	$23,014,000	$23,952,000	$24,680,000	$25,367,000	$26,102,000	$26,859,000	$27,607,000
Food and beverage		$4,840,681	$3,687,512	$5,495,812	$5,754,000	$5,993,000	$6,236,000	$6,491,000	$6,688,000	$6,874,000	$7,073,000	$7,278,000	$7,481,000
News and gifts		$1,628,080	$2,064,852	$2,792,319	$2,924,000	$3,045,000	$3,169,000	$3,298,000	$3,398,000	$3,493,000	$3,594,000	$3,698,000	$3,801,000
Advertising and other concessions		$1,250,823	$1,649,986	$1,718,957	$1,770,000	$1,823,000	$1,877,000	$1,934,000	$1,992,000	$2,052,000	$2,113,000	$2,177,000	$2,242,000
Total Concessions Revenue	**[E]**	**$31,039,436**	**$30,859,439**	**$38,806,204**	**$40,710,000**	**$42,711,000**	**$44,544,000**	**$46,470,000**	**$48,014,000**	**$49,494,000**	**$51,074,000**	**$52,708,000**	**$54,338,000**
CAGR FY 2015 – FY 2024		3.8%											
Other Nonairline Revenue		$1,616,462	$936,793	$776,473	$841,000	$854,000	$868,000	$882,000	$897,000	$912,000	$927,000	$943,000	$959,000
Total Dallas Love Field Nonairline Revenue	[A]+[B]+[C]+[D]+[E]	**$42,397,221**	**$41,574,162**	**$50,105,278**	**$52,377,000**	**$54,704,000**	**$56,875,000**	**$59,149,000**	**$61,054,000**	**$62,907,000**	**$64,871,000**	**$66,904,000**	**$68,945,000**
CAGR FY 2015 – FY 2024		3.6%											
Dallas Executive Airport													
Fuel flowage fees		$54,376	$64,376	$64,376	$66,000	$68,000	$70,000	$72,000	$74,000	$76,000	$78,000	$80,000	$82,000
On and off airport rentals		$1,311,771	$643,896	$650,388	$670,000	$690,000	$711,000	$732,000	$754,000	$777,000	$800,000	$824,000	$849,000
Concessions		$7,532	$18,883	$8,838	$10,000	$11,000	$12,000	$13,000	$14,000	$15,000	$17,000	$19,000	$21,000
Total Dallas Executive Airport		**$1,373,679**	**$727,155**	**$723,602**	**$746,000**	**$769,000**	**$793,000**	**$817,000**	**$842,000**	**$868,000**	**$895,000**	**$923,000**	**$952,000**
Total Dallas Airport System Nonairline Revenues		**$43,770,900**	**$42,301,317**	**$50,828,880**	**$53,123,000**	**$55,473,000**	**$57,668,000**	**$59,966,000**	**$61,896,000**	**$63,775,000**	**$65,766,000**	**$67,827,000**	**$69,897,000**
CAGR FY 2015 – FY 2024		3.6%											

NOTE: CAGR = Compound Annual Growth Rate.

SOURCES: City of Dallas, Department of Aviation, August 2014 (Actual FY 2013, Estimated FY 2014, Budget FY 2015); Ricondo & Associates, Inc., March 2015 (projections).
PREPAREDY BY: Ricondo & Associates, Inc., March 2015.

THIS PAGE INTENTIONALLY LEFT BLANK

- **Other Nonairline Revenue**: Includes security charges, service charges, tenant parking, cable installation, copy service sales, and late payments. These revenues were assumed to remain constant at FY 2015 Budget levels through FY 2024.
- **Dallas Executive Airport**: Includes fuel flowage fees, on- and off-airport rentals, and concessions. Fuel flowage fees and on- and off-airport rentals were assumed to increase 3.0 percent annually through FY 2024. Concessions revenue is low, but exhibited strong growth between FY 2013 and FY 2014. These revenues were assumed to increase 10.0 percent annually through FY 2024.

