



**SUMMARY OF MEETINGS AND ACTIVITIES  
MONDAY, AUGUST 20, 2012, THROUGH FRIDAY, AUGUST 24, 2012**

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**MONDAY, AUGUST 20, 2012**

|  | <b><u>TIME</u></b> | <b><u>LOCATION</u></b>  |
|--|--------------------|---|
| Workforce Solutions for Tarrant County<br>Workforce Delivery Systems | 11:45 a.m.         | 1320 South University Drive, Suite 600<br>Board Large Conference Room |

**TUESDAY, AUGUST 21, 2012**

|                     |            |                     |
|---------------------|------------|---------------------|
| Pre-Council Meeting | 8:30 a.m.  | Pre-Council Chamber |
| Council Meeting     | 10:00 a.m. | Council Chamber     |

**WEDNESDAY, AUGUST 22, 2012**

|  |   |  |
|--|---|--|
| Disciplinary Appeals Board   | 9:00 a.m.   | City Hall Annex Building<br>908 Monroe Street<br>6 <sup>th</sup> Floor Training Room               |
| City Plan Commission Work Session  | 12:00 p.m.  | Pre-Council Chamber  |
| City Plan Commission Public Hearing  | 1:30 p.m.   | Council Chamber  |
| Capital Improvements Advisory<br>Committee for Transportation Impact<br>Fees | <i>Immediately<br/>Following the City<br/>Plan Commission</i> | Council Chamber  |
| Parks and Community Services Advisory<br>Board Work Session                  | 3:00 p.m.   | Deborah Beggs Moncrief Garden Center<br>Fort Worth Botanic Garden<br>3220 Botanic Garden Boulevard |
| Parks and Community Services Advisory<br>Board                               | 4:00 p.m.   | Deborah Beggs Moncrief Garden Center<br>Fort Worth Botanic Garden<br>3220 Botanic Garden Boulevard |
| Mayor's Advisory Commission on<br>Homelessness                               | 4:00 p.m.   | Pre-Council Chamber  |

**THURSDAY, AUGUST 23, 2012**

|                           |           |                     |
|---------------------------|-----------|---------------------|
| Appeals Board Pre-Meeting | 8:30 a.m. | Pre-Council Chamber |
| Appeals Board             | 9:30 a.m. | Council Chamber     |

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|---|
| <p>This summary is compiled from data furnished to the Office of the City Secretary by 12:00 p.m. on August 16, 2012, and may not include all meetings to be conducted during the week of August 20, 2012 through August 24, 2012. It is a summary listing only. See individual agendas which are posted in compliance with the Texas Open Meetings Act for detailed information.</p> |
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**SUMMARY OF MEETINGS AND ACTIVITIES  
MONDAY, AUGUST 20, 2012, THROUGH FRIDAY, AUGUST 24, 2012**

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**THURSDAY, AUGUST 23, 2012**

*continued*

City Council FY2013 Budget Study  
Session

**TIME    LOCATION**

1:00 p.m.    Pre-Council Chamber

**FRIDAY, AUGUST 24, 2012**

No Meetings

This summary is compiled from data furnished to the Office of the City Secretary by 12:00 p.m. on August 16, 2012, and may not include all meetings to be conducted during the week of August 20, 2012 through August 24, 2012. It is a summary listing only. See individual agendas which are posted in compliance with the Texas Open Meetings Act for detailed information.

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**PRE-COUNCIL MEETING  
TUESDAY, AUGUST 21, 2012  
8:30 A.M.  
PRE-COUNCIL CHAMBER, CITY HALL  
1000 THROCKMORTON STREET, FORT WORTH, TEXAS**

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1. Report of the City Manager - **Tom Higgins, City Manager**
  - a. Changes to the City Council Agenda
  - b. Upcoming and Recent Events
  - c. Organizational Updates and Employee Recognition(s)
  - d. Informal Reports
    - [IR 9509](#): Summary of City Expenditures on the Trinity River Vision Project
    - [IR 9510](#): Proposed Funding for Tarrant County Housing Partnership to Provide Housing Counseling
    - [IR 9511](#): Amendments to Economic Development Incentive Agreements with Bell Helicopter Textron, Inc.
2. Current Agenda Items - **City Council Members**
3. Responses to Items Continued from a Previous Week
  - a. [M&C PZ-2957](#) - Consider Institution of the Annexation and Adoption of Ordinance for the Owner-Initiated Annexation of Approximately 3.3 Acres of Land Located North of Avondale-Haslet Road and East of US 287, AX-11-008, 2484 Avondale-Haslet Road (COUNCIL DISTRICT 7) **(Continued from June 12, 2012 by Staff)**
  - b. [ZC-11-043](#) - M & H Food Mart, 2484 Avondale-Haslet Road; from: Unzoned to: "E" Neighborhood Commercial **(Recommended for Approval by the Zoning Commission) (Continued from June 12, 2012 by Council Member Shingleton)**
4. Presentation on Dallas/Fort Worth International Airport Fiscal Year 2013 Budget and Fiscal Year 2012 Budget Amendment - **Chris Poinsatte, DFW International Airport**
5. Animal Care and Control Update - **Brandon Bennett, Code Compliance**
6. Video and Presentation on Safety Procedures in Public Places - **Jeff Halstead, Police**
7. City Council Requests for Future Agenda Items and/or Reports
8. Executive Session - (Pre-Council Chamber) - See Attachment A  
Attachment(s):  
[Executive Session Attachment A.pdf](#)

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***This facility is wheelchair accessible. For accommodations or sign interpretive services, please call the City Manager's Office at 817-392-6143, 48 hours in advance.***

**ATTACHMENT A**  
**EXECUTIVE SESSION**  
**(Pre-Council Chamber)**  
**Tuesday, August 21, 2012**

The City Council will conduct a closed meeting in order to:

1. Seek the advice of its attorneys concerning the following pending or contemplated litigation or other matters that are exempt from public disclosure under Article X, Section 9 of the Texas State Bar Rules, as authorized by Section 551.071 of the Texas Government Code:
  - a. Legal Issues Related to Class Action Lawsuit Styled City of Greenville v. Syngenta Crop Protection, Inc., and Syngenta AG, Case No. 3:10-cv-00188-JPG-PMF (Southern District of Illinois);
  - b. Legal Issues Related to Municipal Derivatives Antitrust Litigation, Case No. 1:08-cv-2516 (SDNY);
  - c. Legal Issues Related to Paz Energy v. DFW, Case No. 153-237052-09;
  - d. Legal Issues Related to Rose, et al, v. City of Fort Worth, Case No. 96-244220-10;
  - e. Legal Issues Related to Stacy Davidson, et al, v. City of Fort Worth and Daniel Lopez, Civil Action No. 4:11-cv-00713-A; and
  - f. Legal issues concerning any item listed on today's City Council meeting agendas;
2. Deliberate the purchase, sale, lease or value of real property in accordance with Section 551.072 of the Texas Government Code. Deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third party;
3. Deliberate concerning economic development negotiations as authorized by Section 551.087 of the Texas Government Code; and
4. Deliberate the deployment, or specific occasions for implementation, of security personnel or devices, in accordance with Section 551.076 of the Texas Government Code.

**CITY COUNCIL AGENDA  
FOR THE MEETING AT 10:00 A.M. TUESDAY, AUGUST 21, 2012  
CITY COUNCIL CHAMBER, CITY HALL  
1000 THROCKMORTON STREET, FORT WORTH, TEXAS**

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- I. CALL TO ORDER**
- II. INVOCATION** - Dr. Robert Kenji Flowers - Polytechnic United Methodist Church
- III. PLEDGE OF ALLEGIANCE**
- IV. CONSIDERATION OF MINUTES OF REGULAR MEETING OF AUGUST 14, 2012**
- V. ITEMS TO BE WITHDRAWN FROM THE CONSENT AGENDA**
- VI. ITEMS TO BE CONTINUED OR WITHDRAWN BY STAFF**
- VII. CONSENT AGENDA**

Items on the Consent Agenda require little or no deliberation by the City Council. Approval of the Consent Agenda authorizes the City Manager, or his designee, to implement each item in accordance with staff recommendations.

  - A. General - Consent Items**
    - 1. [M&C G-17650](#) - Adopt Resolution Declaring the TEX Rail Project and the I-35 Corridor Project as Major Infrastructure Projects as Defined in the City of Fort Worth's Relocation Incentives Policy (ALL COUNCIL DISTRICTS)
    - 2. [M&C G-17651](#) - Approve Findings of Ground Transportation Coordinator Regarding Renewal Application of Simon's Executive Car Service, Inc., to Operate Thirty-Five Limousines Within the City of Fort Worth and Adopt Ordinance Granting Such Authority (ALL COUNCIL DISTRICTS)
  - B. Purchase of Equipment, Materials, and Services - Consent Items**
    - 1. [M&C P-11422](#) - Authorize Purchase Agreement with Buyers Barricades, Inc., in the Amount Up to \$179,000.00 for Traffic Control Equipment and Barricades for the Transportation and Public Works Department (ALL COUNCIL DISTRICTS)
    - 2. [M&C P-11423](#) - Authorize Purchase Agreement with Lawn Patrol Service, Inc., in the Amount Up to \$179,465.00 to Provide Channel Maintenance and Mowing Services for the Transportation and Public Works Department (ALL COUNCIL DISTRICTS)
    - 3. [M&C P-11424](#) - Authorize Agreement with Pitney Bowes Global Financial Services LLC, in the Amount Up to \$150,000.00 for the Lease of Mail-Processing Equipment for the Financial Management Services Department Using a TxSmartBuy Cooperative Contract (ALL COUNCIL DISTRICTS)
    - 4. [M&C P-11425](#) - Ratify Emergency Agreement with PRP Services, L.L.C., for Mosquito Management Services for the Code Compliance Department in the Amount Up to \$100,000.00 (ALL COUNCIL DISTRICTS)
  - C. Land - Consent Items**

1. [M&C L-15428](#) - Authorize Acquisition of a Fee Simple Interest in 0.1147 Acres in Improved Lots for the Central Arlington Heights Drainage Improvements Project Located at 4517 Bryce Avenue from Stephen C. Vaughan in the Amount of \$220,000.00 and Pay Estimated Closing Costs Up to the Amount of \$5,000.00 for a Total Cost in the Amount of \$225,000.00 and Authorize Payment of Relocation Assistance Up to the Amount of \$10,000.00 (COUNCIL DISTRICT 7)