Total Dallas Airport System nonairline revenues are projected to increase from approximately $50.8 million in FY 2015 to approximately $69.9 million in FY 2024, reflecting a CAGR of 3.6 percent over that period.

8.4.2 AIRLINE REVENUES

The remaining revenues generated at the Airport include terminal rentals and landing/apron fees payable by the airlines operating at the Airport. This section summarizes the calculation of airline rates and charges, as defined in the Airline Agreement.

8.4.2.1 Terminal Building Rental Rates

The Terminal Building rental rate calculation is Terminal Building cost center residual. Terminal Building costs include allocable direct and indirect O&M expenses, debt service, and amortization; annual replenishment of the O&M Reserve Account; required deposits to the Emergency Repair and Replacement Reserve Fund, GARB Debt Service Reserve Fund, and/or the LFMP Debt Service Reserve Fund (as necessary to restore those funds to their required balances) allocable to the Terminal Building; and 50 percent of the net deficit in the Terminal Roadways cost center.

The Annual Terminal Building Requirement is calculated by subtracting 75 percent of all concessions revenues, 100 percent of nonairline terminal building space rentals, other ancillary terminal building revenues, allocable interest income, and the allocable portion of 75 percent of the net revenues generated in the Parking & Ground Transportation Area cost center credited to offset the Annual Airfield Requirement and the Annual Terminal Building Requirement.

The annual Terminal Building rental rate is determined by dividing the Annual Terminal Building Requirement by the total post-LFMP airline leased space to determine the average Terminal Building rental rate for the Fiscal Year. A schedule of rental rates by type of space was developed by applying various weighting criteria, as defined in the Airline Agreement. The total airline rented space and weighted airline space in the Terminal Building was assumed to be constant (equal to FY 2015 space) throughout the planning period. **Table 8-9** presents projected Terminal Building rental rates and revenue at the Airport through FY 2024. As shown, the required Terminal Building rental rate is projected to increase from $53.62 per square foot in FY 2015 to $132.93 per square foot in FY 2024. A substantial increase in the rental rate would occur in FY 2017, when revenue sharing from the Parking & Ground Transportation Area cost center decreases significantly because of debt service associated with the proposed parking garage. Airline Terminal Building rental revenues are projected to increase from $12.1 million in FY 2015 to $30.0 million in FY 2024, reflecting a CAGR of 10.6 percent.

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-9: Projected Terminal Building Rental Revenues and Rates