**D. Planning & Zoning - Consent Items - None**

**E. Award of Contract - Consent Items**

1. [M&C C-25788](#) - Amend Mayor and Council Communication C-25590 to Increase the Allowed Right-of-Way Usage and the One-Time License Fee Amount for a Natural Gas Pipeline to be Installed by Texas Midstream Gas Services, LLC, Across Lakeridge Road (COUNCIL DISTRICT 7)
2. [M&C C-25789](#) - Authorize Execution of Amendment No. 1 to Tax Abatement Agreement with Lancaster Properties, LLC, to City Secretary Contract No. 42665 for Extending the Completion Deadline and Amending Certain Provisions Related to the Affordable/Accessible Housing Requirement (COUNCIL DISTRICT 9)
3. [M&C C-25790](#) - Authorize Execution of a Contract with McClendon Construction Co., Inc., in the Amount of \$484,446.00 for Pavement Reconstruction and Water and Sanitary Sewer Main Replacement on Portions of Hatcher Street and Richardson Street and Adopt Appropriation Ordinances (COUNCIL DISTRICT 5)
4. [M&C C-25791](#) - Authorize Interlocal Agreements with Various Municipalities and Other Governmental Entities for Participation in the Environmental Collection Center Household Hazardous Waste Program (ALL COUNCIL DISTRICTS)
5. [M&C C-25792](#) - Authorize Execution of a Contract with JLB Contracting, LLC, in the Amount of \$633,961.25 for Hot Mix Asphaltic Concrete Surface Overlay 2012-18 at Various Locations (COUNCIL DISTRICT 3)
6. [M&C C-25793](#) - Authorize Execution of Amendment to City Secretary Contract No. 35648 with Monroe Street Venture for the Lease of the Fourth Floor of the Municipal Parking Garage Located at Tenth and Taylor Streets to Extend the Term (ALL COUNCIL DISTRICTS)
7. [M&C C-25794](#) - Authorize Execution of Amendment No. 5 to an Engineering Services Agreement, City Secretary Contract No. 38733, with Jacobs Engineering Group, Inc., in the Amount of \$24,475.00 for the Design of North Beach Street from Vista Meadows Drive to South of Shiver Road, Thereby Increasing the Total Contract Cost to \$382,431.00 (COUNCIL DISTRICT 2)
8. [M&C C-25795](#) - Authorize Execution of Amendment No. 2 to City Secretary

Contract No. 42524 with Hahnfeld Hoffer & Stanford, LLC, in the Amount of \$99,964.00 Plus Up to \$5,000.00 in Reimbursable Expenses to Design and Provide Construction Administration for Alterations to the Exhibit and Catering Spaces in the Richardson-Bass Building at the Will Rogers Memorial Center and Adopt Supplemental Appropriation Ordinance Increasing Appropriations in the Culture and Tourism Fund in the Amount of \$104,964.00 and Decreasing the Assigned Fund Balance by the Same Amount (COUNCIL DISTRICT 7)

9. [M&C C-25796](#) - Authorize Execution of Change Order No. 1 to City Secretary Contract No. 43461 with Crosstex Energy Services in the Amount of \$796,248.00 for Relocation of Gas Pipelines Along John Day and Keller Haslet Roads as Part of the Runway Extension Project at Fort Worth Alliance Airport (COUNCIL DISTRICT 2)

#### **VIII. PRESENTATIONS BY THE CITY SECRETARY - CONSENT ITEMS**

1. OCS - 1860 - Notice of Claims for Alleged Damages and/or Injuries

#### **IX. SPECIAL PRESENTATIONS, INTRODUCTIONS, ETC.**

#### **X. ANNOUNCEMENTS BY CITY COUNCIL MEMBERS AND STAFF**

1. Upcoming and Recent Events  
2. Recognition of Citizens

#### **XI. PRESENTATIONS BY THE CITY COUNCIL**

1. Changes in Membership on Boards and Commissions

#### **XII. PRESENTATIONS AND/OR COMMUNICATIONS FROM BOARDS, COMMISSIONS AND/OR CITY COUNCIL COMMITTEES**

#### **XIII. RESOLUTION**

1. A Resolution of the City Council of the City of Fort Worth, Texas Changing the Regularly Scheduled City Council Meeting from November 13, 2012 to November 12, 2012

#### **XIV. REPORT OF THE CITY MANAGER**

##### **A. Benefit Hearing**

1. [M&C BH-277](#) - Conduct a Public Benefit Hearing Regarding the Proposed Fiscal Year 2012-2013 Budget, Five-Year Service Plan and Proposed 2012 Assessment Roll for Public Improvement District No. 1, Downtown (COUNCIL DISTRICT 9) **(PUBLIC HEARING)**
- a. Report of City Staff
  - b. Citizen Presentations
  - c. Council Action
2. [M&C BH-278](#) - Conduct a Public Benefit Hearing Regarding the Proposed Fiscal Year 2012-2013 Budget, Five-Year Service Plan and Proposed 2012 Assessment Roll for Public Improvement District No. 6, Park Glen (COUNCIL DISTRICT 4) **(PUBLIC HEARING)**
- a. Report of City Staff

- b. Citizen Presentations
  - c. Council Action
- 3. [M&C BH-279](#)
  - Conduct a Public Benefit Hearing Regarding the Proposed Fiscal Year 2012-2013 Budget, Five-Year Service Plan and Proposed 2012 Assessment Roll for Public Improvement District No. 7, Heritage (COUNCIL DISTRICTS 4 and 7) **(PUBLIC HEARING)**
    - a. Report of City Staff
    - b. Citizen Presentations
    - c. Council Action
- 4. [M&C BH-280](#)
  - Conduct a Public Benefit Hearing Regarding the Proposed Fiscal Year 2012-2013 Budget, Five-Year Service Plan and Proposed 2012 Assessment Roll for Public Improvement District No. 8, Camp Bowie (COUNCIL DISTRICTS 3 and 7) **(PUBLIC HEARING)**
    - a. Report of City Staff
    - b. Citizen Presentations
    - c. Council Action
- 5. [M&C BH-281](#)
  - Conduct a Public Benefit Hearing Regarding the Proposed Fiscal Year 2012-2013 Budget, Five-Year Service Plan and Proposed 2012 Assessment Roll for Public Improvement District No. 11, Stockyards (COUNCIL DISTRICT 2) **(PUBLIC HEARING)**
    - a. Report of City Staff
    - b. Citizen Presentations
    - c. Council Action
- 6. [M&C BH-282](#)
  - Conduct a Public Benefit Hearing Regarding the Proposed Fiscal Year 2012-2013 Budget, Five-Year Service Plan and Proposed 2012 Assessment Roll for Public Improvement District No. 12, Chapel Hill (COUNCIL DISTRICT 7) **(PUBLIC HEARING)**
    - a. Report of City Staff
    - b. Citizen Presentations
    - c. Council Action
- 7. [M&C BH-283](#)
  - Conduct a Public Benefit Hearing Regarding the Proposed Fiscal Year 2012-2013 Budget, Five-Year Service Plan and Proposed 2012 Assessment Roll for Public Improvement District No. 14, Trinity Bluff (COUNCIL DISTRICT 9) **(PUBLIC HEARING)**
    - a. Report of City Staff
    - b. Citizen Presentations
    - c. Council Action

## B. General

- 1. [M&C G-17652](#)
  - Adopt Appropriation Ordinance Increasing Estimated Receipts and Appropriations in the 2007 Critical Capital Projects Fund, the New Equipment Purchases Fund, the

Street Improvements 2004 Overrun Fund and the Public Safety Training Facility Fund in the Combined Amount of \$94,073,000.00 from the Sale of Combination Tax and Revenue Certificates of Obligation, Series 2012, for the Purpose of Funding Various Projects for Capital Improvements and Reimbursing for New Equipment Purchases (ALL COUNCIL DISTRICTS)

2. [M&C G-17653](#) - Authorize Transfer in the Amount of \$6,999,882.00 for Fiscal Year 2012 Budgeted Funding of the Public Agencies Retirement Services Retiree Health Care Plan Trust (ALL COUNCIL DISTRICTS)
3. [M&C G-17654](#) - Adopt Resolution Establishing the Fort Worth Public Improvement District No. 15, Sun Valley (COUNCIL DISTRICT 5) **(PUBLIC HEARING)**
  - a. Report of City Staff
  - b. Citizen Presentations
  - c. Council Action

**C. Purchase of Equipment, Materials, and Services - None**

**D. Land - None**

**E. Planning & Zoning**

1. [M&C PZ-2957](#) - Consider Institution of the Annexation and Adoption of Ordinance for the Owner-Initiated Annexation of Approximately 3.3 Acres of Land Located North of Avondale-Haslet Road and East of US 287, AX-11-008, 2484 Avondale-Haslet Road (COUNCIL DISTRICT 7) **(Continued from a Previous Meeting)**
2. [M&C PZ-2987](#) - Adopt Ordinance Amending the Subdivision Ordinance, Chapter 31 of the City Code, Articles III, IV, V, VI and IX to Improve the Flexibility, Efficiency and Predictability of the Development Process (ALL COUNCIL DISTRICTS)

**F. Award of Contract**

1. [M&C C-25797](#) - Authorize Execution of a Public Right-of-Way Use Agreement with Texas Midstream Gas Services, L.L.C., for a One-Time License Fee in the Amount of \$105,754.00 and Grant License to Construct and Operate an Eight-Inch Natural Gas Gathering Pipeline Across Bryant Irvin Road, Along Helmick Avenue and Across Horne Street, the Alley Between Helmick Avenue and Carver Drive, Carver Drive, the Alley Between Carver Drive and Fernander Drive, Fernander Drive, the Alley Between Fernander Drive and Como Drive, Como Drive, the Alley Between Como Drive and Chariot Drive, Chariot Drive, the Alley Between Chariot Drive and Shiloh Drive, Shiloh Drive, the Alley Between Shiloh Drive and West Vickery Boulevard and Vickery Boulevard (COUNCIL DISTRICTS 3 and 7)
2. [M&C C-25798](#) - Authorize Execution of a Design-Build Contract with The Cornell FW Company, LLC, at a Guaranteed Maximum Price in the Amount of \$97,522,957.00 to Design and

Build the New Public Safety Training Center at a Site Near the Intersection of Hemphill Street and Felix Street, Authorize Non-Interest Bearing Inter-Fund Loan Between the Solid Waste Fund and the Public Safety Training Facility Fund in the Amount of \$20,522,957.00 and Adopt Appropriation Ordinance (COUNCIL DISTRICT 9)

3. [M&C C-25799](#) - Authorize Execution of an Interlocal Agreement Between the Dallas/Fort Worth International Airport Board of Directors and the Cities of Coppell and Dallas to Provide for the Sharing of Incremental Tax Revenues (ALL COUNCIL DISTRICTS)
4. [M&C C-25800](#) - Authorize Execution of Agreement with the University of North Texas Health Science Center at Fort Worth to Accept a Grant in the Amount of \$800,000.00 from the State of Texas for the Fort Worth Business Assistance Center Operations and Renovations on the Guinn School Campus and Adopt Appropriation Ordinance (ALL COUNCIL DISTRICTS)

#### XV. BUDGET HEARING

1. Hearing on Proposed Fiscal Year 2012-2013 Appropriation Ordinance, Debt Service Ordinance and Ad Valorem Tax Levy Ordinance
  - a. Report of City Staff
  - b. Citizen Presentations

#### XVI. ZONING HEARING

1. [ZC-11-043](#) - (CD 7) - M & H Food Mart, 2484 Avondale-Haslet Road; from: Unzoned to: "E" Neighborhood Commercial (**Recommended for Approval by the Zoning Commission (Continued from a Previous Meeting)**)

#### XVII. CITIZEN PRESENTATIONS

#### XVIII. EXECUTIVE SESSION (PRE-COUNCIL CHAMBER) - SEE ATTACHMENT B

#### XIX. ADJOURNMENT

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According to the City Council Rules of Procedures, individual citizen presentations shall be limited to three minutes, and group presentations shall be limited to ten minutes. At the Mayor's discretion, time limits may be reasonably extended.