Fiscal Years Ending September 30

	ESTIMATED	PROJECTED									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
TERMINAL BUILDING REQUIREMENT											
Operation and Maintenance Expenses	$15,462,000	$18,245,000	$19,167,000	$20,107,000	$21,074,000	$22,113,000	$23,207,000	$24,331,000	$25,484,000	$26,686,000	$27,991,000
Deposit to O&M Reserve Fund	-	$632,000	$180,000	$187,000	$194,000	$202,000	$211,000	$220,000	$227,000	$291,000	$248,000
Debt Service Requirements – LFMP Bonds	$8,769,873	$10,107,522	$9,835,675	$9,550,217	$15,546,982	$15,546,982	$15,546,982	$15,545,426	$15,546,204	$15,544,454	$15,547,177
Amortization of DAL-Funded Assets	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000	$848,000
Terminal Building share of Terminal Roadways deficit	$1,772,000	$2,300,000	$2,416,000	$2,661,000	$2,974,000	$3,073,000	$3,121,000	$3,377,000	$3,490,000	$3,822,000	$3,939,000
	$26,851,873	$32,132,522	$32,446,675	$33,353,217	$40,636,982	$41,782,982	$42,933,982	$44,321,426	$45,595,204	$47,191,454	$48,573,177
LESS:											
Pre-LFMP airline space rentals	$919,000	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Concession revenues	$5,202,250	$7,140,000	$7,466,750	$7,776,000	$8,091,250	$8,421,250	$8,687,000	$8,942,250	$9,212,500	$9,491,750	$9,769,250
Other Terminal Building nonairline revenues	$1,380,000	$1,442,000	$1,457,000	$1,459,000	$1,461,000	$1,463,000	$1,465,000	$1,467,000	$1,469,000	$1,471,000	$1,473,000
Interest income allocable to the Terminal Building	$20,000	$19,000	$20,000	$20,000	$20,000	$21,000	$21,000	$21,000	$21,000	$21,000	$22,000
	$7,521,250	$8,601,000	$8,943,750	$9,255,000	$9,572,250	$9,905,250	$10,173,000	$10,430,250	$10,702,500	$10,983,750	$11,264,250
Revenue Sharing – Parking & Ground Transportation Area	$12,161,000	$11,423,000	$12,416,000	$6,068,000	$6,243,000	$6,806,000	$6,978,000	$7,217,000	$7,639,000	$6,964,000	$7,291,000
	$19,682,250	$20,024,000	$21,359,750	$15,323,000	$15,815,250	$16,711,250	$17,151,000	$17,647,250	$18,341,500	$17,947,750	$18,555,250
Net requirement = Terminal Building rental revenue required	**$7,169,623**	**$12,108,522**	**$11,086,925**	**$18,030,217**	**$24,821,732**	**$25,071,732**	**$25,782,982**	**$26,674,176**	**$27,253,704**	**$29,243,704**	**$30,017,927**
Airline rented space (square feet)	117,316	225,822	225,822	225,822	225,822	225,822	225,822	225,822	225,822	225,822	225,822
Required Terminal Building rental rates (per square foot)	**$61.11**	**$53.62**	**$49.10**	**$79.84**	**$109.92**	**$111.02**	**$114.17**	**$118.12**	**$120.69**	**$129.50**	**$132.93**
Weighted Airline Space (square feet)	73,559	153,555	153,555	153,555	153,555	153,555	153,555	153,555	153,555	153,555	153,555
Category I Rental Rate: Ticket Counter/Airline Ticketing/Queuing/Holdrooms	$97.47	$78.85	$72.20	$117.42	$161.65	$163.28	$167.91	$173.71	$177.48	$190.44	$195.49
Category II Rental Rate: Baggage Claim/Other Offices	$73.10	$59.14	$54.15	$88.06	$121.24	$122.46	$125.93	$130.28	$133.11	$142.83	$146.61
Category III Rental Rate: Operations and Other Support/Baggage Makeup	$48.73	$39.43	$36.10	$58.71	$80.82	$81.64	$83.95	$86.86	$88.74	$95.22	$97.74
Category IV Rental Rate: Stairwells/Canopy (unenclosed)	$24.37	$19.71	$18.05	$29.35	$40.41	$40.82	$41.98	$43.43	$44.37	$47.61	$48.87

NOTE: DAL = Dallas Love Field; LFMP = Love Field Modernization Program; O&M = Operation and Maintenance

SOURCES: City of Dallas, Department of Aviation, August 2014 (Estimated FY 2014); Ricondo & Associates, Inc., November 2015 (projections); Airport Use and Lease Agreement (calculation methodology)

PREPAREDY BY: Ricondo & Associates, Inc., November 2015

THIS PAGE INTENTIONALLY LEFT BLANK

8.4.2.2 Apron Fees

The apron fee calculation is Apron Area cost center residual. Apron Area costs include allocable direct and indirect O&M expenses, debt service, and amortization; and annual replenishment of the O&M Reserve Account and required deposits to the Emergency Repair and Replacement Reserve Fund, the GARB Debt Service Reserve Fund, and/or the LFMP Debt Service Reserve Fund allocable to the Apron Area.

From total Apron Area costs, the Annual Apron Area Requirement is calculated by subtracting apron fees charged to nonsignatory airline users of the Apron Area and other ancillary Apron Area revenues, as well as allocable interest income.

The Annual Apron Area Requirement is determined by dividing the annual Apron Area Requirement by the total number of preferential use aircraft parking positions. It was assumed that 20 preferential use aircraft parking/gate positions will be available through the planning period.