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**ATTACHMENT B**  
**EXECUTIVE SESSION**  
**(Pre-Council Chamber)**  
**Tuesday, August 21, 2012**

The City Council will conduct a closed meeting in order to:

1. Seek the advice of its attorneys concerning the following pending or contemplated litigation or other matters that are exempt from public disclosure under Article X, Section 9 of the Texas State Bar Rules, as authorized by Section 551.071 of the Texas Government Code:
  - a. Legal Issues Related to Class Action Lawsuit Styled City of Greenville v. Syngenta Crop Protection, Inc., and Syngenta AG, Case No. 3:10-cv-00188-JPG-PMF (Southern District of Illinois);
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  - c. Legal Issues Related to Paz Energy v. DFW, Case No. 153-237052-09;
  - d. Legal Issues Related to Rose, et al, v. City of Fort Worth, Case No. 96-244220-10;
  - e. Legal Issues Related to Stacy Davidson, et al, v. City of Fort Worth and Daniel Lopez, Civil Action No. 4:11-cv-00713-A; and
  - f. Legal issues concerning any item listed on today's City Council meeting agendas;
2. Deliberate the purchase, sale, lease or value of real property in accordance with Section 551.072 of the Texas Government Code. Deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third party;
3. Deliberate concerning economic development negotiations as authorized by Section 551.087 of the Texas Government Code; and
4. Deliberate the deployment, or specific occasions for implementation, of security personnel or devices, in accordance with Section 551.076 of the Texas Government Code.

**No Documents for this Section**



Updated August 16, 2012

*City of Fort Worth  
City Council Pre-Council Agenda Calendar*

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*August 21, 2012*

***8:30 a.m. Pre-Council Meeting***

**Continued Items:**

- **M&C PZ-2957** - Consider Institution of the Annexation and Adoption of Ordinance for the Owner-Initiated Annexation of Approximately 3.3 Acres of Land Located North of Avondale-Haslet Road and East of US 287, AX-11-008, 2484 Avondale-Haslet Road (COUNCIL DISTRICT 7 – Dennis Shingleton) (**Continued from June 12, 2012 by Staff**)
- **ZC-11-043** - M & H Food Mart, 2484 Avondale-Haslet Road; from: Unzoned to: "E" Neighborhood Commercial (**Recommended for Approval by the Zoning Commission**) (**Continued from June 12, 2012 by Council Member Shingleton**)
  
- o Dallas/Fort Worth International Airport Fiscal Year 2013 Budget and Fiscal Year 2012 Budget Amendment [*Chris Poinsett, DFW International Airport*]
- o Animal Care and Control Update [*Brandon Bennett, Code Compliance*]
- o Video and Presentation on Safety Procedures in Public Places [*Jeff Halstead, Police*]

*August 23, 2012*      (***Thursday***)

***1:00 p.m. – 3:00 p.m. Budget Study Session***  
***3:00 p.m. Audit and Finance Advisory Committee (cancelled)***

*August 28, 2012*

***8:30 a.m. Pre-Council Meeting (cancelled)***

*August 30, 2012*      (***Thursday***)

***9:00 a.m. – noon Budget Study Session (Pre-Council Chamber)***  
***7:00 p.m. Fort Worth Crime Control and Prevention District Board of Directors Meeting (Pre-Council Chamber)***



Updated August 16, 2012

*City of Fort Worth*  
*City Council Pre-Council Agenda Calendar*

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September 3, 2012      *(Monday)*

*City Hall Closed – Labor Day Holiday*

September 4, 2012

*1:00 p.m. Housing and Economic Development Committee (cancelled)*  
*3:00 p.m. Pre-Council Meeting (cancelled)*

September 6, 2012      *(Thursday)*

*9:00 a.m. – noon Budget Study Session (Pre-Council Chamber)*

September 11, 2012      *Monthly Zoning Meeting*

*11:00 a.m. Legislative and Intergovernmental Affairs Committee*  
*1:00 p.m. Infrastructure & Transportation Committee*  
*3:00 p.m. Pre-Council Meeting*

**Continued Items:**

- **M&C G-17645** - Adopt Ordinance Amending Chapter 6 of the City Code to Enact a Program for the Management of Feral Cats to Allow for the Implementation of a Trap-Neuter-Return Program in Fort Worth (ALL COUNCIL DISTRICTS) (**Continued from August 7, 2012 by Council Member Jordan**)
- **M&C PZ-2983** - Consider the Adoption of an Ordinance Vacating a Portion of Right-of-Way Along Oakhurst Scenic Drive Adjacent to 2031 West Lotus Avenue (COUNCIL DISTRICT 2 – Sal Espino) (**Continued from August 14, 2012 by Council Member Espino**)
- **SP-12-001** - Hendricks Commercial Properties, LLC, 5328 East Lancaster Avenue; Amend site plan for "PD-490" Planned Development for "F" General Commercial uses with exclusions, to include a screened outdoor storage area in the front yard and temporary staging area for loading and offloading. (**Recommended for Denial by the Zoning Commission**) (**Continued from August 7, 2012 by Council Member Moss**)



Updated August 16, 2012

*City of Fort Worth*  
*City Council Pre-Council Agenda Calendar*

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**September 11, 2012** (continued)

- **ZC-12-069** - Phillip Wayne Galyen, 1412, 1418 Milam Street, 1425 Nottingham Boulevard, and 1401 E. Loop 820; from: "A-5" One-Family and "PD-575" Planned Development Specific Use for parking lot and car leasing preparation area; site plan required (SP-04-030) to: "PD/E" Planned Development for all uses in "E" Neighborhood Commercial plus outdoor display/sales for playsets and kitchens and to allow fencing in the front yard; site plan waiver recommended. **(Recommended for Approval as Amended by the Zoning Commission for perimeter fencing to be open type design) (Continued from August 7, 2012 by Council Member Espino)**
- o Briefing on Neighborhood Traffic Management [*Douglas Wiersig, Transportation and Public Works*]

**September 13, 2012** (Thursday)

**9:00 a.m. – noon Budget Study Session**

**September 18, 2012**

**8:30 a.m. Pre-Council Meeting**

**Continued Items:**

- **M&C C-25657** - Authorize Execution of a Public Right-of-Way Use Agreement Granting Texas Midstream Gas Services, L.L.C., a License to Construct and Operate an Eight Inch Natural Gas Gathering Pipeline Across South Haynes Avenue, Arch Street, South Chicago Avenue, South Newark Avenue, South Sargent Avenue, Miller Avenue, Bradley Avenue, Griggs Street, South Hughes Avenue, Lloyd Avenue and South Edgewood Terrace, GST11-0035 (COUNCIL DISTRICT 8) **(Continued from August 7, 2012 by Council Member Allen Gray)**
- o Discussion on the City Manager's Final Fiscal Year 2013 Budget [*Horatio Porter, Budget Officer*]



Updated August 16, 2012

*City of Fort Worth*  
*City Council Pre-Council Agenda Calendar*

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**September 25, 2012**

***8:30 a.m. Pre-Council Meeting***

- o Presentation on Vision North Texas [*Mike Eastland, North Central Texas Council of Governments*]
- o Briefing on Fort Worth Public Art Fiscal Year 2013 Annual Work Plan [*Martha Peters, Arts Council of Fort Worth and Tarrant County*]

**October 2, 2012**

***8:30 a.m. Pre-Council Meeting***  
***(Meeting moved to morning for National Night Out)***  
***Housing and Economic Development Committee***  
***(Immediately following the 10:00 a.m. City Council Meeting)***  
***Housing Finance Corporation***  
***(Immediately following the HED)***  
***Local Development Corporation***  
***(Immediately following the HFC)***

**October 9, 2012**    ***Monthly Zoning Meeting***

***11:00 a.m. Legislative and Intergovernmental Affairs Committee***  
***1:00 p.m. Infrastructure & Transportation Committee***  
***3:00 p.m. Pre-Council Meeting***

**October 16, 2012**

***8:30 a.m. Pre-Council Meeting***

**October 23, 2012**

***8:30 a.m. Pre-Council Meeting***



*Updated August 16, 2012*

*City of Fort Worth  
City Council Pre-Council Agenda Calendar*

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**October 25, 2012** *(Thursday)*

*3:00 p.m. Audit and Finance Advisory Committee*

**October 30, 2012**

*8:30 a.m. Pre-Council Meeting (cancelled)*



**CITY OF FORT WORTH, TEXAS  
REGULAR CITY COUNCIL MEETING  
AUGUST 14, 2012**

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**Present:**

Mayor Pro tem W.B. "Zim" Zimmerman, District 3  
Council Member Salvador Espino, District 2  
Council Member Daniel Scarth, District 4  
Council Member Frank Moss, District 5  
Council Member Jungus Jordan, District 6  
Council Member Dennis Shingleton, District 7  
Council Member Kelly Allen Gray, District 8  
Council Member Joel Burns, District 9

**Absent:**

Mayor Betsy Price

**Staff Present:**

Tom Higgins, City Manager  
Sarah Fullenwider, City Attorney  
Mary J. Kayser, City Secretary

**I. CALL TO ORDER**

With a quorum of the City Council Members present, Mayor Pro tem Zimmerman called the regular session of the Fort Worth City Council to order at 7:01 p.m., on Tuesday, August 14, 2012, in the City Council Chamber of the Fort Worth City Hall, 1000 Throckmorton Street, Fort Worth, Texas 76102, with Mayor Price absent.