Table 8-10 presents projected apron fees and revenues at the Airport through FY 2024. As shown, the required annual apron fee per gate is projected to increase from $199,690 in FY 2015 to $311,108 in FY 2024. Airline apron fee revenues are projected to increase from $4.0 million in FY 2015 to $6.2 million in FY 2024, reflecting a CAGR of 5.0 percent.

8.4.2.3 Landing Fee Rate

The landing fee rate calculation is Airfield cost center residual. Airfield costs include allocable direct and indirect O&M expenses, debt service, and amortization; and annual replenishment of the O&M Reserve Account and required deposits to the Emergency Repair and Replacement Reserve Fund, the GARB Debt Service Reserve Fund, and/or the LFMP Debt Service Reserve Fund allocable to the Airfield.

From total Airfield costs, the Annual Airfield Requirement is calculated by subtracting general aviation fuel flowage fees, nonsignatory airline landing fees, other ancillary costs, allocable interest income, and the allocable portion of 75 percent of the net revenues generated in the Parking & Ground Transportation Area cost center credited to offset the Annual Airfield Requirement and the Annual Terminal Building Requirement.

The Annual Airfield Requirement is determined by dividing the Airfield cost center requirement by the total landed weight of all Signatory Airlines.

Table 8-10 also presents projected landing fee rates and revenues at the Airport through FY 2024. As shown, the required landing fee rate per 1,000 pound units of landed weight is projected to increase from $2.48 in FY 2015 to $4.81 in FY 2024. Airline landing fee revenues are projected to increase from $18.5 million in FY 2015 to $36.5 million in FY 2024, reflecting a CAGR of 7.9 percent.

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-10: Projected Apron and Landing Fee Revenues and Rates

Fiscal Years Ending September 30

	ESTIMATED	PROJECTED									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
APRON AREA REQUIREMENT											
Operation and maintenance expenses	$1,474,000	$1,881,000	$1,973,000	$2,077,000	$2,197,000	$2,311,000	$2,427,000	$2,559,000	$2,708,000	$2,844,000	$2,989,000
Percent of Airfield O&M expenses	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Debt Service Requirements—LFMP Bonds	$1,806,283	$2,081,791	$2,025,800	$1,967,006	$3,202,127	$3,202,127	$3,202,127	$3,201,806	$3,201,967	$3,201,606	$3,202,167
Amortization of DAL-funded assets	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000	$46,000
	$3,326,283	$4,008,791	$4,044,800	$4,090,006	$5,445,127	$5,559,127	$5,675,127	$5,806,806	$5,955,967	$6,091,606	$6,237,167
Less:											
Remain overnight aircraft parking charges ($75 x 200)	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
Net requirement = apron fee revenue required	**$3,311,283**	**$3,993,791**	**$4,029,800**	**$4,075,006**	**$5,430,127**	**$5,544,127**	**$5,660,127**	**$5,791,806**	**$5,940,967**	**$6,076,606**	**$6,222,167**
Number of gates	12	20	20	20	20	20	20	20	20	20	20
Required apron fee per gate	**$275,940**	**$199,690**	**$201,490**	**$203,750**	**$271,506**	**$277,206**	**$283,006**	**$289,590**	**$297,048**	**$303,830**	**$311,108**
AIRFIELD REQUIREMENT											
Operation and maintenance expenses	$14,739,000	$18,812,000	$19,726,000	$20,774,000	$21,965,000	$23,105,000	$24,271,000	$25,587,000	$27,081,000	$28,444,000	$29,892,000
less: O&M expenses reallocated to the Apron Area cost center	$(1,474,000)	$(1,881,000)	$(1,973,000)	$(2,077,000)	$(2,197,000)	$(2,311,000)	$(2,427,000)	$(2,559,000)	$(2,708,000)	$(2,84,,000)	$(2,989,000)
Deposit to O&M Reserve Fund	-	$844,995	$236,000	$252,000	$272,000	$287,000	$300,000	$320,000	$347,000	$452,000	$387,000
Debt Service Requirements—LFMP Bonds	$121,464	$139,991	$136,226	$132,272	$215,328	$215,328	$215,328	$215,307	$215,318	$215,293	$215,331
Debt Service Requirements—Future GARBs	-	-	-	-	-	-	-	-	$3,621,120	$3,621,120	$3,621,120
Amortization of DAL-funded assets	$1,965,000	$1,882,000	$1,934,000	$2,922,000	$4,076,000	$4,696,000	$4,575,000	$6,018,000	$5,937,000	$6,607,000	$6,986,000
	$15,351,464	$19,797,986	$20,059,226	$22,003,272	$24,331,328	$25,992,328	$26,934,328	$29,581,307	$34,493,438	$36,495,413	$38,112,451
Less:											
Nonairline revenues	$1,211,423	$1,310,054	$1,329,650	$1,361,760	$1,396,572	$1,426,225	$1,451,732	$1,489,680	$1,544,273	$1,578,261	$1,609,526
Interest income allocable to the Airfield	$24,000	$25,000	$26,000	$27,000	$28,000	$29,000	$30,000	$31,000	$33,000	$33,000	$34,000
	$1,235,423	$1,335,054	$1,355,650	$1,388,760	$1,424,572	$1,455,225	$1,481,732	$1,520,680	$1,577,273	$1,611,261	$1,643,526
Net requirement = landing fee revenue required	**$14,116,042**	**$18,462,932**	**$18,703,575**	**$20,614,512**	**$22,906,756**	**$24,537,103**	**$25,452,597**	**$28,060,626**	**$32,916,165**	**$34,884,152**	**$36,468,925**
Landed weight (in 1,000 pound units)	$5,326,000	$7,445,902	$7,457,333	$7,469,866	$7,487,158	$7,509,950	$7,523,018	$7,540,763	$7,556,718	$7,574,751	$7,587,909
Required landing fee rate (per 1,000 pound unit)	**$2.65**	**$2.48**	**$2.51**	**$2.76**	**$3.06**	**$3.27**	**$3.38**	**$3.72**	**$4.36**	**$4.61**	**$4.81**