**II. INVOCATION - Reverend Rob Morris - Ridglea Christian Church**

The invocation was provided by Reverend Rob Morris - Ridglea Christian Church.

**III. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited.

**IV. CONSIDERATION OF MINUTES OF REGULAR MEETING OF AUGUST 7, 2012**

Motion: Council Member Burns made a motion, seconded by Council Member Jordan, that the Minutes of the Regular Meeting of August 7, 2012, be approved. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**V. ITEMS TO BE WITHDRAWN FROM THE CONSENT AGENDA**

City Manager Higgins requested that Mayor and Council Communication Nos. L-15419 and C-25782 be withdrawn from the Consent Agenda.

**VI. ITEMS TO BE CONTINUED OR WITHDRAWN BY STAFF**

City Manager Higgins requested that Mayor and Council Communication No. P-11405 be withdrawn from consideration.

**VII. CONSENT AGENDA**

Motion: Council Member Shingleton made a motion, seconded by Council Member Espino, that the Consent Agenda be approved as amended. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**A. General - Consent Items**

**1. M&C G-17646 - Approve Findings of Ground Transportation Coordinator Regarding Renewal Application of Bohemian Limo, to Operate Six Limousines Within the City of Fort Worth and Adopt Ordinance Granting Such Authority. (ALL COUNCIL DISTRICTS)**

The City Council approved the following recommendation: Consider and adopt the following findings of the Ground Transportation Coordinator: The public necessity and convenience require the operation of six (6) limousines upon the City streets, alleys and thoroughfares; Bohemian Limo, is qualified and financially able to conduct a limousine service within the City; Bohemian Limo, has complied with the requirements of Chapter 34 of the City Code; Bohemian Limo, presented facts in support of compelling demand and necessity for six (6) limousines; the general welfare of the citizens of the City will best be served by the addition of six (6) limousines upon City streets, alleys and thoroughfares; and adopt Ordinance No. 20321-08-2012 granting the privilege of operating authority to Bohemian Limo, for the use of the streets, alleys, and public thoroughfares of the City in the conduct of its limousine business, which shall consist of the operation of six (6) limousines for a one (1) year period beginning on the effective date; providing for written acceptance by Bohemian Limo, subject to and conditioned on Bohemian Limo, complying with all requirements of Chapter 34, Article VI of the Code of the City of Fort Worth (1986), as amended.

**2. M&C G-17647 - Adopt Ordinance Increasing the Number of Authorized Positions in the Classification of Police Officer in the Police Department by Thirty and Increasing the Number of Authorized Positions in the Classification of Sergeant by Two, Thereby Increasing the Total Number of Authorized Civil Service Positions by Thirty-Two and Adopt Supplemental Appropriation Ordinance. (ALL COUNCIL DISTRICTS)**

The City Council approved the following recommendation: Adopt Ordinance No. 20322-08-2012 adding 30 positions in the Police Officer classification; adding two (2) positions in the Sergeant classification; adjusting the total number of authorized sworn positions in the Police Department by 32; and adopt Supplemental Appropriation Ordinance No. 20323-08-2012 increasing the estimated receipts and appropriations in the General Fund in the amount of \$43,706.67, and decreasing the unassigned fund balance by the same amount, for the purpose of funding two (2) Sergeant positions.

**B. Purchase of Equipment, Materials, and Services - Consent Items**

1. **M&C P-11418 - Authorize Purchase Agreement with UnifiedEdge, Inc., for Phase II Radio Over Internet Protocol Software, Hardware and Related Services Using a Cooperative Contract for the Office of Emergency Management in the Amount Up to \$245,685.00 from Grant Funds. (ALL COUNCIL DISTRICTS)**

The City Council approved the following recommendation: Authorize a purchase agreement with UnifiedEdge, Inc., for Phase II Radio Over Internet Protocol software, hardware and related services using the Department of Information Resources Contract No. DIR-SDD-936 for the Office of Emergency Management in the amount up to \$245,685.00 from Grant Funds.

2. **M&C P-11419 - Authorize Purchase Agreement with RePipe Construction, LLC, for Trenchless Pipe Rehabilitation for the Transportation and Public Works Department in an Amount Up to \$1,000,000.00. (ALL COUNCIL DISTRICTS)**

The City Council approved the following recommendation: Authorize a purchase agreement with RePipe Construction, LLC, for trenchless pipe rehabilitation for the Transportation and Public Works Department in an amount up to \$1,000,000.00 for the first year.

3. **M&C P-11420 - Authorize Sole Source Purchase Agreement with Xylem Water Solutions USA, Inc., for Flygt Pumps, Parts and Repairs for the Water Department in the Amount Up to \$60,000.00. (ALL COUNCIL DISTRICTS)**

The City Council approved the following recommendation: Authorize sole source purchase agreement with Xylem Water Solutions USA, Inc., for Flygt pumps, parts and repairs for the Water Department in the amount up to \$60,000.00 for the first year.

4. **M&C P-11421 - Authorize Purchase of Fifteen Full Size Pickup Trucks from Philpott Motors, LTD d/b/a Philpott Ford Using a Cooperative Contract for Multiple City Departments in the Amount of \$334,256.05. (ALL COUNCIL DISTRICTS)**

The City Council approved the following recommendation: Authorize the purchase of 15 full size pickup trucks from Philpott Motors, LTD d/b/a Philpott Ford, using the Texas Association of School Boards Cooperative Contract Number 358-10 for multiple City departments in the amount of \$334,256.05.

**C. Land - Consent Items**

- 1. M&C L-15418 - Authorize Sale of Twenty-Four Tax Foreclosed Properties in Accordance with Section 272.001 of the Texas Local Government Code and Section 34.05 of the Texas Tax Code in the Amount of \$62,297.00. (COUNCIL DISTRICTS 2, 5, 7, 8 and 9)**

The City Council approved the following recommendation: Authorize the sale of 24 tax foreclosed properties in accordance with Section 272.001 of the Texas Local Government Code and Section 34.05 of the Texas Tax Code in the amount of \$62,297.00; and authorize the execution and recording of the appropriate instruments conveying the properties to complete the sale.

- 3. M&C L-15420 - Authorize Acquisition of a Fee Simple Interest in 0.0717 Acres of Land in a Vacant Lot for the East Como Channel Improvements Project Located at 5128 Helmick Avenue from Old Fort Worth Redevelopment, Ltd., in the Amount of \$4,688.00 and Pay the Estimated Closing Costs Up to \$2,000.00 for a Total Cost in the Amount of \$6,688.00. (COUNCIL DISTRICT 7)**

The City Council approved the following recommendation: Authorize the acquisition of a fee simple interest in 0.0717 acre of land in a vacant lot located at 5128 Helmick Avenue, Fort Worth, Texas, described as Lot 25, Block 123, Chamberlain Arlington Heights, 2nd Addition, from Old Fort Worth Redevelopment, Ltd.; find that the total purchase price in the amount of \$4,688.00 is just compensation; and authorize the acceptance of the conveyance, the recording of the appropriate instrument and payment of the estimated closing costs in the amount up to \$2,000.00.

- 4. M&C L-15421 - Authorize Acquisition of a Fee Simple Interest in 0.044 Acres of Land for Right-of-Way for the Randol Mill Drainage Culvert Improvements Project Located in the 7400 Block of Randol Mill Road with an Address of 108 Sandy Lane, from The Rennell Trust for \$2,250.00, and Pay Estimated Closing Costs Up to \$1,500.00 for a Total in the Amount of \$3,750.00. (COUNCIL DISTRICT 4)**

The City Council approved the following recommendation: Authorize the acquisition of a fee simple interest in 0.044 acre of land for right-of-way for the Randol Mill Drainage Culvert

Improvements Project located in the 7400 Block of Randol Mill Road with an address of 108 Sandy Lane, described as Abstract No. 1048, William Masters Survey, from The Rennell Trust; find that the total purchase price of \$2,250.00 is just compensation; and authorize the City Manager or his designee to accept the conveyance, record the appropriate instruments and to pay the estimated closing costs up to \$1,500.00.

5. **M&C L-15422 - Authorize Acquisition of a Fee Simple Interest in 0.129 Acres of Land for Right-of-Way and an Easement Interest in 1.424 Acres of Land for a Temporary Construction Easement Located Southwest of the Litsey Road and Byron Nelson Boulevard Intersection for the Widening of Litsey Road from The Byron Nelson Estate in the Amount of \$11,961.06 and Pay Estimated Closing Costs in the Amount of \$2,000.00. (COUNCIL DISTRICT 2)**

The City Council approved the following recommendation: Authorize the acquisition of a fee simple interest in 0.129 acre of land for right-of-way and an easement interest in 1.424 acres of land for a temporary construction easement for the widening of Litsey Road from Cleveland Gibbs Road to Independence Parkway located southwest of the Litsey Road and Byron Nelson Boulevard intersection, described as Abstract No. 943, Tract 17, M.E.P.P.R.R. Co. Survey, from The Byron Nelson Estate in the amount of \$11,961.06 and pay estimated closing costs in the amount of \$2,000.00; and authorize the City Manager or his designee to accept the conveyances, record the appropriate instruments, pay the purchase price in the amount of \$11,961.06 and the estimated closing costs in the amount up to \$2,000.00.

6. **M&C L-15423 - Authorize Acquisition of a Fee Simple Interest in 1.865 Acres of Land for Right-of-Way and an Easement Interest in 0.772 Acres for a Temporary Construction Easement for the Summer Creek Drive Improvements Project Located at the Corner of Summer Creek Drive and West Risinger Road from FW 50 Partners, Ltd., Grant Transportation Impact Fee Credit to the Developer in the Amount Not to Exceed \$80,000.00 and Pay Estimated Closing Costs Up to \$3,000.00. (COUNCIL DISTRICT 6)**

The City Council approved the following recommendation: Authorize acquisition of a fee simple interest in 1.865 acres of land for right-of-way and an easement interest in 0.772 acre for a temporary construction easement for the Summer Creek Drive Improvements Project located at the corner of Summer Creek Drive and West Risinger Road, described as Abstract No. 4, Juan Jose Albirado Survey, from FW 50 Partners, Ltd., and grant transportation impact fee credit to the developer in the amount not to exceed \$80,000.00; and authorize the City Manager or his designee to accept the conveyance, record the appropriate instruments and pay the estimated closing costs up to \$3,000.00.

- D. **Planning & Zoning - Consent Items - None**

E. **Award of Contract - Consent Items**

1. **M&C C-25780 - Authorize Execution of Change Order No. 2 to City Secretary Contract No. 42657 with Vendigm Construction, LLC, in the Amount of \$58,232.50 for Bridge Repair and Rehabilitation at Seven Locations for a Total Revised Contract in the Amount of \$368,162.50. (COUNCIL DISTRICTS 7, 8 and 9)**

The City Council approved the following recommendation: Authorize the execution of Change Order No. 2 to City Secretary Contract No. 42657 with Vendigm Construction, LLC, in the amount of \$58,232.50 revising the total contract in the amount of \$368,162.50.

2. **M&C C-25781 - Authorize Execution of Change Order No. 1 to City Secretary Contract No. 40828 with Peachtree Construction, Ltd., in the Amount of \$499,561.82 for Hot Mix Asphaltic Concrete Surface Overlay 2010-3 at Multiple Locations, Thereby Increasing the Total Contract Amount to \$2,615,433.82 and Adopt Appropriation Ordinances. (COUNCIL DISTRICTS 7 and 8)**

The City Council approved the following recommendation: Authorize the transfer of \$445,991.37 from the Water and Sewer Operating Fund to the Water Capital Projects Fund in the amount of \$237,437.54 and the Sewer Capital Project Fund in the amount of \$208,553.83; adopt Appropriation Ordinance No. 20324-08-2012 increasing the estimated receipts and appropriations in the Water Capital Projects Fund from available funds, for the purpose of hot mix asphaltic concrete surface overlay 2010-3 at multiple locations; adopt Appropriation Ordinance No. 20325-08-2012 increasing the estimated receipts and appropriations in the Sewer Capital Projects Fund, from available funds, for the same purpose reflected above; and authorize the execution of Change Order No. 1 to City Secretary Contract No. 40828 with Peachtree Construction, Ltd., in the amount of \$499,561.82, thereby increasing the total contract in the amount of \$2,615,433.82.

4. **M&C C-25783 - Authorize Execution of Amendment No. 1 to City Secretary Contract No. 38798 an Engineering Services Agreement with Brown and Gay Engineers, Inc., in the Amount of \$99,068.00 for the Design of Robertson Road from Boat Club Road to West of Lake Country Drive, Thereby Increasing the Total Contract Amount from \$384,468.00 to \$483,536.00. (COUNCIL DISTRICT 7)**

The City Council approved the following recommendation: Authorize the execution of Amendment No. 1 to City Secretary Contract No. 38798 and engineering services agreement with Brown and Gay Engineers, Inc., in the amount of \$99,068.00 for the design of Robertson Road from Boat Club Road to West of Lake Country Drive, thereby increasing the total contract cost in the amount of \$483,536.00.

5. **M&C C-25784 - Authorize Execution of Change Order No. 3 to City Secretary Contract No. 43127 with Standard Parking Corporation d/b/a SP Plus in the Amount of \$143,608.00 for Landscaping, Paving, and Pedestrian Enhancements to Serve the Gendy Street Phase II Project at Will Rogers Memorial Center, Increasing the Total Contract Amount to \$1,993,211.59. (COUNCIL DISTRICT 7)**

The City Council approved the following recommendation: Authorize the execution of Change Order No. 3 to City Secretary Contract No. 43127 with Standard Parking Corporation d/b/a SP Plus in the amount of \$143,608.00 for landscaping, paving, and pedestrian enhancements to serve the Gendy Street Phase II Project at Will Rogers Memorial Center, increasing the total contract amount to \$1,993,211.59.

6. **M&C C-25785 - Authorize Correction of Mayor and Council Communication C-25352 to Change the Name of the Awarding Agency from the North Central Texas Council of Governments to the Mosaic Family Services for the Project Safe Neighborhood Grant in the Amount of \$5,000.00, Repeal Ordinance No. 20013-12-2011 and Adopt Corrected Appropriation Ordinance. (ALL COUNCIL DISTRICTS)**

The City Council approved the following recommendation: Authorize the correction of Mayor and Council Communication C-25352 to change the name of the awarding agency from the North Central Texas Council of Governments to the Mosaic Family Services; repeal Ordinance No. 20013-12-2011; and adopt the corrected Appropriation Ordinance No. 20326-08-2012 increasing the estimated receipts and appropriations in the Grants Fund in the amount of \$5,000.00, subject to receipt of a grant from the Mosaic Family Services, for the purpose of participating in a joint effort to reduce violent gun crime and gang crime.

7. **M&C C-25786 - Authorize Execution of a Non-Federal Reimbursable Agreement with the Federal Aviation Administration in an Amount Not to Exceed \$186,587.50 as Part of the Runway Extension Project at Fort Worth Alliance Airport. (COUNCIL DISTRICT 2)**

The City Council approved the following recommendation: Authorize the execution of a non-federal reimbursable agreement with the Federal Aviation Administration in an amount not to exceed \$186,587.50 as part of the Runway Extension Project at Fort Worth Alliance Airport.

**VIII. PRESENTATIONS BY THE CITY SECRETARY - CONSENT ITEMS**

1. **OCS - 1859 - Notice of Claims for Alleged Damages and/or Injuries**

C. Land – Removed from Consent Agenda for Individual Consideration

2. M&C L-15419 - Authorize Acquisition of a Fee Simple Interest in 0.1434 Acres of Land in Vacant Lots for the East Como Channel Improvements Project Located at 5136 Helmick Avenue from Frank Chadwick in the Amount of \$9,375.00 and Pay the Estimated Closing Costs Up to \$2,000.00 for a Total Cost in the Amount of \$11,375.00 (COUNCIL DISTRICT 7)

The recommendation was that the City Council authorize the acquisition of a fee simple interest in 0.1434 acre of land in vacant lots located at 5136 Helmick Avenue, Fort Worth, Texas, described as Lots 21 and 22, Block 123, Chamberlain Arlington Heights, 2nd Addition, from Frank Chadwick; find that the total purchase price in the amount of \$9,375.00 is just compensation; and authorize acceptance of the conveyance, the recording of the appropriate instrument and payment of the estimated closing costs in the amount up to \$2,000.00.

Council Member Moss recused from voting on this item.

Motion: Council Member Shingleton made a motion, seconded by Council Member Espino, that Mayor and Council Communication No. L-15419 be approved. The motion carried unanimously 7 ayes to 0 nays, with 1 recusal by Council Member Moss and Mayor Price absent.

E. Award of Contract - Removed from Consent Agenda for Individual Consideration

3. M&C C-25782 - Authorize Execution of Amendment No. 1 to City Secretary Contract No. 42295, an Infrastructure Construction Agreement with Hillwood Residential Services, L.P., to Increase City Participation in the Amount of \$283,972.00 for the Construction of Additional Water and Sewer Improvements to North Beach Street from Keller-Hicks Road to Golden Triangle Boulevard and Along Keller-Hicks Road from Alta Vista Boulevard 1,000 Feet to the East, Thereby Establishing a Total City and Developer Contract Cost of \$6,683,972.00. (COUNCIL DISTRICT 2)

The recommendation was that the City Council authorize execution of Amendment No. 1 to City Secretary Contract No. 42295, an infrastructure construction agreement with Hillwood Residential Services, L.P., to increase City participation in the amount of \$283,972.00 for the construction of additional water and sewer improvements to North Beach Street from Keller-Hicks Road to Golden Triangle Boulevard along Keller-Hicks Road from Alta Vista Boulevard 1,000 feet to the east, thereby establishing a total contract cost of \$6,683,972.00.

Ms. Gena Terrell, 3090 Olive Street, Suite 300, Dallas, Texas 75219, completed a speaker card in support of Mayor and Council Communication No. C-25782, but did not wish to address the Council.

Motion: Council Member Espino made a motion, seconded by Council Member Shingleton, that Mayor and Council Communication No. C-25782 be approved, with appreciation to all involved. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**IX. SPECIAL PRESENTATIONS, INTRODUCTIONS, ETC.**

There were no special presentations, introductions, etc.

**X. ANNOUNCEMENTS BY CITY COUNCIL MEMBERS AND STAFF**

**1. Upcoming and Recent Events**

Council Member Moss announced that the HIPHOP for HIV Concert was a great success. He stated that over 2,000 individuals attended the concert and that 4,300 individuals received free HIV/STD testing. He also expressed appreciation to the agencies and individuals who sponsored the event.

Mayor Pro tem Zimmerman also stated that the HIPHOP for HIV Concert was a tremendous program and commented on the wonderful performances.

Council Member Burns requested that the Council meeting be adjourned in memory of Mr. Toby Tobias, retired Fort Worth employee, who passed away on August 4, 2012.

Council Member Allen Gray expressed appreciation to everyone who joined her and Mayor Price for the Coffee for District 8 in the Highland Hills area. She encouraged everyone to follow District 8 and the City on Twitter and Facebook to receive information on future meetings and events.

Council Member Scarth expressed appreciation to Tarrant County for allowing him to make a presentation on behalf of Vision North Texas.

Council Member Jordan requested the Council meeting be adjourned in memory of Mr. David Luskey, of Luskey Western Wear, who passed away on August 6, 2012.

Council Member Espino announced that he would be making a motion to continue Mayor and Council Communication No. PZ-2983 to the September 11, 2012, City Council meeting at the request of the applicant. He also expressed appreciation to his fellow Council Members for their service to their respective districts and the City as a whole.

**2. Recognition of Citizens**

There were no citizens recognized at this time.

**XI. PRESENTATIONS BY THE CITY COUNCIL**

**1. Changes in Membership on Boards and Commissions**

Council Member Scarth recommended the following reappointments on behalf of the Legislative and Intergovernmental Affairs Committee:

Mr. Paul Harral, Area Metropolitan Ambulance Authority, with a term expiring August 31, 2015.

Mr. W. B. "Zim" Zimmerman, Area Metropolitan Ambulance Authority, with a term expiring August 31, 2015.

Motion: Council Member Scarth made a motion, seconded by Council Member Espino, that Mr. Paul Harral and Mr. W.B. "Zim" Zimmerman be reappointed to the Area Metropolitan Ambulance Authority, with terms expiring on August 31, 2015. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

Motion: Council Member Jordan made a motion on behalf of Mayor Price, seconded by Council Member Espino, that Mr. Danny Scarth and Mr. W.B. "Zim" Zimmerman be appointed to the Regional Transportation Council. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

Motion: Council Member Jordan made a motion on behalf of Mayor Price, seconded by Council Member Scarth, that Mr. Richard Fahy be reappointed to Place 1 on the Aviation Advisory Board, with a term expiring on October 1, 2013. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

Motion: Council Member Jordan made a motion, seconded by Council Member Shingleton, that Mr. James Doherty be appointed to Place 6 on the Parks and Community Services Advisory Board, with a term expiring on October 1, 2012. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**XII. PRESENTATIONS AND/OR COMMUNICATIONS FROM BOARDS, COMMISSIONS AND/OR CITY COUNCIL COMMITTEES**

There were no presentations and/or communications from boards, commissions and/or city council committees.