NOTE: GARBs = General Airport Revenue Bonds; DAL = Dallas Love Field; O&M = Operation and Maintenance; LFMP = Love Field Modernization Program.

SOURCES: City of Dallas, Department of Aviation, August 2014 (Estimated FY 2014); Ricondo & Associates, Inc., November 2015 (projections); Airport Use and Lease Agreement (calculation methodology).

PREPAREDY BY: Ricondo & Associates, Inc., November 2015

THIS PAGE INTENTIONALLY LEFT BLANK

8.5 Application of Revenues and Key Financial Metrics

Pursuant to the Airline Agreement, Dallas Airport System revenues are to be deposited into the Aviation Revenue Fund and applied to the following funds and accounts in the following order of priority:

- **O&M Account**: To pay operation and maintenance expenses for cost-center-specific items.
- **O&M Reserve Account**: The required deposit to this account represents the amount necessary to maintain a balance equal to 3 months, or 25 percent, of the current annual operating budget for the Dallas Airport System.
- **GARB Debt Service Fund**: To pay GARB debt service on any bonds, notes, or debt instruments that may be issued from time to time by the City to fund Dallas Airport System capital improvements.
- **GARB Debt Service Reserve Fund**: To fund or restore the GARB Debt Service Fund established in support of GARBs.
- **Southwest Holding Account**: To reimburse Southwest Airlines for LFMP debt service payments made by Southwest Airlines.
- **Emergency Repair and Replacement Reserve Fund**: To replenish the balance in this fund to $5 million.
- **Aviation Capital Fund**: All remaining revenues are to be deposited into the Aviation Capital Fund to be used to pay the net costs of Dallas Airport System capital improvements and for any other lawful purposes of the Dallas Airport System, subject to a cap of $30 million.

Table 8-11 presents the application of revenues in accordance with the Airline Agreement. The bottom section of the table shows deposits to the Aviation Capital Fund, as well as withdrawals from the fund to pay project costs, as described in Section 8.2.2.3. As shown, under the assumed funding plan for the Master Plan Update CIP, Airport funds are to be used in such a way that the Aviation Capital Fund never exceeds the $30 million cap, nor does it operate under a negative balance in any given year.

Table 8-12 presents a summary of airline rentals, fees, and charges, as well as the projected CPE and debt service coverage. Airline CPE is projected to increase from $5.60 in FY 2015 to $10.81 in FY 2024, reflecting a CAGR of 7.6 percent. Net revenues are projected to be sufficient to pay assumed debt service associated with future bonds beginning in FY 2017, with a coverage ratio of over 3.30x estimated debt service. A minimum coverage ratio of 1.25x debt service is required in accordance with the Bond Ordinance.

THIS PAGE INTENTIONALLY LEFT BLANK

Table 8-11: Application of Revenues for the Dallas Airport System

For Fiscal Years Ending September 30

		PROJECTED									
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Dallas Airport System Revenues 1/	[A]	**$85,725,299**	**$87,283,951**	**$98,549,495**	**$111,201,187**	**$115,507,187**	**$119,188,437**	**$124,718,290**	**$132,331,109**	**$138,500,724**	**$143,008,545**
Operation and Maintenance Expenses											
Dallas Love Field		$43,164,000	$45,171,000	$47,275,000	$49,478,000	$51,786,000	$54,202,000	$56,732,000	$59,386,000	$63,166,000	$66,125,000
Dallas Executive Airport and Heliport		$5,675,000	$5,927,000	$6,194,000	$6,473,000	$6,764,000	$7,069,000	$7,388,000	$7,721,000	$8,071,000	$8,436,000
Departmental overhead		$11,262,000	$12,019,000	$12,811,000	$13,639,000	$14,504,000	$15,409,000	$16,355,000	$17,344,000	$18,380,000	$19,462,000
	[B]	$60,101,000	$63,117,000	$66,280,000	$69,590,000	$73,054,000	$76,680,000	$80,475,000	$84,451,000	$89,617,000	$94,023,000
Deposit to O&M Reserve Account	[C]	$2,658,995	$754,000	$791,000	$828,000	$866,000	$906,000	$949,000	$994,000	$1,291,000	$1,102,000
Net Revenues	**[D]=[A]-[B]-[C]**	**$22,965,304**	**$23,412,951**	**$31,478,495**	**$40,783,187**	**$41,587,187**	**$41,602,437**	**$43,294,290**	**$46,886,109**	**$47,592,724**	**$47,963,545**
Debt Service											
Future Bonds		$-	$-	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$12,913,920	$12,913,920	$12,913,920
	[E]	$-	$-	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$12,913,920	$12,913,920	$12,913,920
Remaining Net Revenues	**[F]=[D]-[E]**	**$22,965,304**	**$23,412,951**	**$22,185,695**	**$31,490,387**	**$32,294,387**	**$32,309,637**	**$34,001,490**	**$33,972,189**	**$34,678,804**	**$35,049,625**
Transfer to Southwest Holding Account under Revenue Credit Agreement	[G]	$12,994,750	$12,645,250	$12,278,250	$19,988,000	$19,988,000	$19,988,000	$19,986,000	$19,987,000	$19,984,750	$19,988,250
Replenishment of Emergency Repair and Replacement Reserve Fund	[H]	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Balance = Transfer to Aviation Capital Fund	**[I]=[F]-[G]-[H]**	**$9,971,000**	**$10,768,000**	**$9,907,000**	**$11,502,000**	**$12,306,000**	**$12,322,000**	**$14,015,000**	**$13,985,000**	**$14,694,000**	**$15,061,000**
Aviation Capital Fund											
Beginning balance		$16,172,000	$22,270,000	$14,740,000	$9,075,000	$11,998,000	$15,481,000	$8,936,000	$18,416,000	$7,893,000	$995,000
Transfer in	[I]	$9,971,000	$10,768,000	$9,907,000	$11,502,000	$12,306,000	$12,322,000	$14,015,000	$13,985,000	$14,694,000	$15,061,000
Use of funds for capital projects		$(3,873,000)	$(18,298,000)	$(15,572,000)	$(8,579,000)	$(8,823,000)	$(18,867,000)	$(4,535,000)	$(24,508,000)	$(21,592,000)	$-
Ending balance		**$22,270,000**	**$14,740,000**	**$9,075,000**	**$11,998,000**	**$15,481,000**	**$8,936,000**	**$18,416,000**	**$7,893,000**	**$995,000**	**$16,056,000**