**XIII. RESOLUTIONS**

**1. A Resolution Appointing Jesus Payan, William B. Gordon and Mike Bickley to the Board of Trustees of the Employees' Retirement Fund of the City of Fort Worth.**

The recommendation was that the City Council adopt a Resolution appointing Mr. Jesus Payan, Mr. William B. Gordon and Mr. Mike Bickley to the Board of Trustees of the Employees' Retirement Fund of the City of Fort Worth.

Motion: Council Member Jordan made a motion, seconded by Council Member Shingleton, that Resolution No. 4112-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**2. A Resolution Appointing Kelly Allen Gray to the Board of Directors of Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas (Southside TIF).**

The recommendation was that the City Council adopt a Resolution appointing Mrs. Kelly Allen Gray to the Board of Directors of the Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas (Southside TIF).

Motion: Council Member Jordan made a motion, seconded by Council Member Espino, that Resolution No. 4113-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**3. A Resolution Appointing Kelly Allen Gray to the Board of Directors of Tax Increment Reinvestment Zone Number Eight, City of Fort Worth, Texas (Lancaster Corridor TIF).**

The recommendation was that the City Council adopt a Resolution appointing Mrs. Kelly Allen Gray to the Board of Directors of Tax Increment Reinvestment Zone Number Eight, City of Fort Worth (Lancaster Corridor TIF).

Motion: Council Member Jordan made a motion, seconded by Council Member Espino, that Resolution No. 4114-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**4. A Resolution Appointing Kelly Allen Gray and Scott Rule to the Board of Directors of Tax Increment Reinvestment Zone Number Twelve, City of Fort Worth, Texas, and Appointing Kelly Allen Gray as Chairperson for the Board (East Berry Renaissance TIF).**

The recommendation was that the City Council adopt a Resolution appointing Mrs. Kelly Allen Gray and Mr. Scott Rule to the Board of Directors of Tax Increment Reinvestment Zone Number Twelve, City of Fort Worth, Texas, and appointing Mrs. Kelly Allen Gray as Chairperson for the Board (East Berry Renaissance TIF).

Motion: Council Member Moss made a motion, seconded by Council Member Espino, that Resolution No. 4115-08-2012, appointing Council Member Kelly Allen Gray and Mr. Scott Rule to the Board of Directors of Tax Increment Reinvestment Zone Number 12, City of Fort Worth, Texas, be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

Motion: Council Member Moss made a motion, seconded by Council Member Espino, that Resolution No. 4115-08-2012, appointing Council Member Kelly Allen Gray as Chairperson for the Board of Tax Increment Reinvestment Zone Number 12, City of Fort Worth, Texas be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

#### **XIV. ORDINANCES**

City Secretary Kayser read the caption of each ordinance in its entirety and advised that Council action was not necessary at this time and the items would remain open until adoption of the budget, debt service and tax rate ordinances.

- 1. An Ordinance Setting Forth an Itemized Estimate of the Expense of Conducting Each Department, Division and Office of the Municipal Government of the City of Fort Worth for the Ensuing Fiscal Year Beginning October 1, 2012, and Ending September 30, 2013, and Appropriating Money for the Various Funds and Purposes of Such Estimate; Providing for Public Hearings Upon This Ordinance Before the Entire City Council Sitting as a Committee of the Whole; and Providing a Severability Clause; and Providing a Savings Clause for the Repeal of All Ordinances and Appropriations in Conflict with the Provisions of this Ordinance; and Providing for the Publication and Final Passage Thereof.**
  
- 2. An Ordinance Setting Forth an Estimate of the Expense of the General Debt Service Fund of the Municipal Government of the City of Fort Worth for the Ensuing Fiscal Year Beginning October 1, 2012, and Ending September 30, 2013, and Appropriating Money for the General Debt Service Fund and Purpose of Such Estimate; Appropriating Money to Pay Interest and Principal Sinking Fund Requirement on All Outstanding General Indebtedness; Providing for Public Hearings Upon This Ordinance Before the Entire City Council Sitting as a Committee of the Whole; and Providing a Severability Clause; and Providing a Savings Clause for the Repeal of All Ordinances and Appropriations in Conflict with the Provisions of This Ordinance; and Providing for the Publication and Final Passage Thereof.**

3. [An Ordinance Providing for the Levy and Collection of an Annual Ad Valorem Tax on All Property, Real, Personal and Mixed, Situated Within the Territorial Limits of the City of Fort Worth, Texas, and All Personal Property Owned in said City of Fort Worth, Texas, on the First Day of January, A.D. 2012, Except Such Property as May be Exempt from Taxation by the Constitution and Laws of the State of Texas; and Providing for a Penalty; and Providing a Severability Clause; and Providing a Savings Clause for the Repeal of All Ordinances in Conflict with the Provisions of This Ordinance; and Providing for the Publication and Final Passage Thereof.](#)

XV. BUDGET HEARING

Mayor Pro tem Zimmerman opened the budget hearing.

1. [Hearing on Proposed Fiscal Year 2012-2013 Appropriation Ordinance, Debt Service Ordinance and Ad Valorem Tax Levy Ordinance](#)

1. [Report of City Staff](#)

Mr. Horatio Porter, Budget Officer, City Manager's Office, appeared before Council and provided a staff report.

2. [Citizen Presentations](#)

There was no one present desiring to be heard in connection with the budget hearing.

3. [Council Action](#)

Motion: Council Member Shingleton made a motion, seconded by Council Member Espino, that the budget hearing be continued until the August 21, 2012, Council meeting. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

XVI. REPORT OF THE CITY MANAGER

- A. [Benefit Hearing](#)

1. [M&C BH-275 - Conduct a Public Hearing Regarding the Proposed District and the Improvements and Services to be Undertaken and Declare Sufficiency of a Petition Requesting Establishment of Fort Worth Public Improvement District No. 15, Sun Valley. \(COUNCIL DISTRICT 5\) \(PUBLIC HEARING\)](#)

It was recommended that the City Council conduct a public hearing to consider the advisability of establishing the proposed Public Improvement District No. 15, Sun Valley, for a term of approximately 20 years, expiring September 30, 2032; the general nature of the proposed improvements and/or services; the estimated costs of the improvements and/or services; the proposed boundaries of the Public Improvement District No. 15; and the proposed method of assessments; find that the petition requesting establishment of Fort Worth Public Improvement District No. 15, Sun Valley, meets the requirements necessary for the City Council to designate the proposed area as a public improvement district pursuant to Chapter 372 of the Texas Local Government Code; and approve the filing of the Sun Valley petition with the City Secretary for public inspection.

Mayor Pro tem Zimmerman opened the public hearing.

**a. Report of City Staff**

Mr. Coy Gray, Senior Administrative Services Manager, Housing Economic Development Department, appeared before Council and provided a staff report.

**b. Citizen Presentations**

The following individuals appeared before Council in support of Mayor and Council Communication No. BH-275.

Mr. Lance Reordan, representing Orasi Development, 5924 Terrace Oaks Lane  
Ms. Sandra McGlothlin, representing Empire Roofing, 5301 Sun Valley Drive

Council Member Moss requested clarification from Ms. McGlothlin on if the large vacant property was at the eastern end of the industrial park.

Ms. McGlothlin advised that the vacant property was at the western end.

The following individuals appeared before Council in opposition to Mayor and Council Communication No. BH-275.

Mr. Bijan Youssefzdeh, 5460 East Loop 820 South  
Mr. Rodney Erwin, 5212 Saunders Road  
Mr. Sid Cavanaugh, 5450 East Loop 820 South

The following individuals submitted comment cards in opposition to Mayor and Council Communication No. BH-275.

Mr. Robert Vick, 5200 Vesta Farley Road  
Ms. Linda Vick, 5200 Vesta Farley Road  
Mr. Cullen Crisp, 5201 Saunders Road

Council Member Moss stated that this was the next step being taken to convert this business park into a safe place to come to work and conduct business, especially during the weekend hours when the Fort Worth Police patrols are light in the area.

Council Member Espino stated that Ms. McGlothlin was a person of high integrity and was looking out for the best interest of the community.

**c. Council Action**

Motion: Council Member Moss made a motion, seconded by Council Member Scarth, that the public hearing be closed and that Mayor and Council Communication No. BH-275 be approved, with an amended Attachment 1. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**2. [M&C BH-276 - Conduct a Public Hearing and Adopt Resolution Reducing Boundaries of Fort Worth Public Improvement District No. 7, Heritage PID. \(COUNCIL DISTRICTS 4 and 7\) \(PUBLIC HEARING\)](#)**

It was recommended that the City Council conduct a public hearing to consider the removal of six (6) lots located at 9500 Peat Court, Block 160, Lot 74; 9513 Peat Court, Block 160, Lot 70; 9525 Bewley Court, Block 160, Lot 44; 9528 Bewley Court, Block 160, Lot 57; 9528 Sinclair Street, Block 160, Lot 29; and 9529 Sinclair Street, Block 160, Lot 17, Heritage Addition, from Public Improvement District No. 7, Heritage PID; and adopt a Resolution reducing the boundaries of Fort Worth Public Improvement District No. 7, Heritage PID by removing the six (6) lots listed above.

Mayor Pro tem Zimmerman opened the public hearing.

**a. [Report of City Staff](#)**

Mr. Coy Gray, Senior Administrative Services Manager, Housing Economic Development Department, appeared before Council and provided a staff report.

**b. [Citizen Presentations](#)**

Ms. Gena Terrell, 2090 Olive Street, Suite 300, Dallas, Texas 75219, completed a speaker card in support of Mayor and Council Communication No. BH-276, but did not wish to address the Council.

**c. Council Action**

Motion: Council Member Espino made a motion, seconded by Council Member Shingleton, that the public hearing be closed and that Mayor and Council Communication No. BH-276 be approved and Resolution No. 4116-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**B. General**

**1. M&C G-17648 - Adopt Ordinance Providing for the Issuance of Approximately \$85,790,000.00 of the City of Fort Worth, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2012, Providing for the Levy, Assessment and Collection of a Tax Sufficient to Pay the Interest on Said Certificates of Obligation and to Create a Sinking Fund for the Redemption Thereof at Maturity, Pledging Certain Revenues in Support of Said Certificates, Prescribing the Form of Said Certificates and Ordaining Other Matters Related Thereto. (ALL COUNCIL DISTRICTS)**

It was recommended that the City Council adopt an Ordinance providing for the issuance of approximately \$85,790,000.00 of the City of Fort Worth, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2012, providing for the levy, assessment and collection of a tax sufficient to pay the interest on said Certificates of Obligation and to create a Sinking Fund for the redemption thereof at maturity, pledging certain revenues in support of said Certificates, prescribing the form of said Certificates and ordaining other matters related thereto; and authorize approximately \$85,790,000.00 Combination Tax and Revenue Certificates of Obligation, Series 2012, be sold to Robert W. Baird & Co. the bidder offering the lowest true interest rate of 2.644947 percent.