NOTES. LFMP = Love Field Modernization Program, O&M = Operation and Maintenance.

1/ Includes landing fee revenues, apron fee revenues, terminal building rental revenues, nonairline revenues, and Dallas Executive Airport and Heliport revenues.

SOURCES: Ricondo & Associates, Inc., November 2015 (projections); Airline Use and Lease Agreement (calculation methodology)

PREPAREDY BY: Ricondo & Associates, Inc., November 2015.

Table 8-12: Summary of Key Financial Metrics

For Fiscal Years Ending September 30

	ESTIMATED	PROJECTED								
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Airline Rates and Fees											
Average Terminal Building Rental rate (per square foot)	$61.11	$53.62	$49.10	$79.84	$109.92	$111.02	$114.17	$118.12	$120.69	$129.50	$132.93
Category I: Ticket Counter/Airline Ticketing/Queuing/Holdrooms	$97.47	$78.85	$72.20	$117.42	$161.65	$163.28	$167.91	$173.71	$177.48	$190.44	$195.49
Category II: Baggage Claim/Other Offices	$73.10	$59.14	$54.15	$88.06	$121.24	$122.46	$125.93	$130.28	$133.11	$142.83	$146.61
Category III: Operations and Other Support/Baggage Makeup	$48.73	$39.43	$36.10	$58.71	$80.82	$81.64	$83.95	$86.86	$88.74	$95.22	$97.74
Category IV: Stairwells/Canopy (unenclosed)	$24.37	$19.71	$18.05	$29.35	$40.41	$40.82	$41.98	$43.43	$44.37	$47.61	$48.87
Apron fee (per gate)	$275,940	$199,690	$201,490	$203,750	$271,506	$277,206	$283,006	$289,590	$297,048	$303,830	$311,108
Landing fee rate (per 1,000 pounds of landed weight)	$2.65	$2.48	$2.51	$2.76	$3.06	$3.27	$3.38	$3.72	$4.36	$4.61	$4.81
Cost per Enplaned Passenger											
Airline Revenues											
Terminal Building rentals	$8,088,623	$12,108,522	$11,086,925	$18,030,217	$23,821,732	$25,071,732	$25,782,982	$26,674,176	$27,253,704	$29,243,704	$30,017,927
Landing fees	$14,116,042	$18,462,932	$18,703,575	$20,614,512	$22,906,756	$24,537,103	$25,452,597	$28,060,626	$32,916,165	$34,884,152	$36,468,925
Apron fees	$3,326,283	$3,993,791	$4,029,800	$4,075,006	$5,430,127	$5,544,127	$5,660,127	$5,791,806	$5,940,967	$6,076,606	$6,222,167
Total	$25,530,948	$34,565,245	$33,820,301	$42,719,734	$53,158,615	$55,152,962	$56,895,706	$60,526,609	$66,110,835	$70,204,462	$72,709,019
Enplaned passengers	4,216,000	6,171,153	6,303,640	6,405,657	6,502,792	6,602,748	6,637,379	6,655,755	6,681,704	6,707,693	6,726,460
Airline cost per enplaned passenger	**$6.06**	**$5.60**	**$5.37**	**$6.67**	**$8.17**	**$8.35**	**$8.57**	**$9.09**	**$9.89**	**$10.47**	**$10.81**
Airline cost per net enplaned passenger [1/]	**$7.15**	**$6.61**	**$6.33**	**$7.87**	**$9.65**	**$9.86**	**$10.12**	**$10.73**	**$11.68**	**$12.35**	**$12.76**
Debt Service Coverage											
Net revenues	$22,833,370	$22,965,304	$23,412,951	$31,478,495	$40,783,187	$41,587,187	$41,602,437	$43,294,290	$46,958,109	$47,592,724	$47,963,545
GARB debt service	$-	$-	$-	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$9,292,800	$12,913,920	$12,913,920	$12,913,920
Coverage ratio (1.25x required)				**3.39**	**4.39**	**4.48**	**4.48**	**4.66**	**3.63**	**3.69**	**3.71**