**1. Report of City Staff**

Mr. James Mauldin, City Treasurer, appeared before Council and provided a staff report and advised that Robert W. Baird & Co. was the bidder offering the lowest true interest rate of 2.644947.

**2. Council Action**

Council Member Espino stated he would support this item but that the City should look at the use of Crime Control and Prevention District funding for capital projects involving the Police Department.

Motion: Council Member Jordan made a motion, seconded by Council Member Shingleton, that Mayor and Council Communication No. G-17648 be approved and Ordinance No. 20327-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**2. M&C G-17649 - Authorize Mid-Year Fiscal Year 2012 Funding Application in the Amount of \$16,000,000.00 to the Crime Control and Prevention District Board of Directors for Mid-Year Budget Amendments to Fund \$10,000,000.00 for the Police Training Academy and \$6,000,000.00 for Mobile Data Computer Replacements. (ALL COUNCIL DISTRICTS)**

It was recommended that the City Council authorize a Mid-Year Fiscal Year 2012 funding application in the amount of \$16,000,000.00 to the Crime Control and Prevention District Board of Directors to fund \$10,000,000.00 for the Police Training Academy and \$6,000,000.00 for mobile data computer replacements.

Motion: Council Member Burns made a motion, seconded by Council Member Shingleton, that Mayor and Council Communication No. G-17649 be approved. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**C. Purchase of Equipment, Materials, and Services**

**1. M&C P-11405 - Authorize Purchase Agreement with Pante Technology Corporation for Hardware, Technology Services and Maintenance and Support Services Using a Cooperative Contract for the Water Department in the Amount Up to \$54,500.00. (ALL COUNCIL DISTRICTS) (Continued from a Previous Meeting)**

It was recommended that the City Council authorize a purchase agreement with Pante Technology Corporation for hardware, technology services and maintenance and support services using the General Services Administration Contract No. GS-35F-0390T for the Water Department in the amount up to \$54,500.00 for the first year.

It was the consensus of City Council that Mayor and Council Communication No. P-11405 be withdrawn from consideration.

**D. Land**

**1. M&C L-15424 - Authorize Lease Agreement with Chesapeake Exploration, LLC, in the Amount of \$110,595.50 for Natural Gas Drilling Under 140 Acres of North Z Boaz Park and Golf Course Located at 3200 Lackland Road. (COUNCIL DISTRICT 3)**

It was recommended that the City Council authorize a lease agreement for natural gas drilling under 140 more or less of City-owned properties known as North Z Boaz Park and Golf Course with Chesapeake Exploration, LLC, for a five (5) year primary term.

Council Member Jordan advised he had filed a Conflict of Interest Affidavit with the City Secretary's Office and would abstain from voting on this item.

Mr. Michael Appleman, 2600 Block Highview Terrace, submitted a comment card in opposition to Mayor and Council Communication No. L-15424.

Motion: Council Member Burns made a motion, seconded by Council Member Moss, that Mayor and Council Communication No. L-15424 be approved. The motion carried 7 ayes to 0 nays, with 1 abstention by Council Member Jordan and Mayor Price absent.

**2. M&C L-15425 - Authorize a Lease Agreement with XTO Energy Inc., in the Amount of \$472,839.78 for Natural Gas Drilling Under 155.284 Acres of Trinity Park Located at 2401 University Drive. (COUNCIL DISTRICT 9)**

It was recommended that the City Council authorize a lease agreement in the amount of \$472,839.78 for natural gas drilling under 155.284 acres more or less of City-owned property located at 2401 University Drive, known as Trinity Park, with XTO Energy Inc., for a two (2) year primary term.

Council Member Scarth advised he had filed a Conflict of Interest Affidavit with the City Secretary's Office and would abstain from voting on this item.

Mr. Michael Appleman, 2600 Block Highview Terrace, submitted a comment card in opposition to Mayor and Council Communication No. L-15425.

Motion: Council Member Burns made a motion, seconded by Council Member Espino, that Mayor and Council Communication No. L-15425 be approved. The motion carried 7 ayes to 0 nays, with 1 abstention by Council Member Scarth and Mayor Price absent.

The electronic voting system incorrectly reflected Council Member Scarth as voting in favor of Mayor and Council Communication No. L-15425; however, he did abstain from the vote as reflected in the motion.

**3. M&C L-15426 - Authorize Condemnation by Eminent Domain of an Easement Interest in 0.078 Acres of Improved Land for a Temporary Construction Easement for the Clearfork Main Street Bridge Project and an Easement Interest in 0.109 Acres of Land for a Permanent Access Easement and an Easement Interest in 0.333 Acres for a Temporary Right of Entry for the SH121T, Part 1, Water and Sewer Relocations Project Located at 2698 South Hulen Street and Owned by Fretus Investors Fort Worth, L.P. (COUNCIL DISTRICT 3)**

It was recommended that the City Council declare that negotiations between the City and the landowner to acquire an easement interest in 0.078 acre of improved land for a temporary construction easement for the Clearfork Main Street Bridge Project and an easement interest in 0.109 acre of land for a permanent access easement and an easement interest in 0.333 acre for a temporary right of entry for the SH121T, Part 1, Water and Sewer Relocations Project located at 2698 South Hulen Street and owned by Fretus Investors Fort Worth, L.P., and known as Block 3, Lot 1R, of the Stonegate Addition, City of Fort Worth, Tarrant County, Texas, were unsuccessful because of the inability to reach an agreement to purchase; declare the necessity to take through condemnation by eminent domain, both permanent and temporary easement interests and a temporary right of entry on the subject property for the Clearfork Main Street Bridge and SH121T, Part 1, Water and Sewer Relocations Projects; authorize the City Attorney to institute condemnation by eminent domain proceedings for an easement interest in 0.078 acre of improved land for a temporary construction easement for the Clearfork Main Street Bridge Project and easement interests in 0.109 acre for a permanent access easement and 0.333 acre for a temporary right of entry for the SH121T, Part 1, Water and Sewer Relocations; authorize the payment pursuant to an award of commissioners and/or upon negotiated settlement in lieu of condemnation by eminent domain; and authorize the acceptance and recording of appropriate instruments.

Motion: Council Member Burns made a motion, seconded by Council Member Jordan, that Mayor and Council Communication No. L-15426 be approved and that the Fort Worth City Council authorize the use of the power of eminent domain for the Clearfork Main Street Bridge Project to acquire 0.078 acre for a temporary construction easement needed for the Clearfork Main Street Bridge Project and 0.109 acre for a permanent access easement and 0.333 acre for a temporary right of entry for the SH121 Water and Sewer Relocations Project from the tract of land known as Block 3, Lot 1R, Stonegate Addition, an Addition in the S.C. Inman Survey, Abstract No. 824, Tarrant County, Texas, also known as 2698 South Hulen Street. The land rights will be used for the construction of the bridge and to relocate water and sewer facilities. The temporary construction easement and the permanent access easement and the temporary right of entry are described by metes and bounds and depicted by survey plats attached to Mayor and Council Communication No. L-15426. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**[4. M&C L-15427 - Conduct a Public Hearing and Authorize Use of a Portion of the Subsurface of Wildwood Park North for the Purpose of Installing an Eight-Inch Natural Gas Pipeline and Authorize Execution of a License Agreement with Texas Midstream Gas Services, L.L.C., in the Amount of \\$123,468.40. \(COUNCIL DISTRICT 7\) \(PUBLIC HEARING\)](#)**

It was recommended that the City Council conduct a public hearing under the guidelines set forth by the Texas Parks and Wildlife Code, Chapter 26, Protection of Public Parks and Recreational Lands; find that no feasible or prudent alternative exists for the use of Wildwood Park North, located at 9900 Watercress Drive, north of Watercress Drive, west of Lakeside Road and east of Silver Creek Road, for the location of the proposed natural gas pipeline; and that the proposed natural gas pipeline includes all reasonable planning to minimize harm to the parkland, including that the pipeline will be constructed in Wildwood Park North as specified; close the public hearing and authorize the use of approximately 1.171 acres of dedicated parkland of Wildwood Park North for the installation of an eight (8) inch natural gas pipeline; and authorize the execution of a license agreement with Texas Midstream Gas Services, L.L.C., in the amount of \$123,468.40.

Mayor Pro tem Zimmerman opened the public hearing.

**a. Report of City Staff**

Mr. Richard Zavala, Director, Parks and Community Services Department, appeared before Council and provided a staff report.

**b. Citizen Presentations**

There was no one present desiring to be heard in connection with the public hearing.

**c. Council Action**

(Council Member Jordan left his place at the dais.)

Motion: Council Member Shingleton made a motion, seconded by Council Member Moss, that the public hearing be closed and that Mayor and Council Communication No. L-15427 be approved. The motion carried unanimously 7 ayes to 0 nays, with Mayor Price and Council Member Jordan absent.

**E. Planning & Zoning**

**1. M&C PZ-2983 - Consider the Adoption of an Ordinance Vacating a Portion of Right-of-Way Along Oakhurst Scenic Drive Adjacent to 2031 West Lotus Avenue. (COUNCIL DISTRICT 2)**

It was recommended that the City Council consider the adoption of an Ordinance vacating and extinguishing a portion of Oakhurst Scenic Drive adjacent to Lots 12, 13 and part of Lot 14, Block 1 of West Oakhurst Addition, an Addition to the City of Fort Worth, Tarrant County, Texas, containing approximately 6074 square feet or 0.139 acre of land; providing for the reversion of fee in said land; the retainment of existing utility easements; and remand this case to the City Plan Commission for further review.

(Council Member Jordan returned to his place at the dais.)

The following individuals completed speaker cards in support of Mayor and Council Communication No. PZ-2983 and were recognized by Mayor Pro tem Zimmerman, but were not present in the Council Chamber.

Ms. Cyndy Walters, 2031 West Lotus Avenue

Ms. Janice Michel, 2115 Primrose Avenue

Mr. Gray Walters, 2031 West Lotus Avenue

The following individuals submitted comment cards in opposition to Mayor and Council Communication No. PZ-2983.

Ms. Ashleigh Martin, 2105 Daisy Lane

Mr. Aaron Vorwerk, 2112 Morning Glory Avenue

Mr. W. Jarrett Michel, 2115 Primrose Avenue, submitted a comment card in support of Mayor and Council Communication No. PZ-2983.