NOTES: GARB = General Airport Revenue Bonds

1/ The calculation of airline cost per net enplaned passenger reflects the subtraction of an assumed 25 percent of nonrevenue passengers from the enplaned passenger denominator.

SOURCES: City of Dallas, Department of Aviation, August 2014 (Estimated FY 2014); Ricondo & Associates, Inc., November 2015 (projections)
PREPAREDY BY: Ricondo & Associates, Inc., November 2015

8.6 Conclusion

The financial analysis presented in this section was conducted to show a feasible funding plan for implementing the Master Plan Update CIP. Based on analyses of forecast activity at the Airport, in addition to projected revenues and expenses, and the Master Plan Update CIP for FY 2015 through FY 2024, it appears that the City has adequate resources to meet the funding requirements for implementing the CIP. The City has access to various sources of funding, which include a mix of FAA funding, PFC revenues, Airport funds, and, perhaps most importantly, the ability to issue long-term debt in the form of GARBs. The airline rates and overall airline CPE remain reasonable over the initial 10-year planning period, showing expected significant increases only upon the issuance of revenue bonds. Debt service coverage is projected to be significantly above the minimum 1.25 times debt service (in accordance with the Bond Ordinance) throughout the initial 10-year planning period.

As implementation of the CIP progresses, Airport/City staff should continually assess the financial feasibility of each project included in the CIP. Future considerations regarding funding of the CIP include the following:

- **Enplaned passenger/traffic growth**: As applicable, the funding plan was developed and analyzed on the basis of the aviation activity forecasts developed for the Airport (see Section 3). Actual year-to-year numbers of enplaned passengers and aircraft operations will likely vary from the forecasts. Significant changes in numbers of enplaned passengers and aircraft operations may affect revenues and expenses, as well as PFC revenues and AIP grants.
- **Availability of AIP funds**: In developing the estimated funding plan for implementing the CIP, it was assumed that the FAA will continue to authorize and appropriate AIP grants for eligible projects. Because the level of authorized and appropriated AIP grant funds may vary from year to year, alternative funding sources may need to be identified if grants cannot be obtained for certain eligible projects. Conversely, the City should take full advantage of all available AIP grants, including potential discretionary grants. In developing the funding plan, a limited amount of discretionary grant funds was assumed. Because of the nature of many of the airfield-related CIP projects, it is likely that high-priority projects could compete favorably for any discretionary grants that may be available. Obtaining such grant funding may reduce the need for PFC revenues and/or Airport cash funding for certain projects, thereby allowing those funds to be used for other projects.
- **Potential increase in maximum PFC level**: Airport industry groups have requested that federal PFC regulations be amended to increase the maximum PFC level from the current $4.50 per eligible enplaned passenger. Although the FAA reauthorization bill enacted in February 2012 did not address this issue, it is possible that future reauthorization legislation will address it, with increasing industry pressure to raise the maximum PFC level. In developing the financial projections and the funding plan reflected in this section, it was assumed that the current $4.50 PFC in effect at the Airport will remain in effect for the entire planning period. If federal PFC regulations are amended and the maximum PFC level is increased, the City may choose to apply to the FAA for authorization to impose a higher PFC at the Airport.

THIS PAGE INTENTIONALLY LEFT BLANK