Motion: Council Member Espino made a motion, seconded by Council Member Shingleton, that Mayor and Council Communication No. PZ-2983 be continued until the September 11, 2012, Council meeting. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**2. M&C PZ-2984 - Adopt Ordinance Vacating a Portion of Booker Washington Avenue and an Alley Near the Intersection of IH 35W and SH 121. (COUNCIL DISTRICT 8)**

It was recommended that the City Council adopt an Ordinance vacating and extinguishing a portion of Booker Washington Avenue and a portion of a 10-foot wide alley, situated in the B.F. Crowley Survey, Abstract No. 307, between East 1st Street and State Highway No. 121; as shown on the final plat for Starvers Addition, an Addition to the City of Fort Worth, containing approximately 12,377 square feet or 0.284 acre of land and 1,594 square feet or 0.037 acre of land respectively; and waive any purchase-fee value of the vacated land in accordance with City Policy (M&C G-15624).

Council Member Jordan advised he had filed a Conflict of Interest Affidavit with the City Secretary's Office and would abstain from voting on this item.

Motion: Council Member Allen Gray made a motion, seconded by Council Member Scarth, that Mayor and Council Communication No. PZ-2984 be approved and Ordinance No. 20328-08-2012 be adopted. The motion carried 7 ayes to 0 nays, with 1 abstention by Council Member Jordan and Mayor Price absent.

**3. M&C PZ-2985 - Consider Institution of the Annexation and Adoption of Ordinance for the Annexation of Approximately 299.7 Acres of City-Owned Land North of Intermodal Parkway and West of Old FM 156, Alliance Airport Runway Extension, AX-12-004. (COUNCIL DISTRICT 2)**

It was recommended that the City Council institute and consider the adoption of an Ordinance declaring certain findings; providing for the extension of certain boundary limits of the City of Fort Worth; providing for the annexation of an approximately 299.7 acre tract of land situated in the L. Butler survey, Abstract Number 64; the G. Overton Survey, Abstract Number 972; the W. Sample Survey, Abstract Number 1207; the C. Sutton Survey, Abstract Number 1230; the W. Zecular Survey, Abstract Number 1454; and the A. Robinson Survey, Abstract Number 1553, situated about 16.4 miles north 0 degrees east of the courthouse, Tarrant County, Texas (Case No. AX-12-004) which said territory lies adjacent to and adjoins the present corporate boundary limits of Fort Worth, Texas; providing that the territory annexed shall bear its pro rata part of taxes; providing that the inhabitants thereof shall have all the privileges of all the citizens of Fort Worth, Texas.

Motion: Council Member Espino made a motion, seconded by Council Member Shingleton, that Mayor and Council Communication No. PZ-2985 be approved and Ordinance No. 20329-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**4. M&C PZ-2986 - Authorize Institution of the Annexation and Adoption of an Ordinance for the City-Initiated Annexation of Approximately 0.65 Acre of Land in Denton County, Texas, Located Along and North of Litsey Road and East of Elizabethtown Cemetery Road. (COUNCIL DISTRICT 2)**

It was recommended that the City Council authorize institution of and adopt an Ordinance declaring certain findings; providing for the extension of certain boundary limits of the City of Fort Worth; providing for the annexation of an approximately 0.65 acre tract of land situated in Denton County in the A. Henderson Survey, Abstract Number 596; situated about 17.7 miles north 11 degrees east of the Tarrant County Courthouse, Texas (Case No. AX-12-005) which said territory lies adjacent to and adjoins the present corporate boundary limits of Fort Worth, Texas; providing that the territory annexed shall bear its pro rata part of taxes; providing that the inhabitants thereof shall have all the privileges of all the citizens of Fort Worth, Texas.

Motion: Council Member Espino made a motion, seconded by Council Member Moss, that Mayor and Council Communication No. PZ-2986 be approved and Ordinance No. 20330-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

**F. Award of Contract**

**1. M&C C-25787 - Adopt Resolution Authorizing Execution of a Local Project Advanced Funding Agreement in the Amount of \$1,408,989.00 with the Texas Department of Transportation for Preliminary Engineering, Environmental Assessment, Right-of-Way Acquisition and Utility Relocation to Widen Garden Acres Bridge for Six Lanes Over IH 35W. (COUNCIL DISTRICTS 6 and 8)**

It was recommended that the City Council adopt a Resolution authorizing the execution of a Local Project Advanced Funding Agreement with the Texas Department of Transportation (TxDOT) in the amount of \$1,408,989.00, for review of plans, schematics and preliminary engineering, environmental assessment, right-of-way acquisition and utility relocation to widen Garden Acres Bridge for six (6) lanes to include bike lanes, sidewalks and traffic signals over IH 35W; and authorize initial payment to TxDOT in the amount of \$49,762.68 to conduct review of plans, schematics and engineering in accordance with the Local Project Advanced Funding Agreement.

Mr. Richard Longino, Sr., 10165 Indian Mound Road, submitted an “undecided” speaker card relative to Mayor and Council Communication No. C-25787 and was recognized by Mayor Pro tem Zimmerman, but was not present in the Council Chamber.

Motion: Council Member Allen Gray made a motion, seconded by Council Member Espino, that Mayor and Council Communication No. C-25787 be approved and Resolution No. 4117-08-2012 be adopted. The motion carried unanimously 8 ayes to 0 nays, with Mayor Price absent.

(Council Member Burns left his place at the dais and did not return.)

**XVII. ZONING HEARING**

Mayor Pro tem Zimmerman opened the public hearing.

**1. ZC-12-072 - (CD 2) - City of Fort Worth Planning & Development/KHI Post Consummation Trust, 3900 Block of Litsey Road; from: Unzoned to: "A-5" One-Family. (Recommended for Approval by the Zoning Commission) (Continued from a Previous Meeting)**

The City Council at its Regular Meeting on August 7, 2012, continued Zoning Docket No. ZC-12-072.

Motion: Council Member Espino made a motion, seconded by Council Member Shingleton, that Zoning Docket No. ZC-12-072 be approved. The motion carried unanimously 7 ayes to 0 nays, with Mayor Price and Council Member Burns absent.

**2. ZC-12-073 - (CD 2) - City of Fort Worth Aviation Department, Generally bounded by an extension of the Alliance Airport western runway, FM 156, and Old FM 156; from: Unzoned to: "PD" Planned Development for "I" Light Industrial uses plus airport, aviation field, heliport, and landing area; excluding bars/nightclubs, junkyards, recycling facilities, motels, sexually oriented businesses and tattoo parlors; site plan waiver recommended. (Recommended for Approval by the Zoning Commission) (Continued from a Previous Meeting)**

The City Council at its Regular Meeting on August 7, 2012, continued Zoning Docket No. ZC-12-073.

Motion: Council Member Espino made a motion, seconded by Council Member Moss, that Zoning Docket No. ZC-12-073 be approved. The motion carried unanimously 7 ayes to 0 nays, with Mayor Price and Council Member Burns absent.

The electronic voting system incorrectly reflected Mayor Pro tem Zimmerman as absent. He audibly voted in favor of Zoning Docket No. ZC-12-073, as reflected in the motion.

There being no one else present desiring to be heard in connection with the recommended changes and amendments pertaining to Zoning Ordinance No. 13896 for the above listed cases, Council Member Espino made a motion, seconded by Council Member Moss, that the hearing be closed and that Ordinance No. 20331-08-2012 be adopted. The motion carried 7 ayes to 0 nays, with Mayor Price and Council Member Burns absent.

**XVIII. CITIZEN PRESENTATIONS**

Mr. Alan Kinsey, 809 Annapolis Drive, appeared before Council relative to the Red Light Camera program within the City of Fort Worth.

**XIX. EXECUTIVE SESSION (PRE-COUNCIL CHAMBER)**

**XX. ADJOURNMENT**

There being no further business, Mayor Pro tem Zimmerman adjourned the Regular Meeting at 8:11 p.m. in memory of Mr. Toby Tobias and Mr. David Luskey.

**No Documents for this Section**



**To the Mayor and Members of the City Council**

**August 21, 2012**

**Page 1 of 3**

**SUBJECT: SUMMARY OF CITY EXPENDITURES ON THE TRINITY RIVER VISION PROJECT**

The purpose of this informal report is to provide the City Council an update on the current project and financial status of the Trinity River Vision (TRV) Project. As a local partner, the City's primary responsibilities are the construction of the water, sewer and city storm water facilities, provide franchise utility relocation coordination, and complete construction of three new bridges crossing the future TRV bypass channel located on North Main Street, Henderson Street, and White Settlement Road.

On August 7, 2012, the City Council approved Mayor and Council Communication (M&C) C-25776 authorizing execution of a Local Project Advance Funding Agreement (LPAFA) with the Texas Department of Transportation (TxDOT) for the construction of a new 4 four-lane bridge along Henderson Street that will span the future TRV Bypass Channel as well as the Fort Worth & Western Railroad Right of Way. Upon execution of the LPAFA, TxDOT requires the local partner to provide their financial share for construction of the project, which is \$6,631,831. At the time of this M&C, the City Council asked for a breakdown of the local funding of the project and update on the status of expenditures with respect to the City's \$26.6 million commitment to the TRV project.

Approval of the LPAFA for the Henderson Street Bridge in the amount of \$37,136,500.00 allows for federal, state, regional, and local funding participation to construct a new four-lane bridge over the future Trinity River Bypass Channel as part of the Trinity River Vision Central City Project. Funding includes \$12,144,013.00 in federal funds, \$2,300,906.00 in state funds, \$7,500,000.00 in Regional Toll Revenue funds and \$15,191,581.00 in Local funds for a total in the amount of \$37,136,500.00.

**The Local breakdown of funding for the Henderson Street Bridge is as follows:**

|  |                     |
|--|---------------------|
| Tarrant Regional Water District- Right of Way Acquisitions | \$ 5,160,000        |
| City of Fort Worth- Design and Engineering                 | \$ 3,399,750        |
| City of Fort Worth- Construction Authorized by M&C-25776   | <u>\$ 6,631,831</u> |
| Subtotal of City Contribution                              | <u>\$10,031,581</u> |
| Total Local Contribution                                   | \$15,191,581        |



**To the Mayor and Members of the City Council**

**August 21, 2012**

**Page 2 of 3**

**SUBJECT: SUMMARY OF CITY EXPENDITURES ON THE TRINITY RIVER VISION PROJECT**

The following summary provides a snapshot of current expenditures as of July 31, 2012, followed by a summary of forecasted expenditures from FY2013 to FY2015. It is expected that the City will complete its financial commitment by FY2015.

**TRV Funding Plan**

The following summary chart provides a breakdown on the overall cost estimate of the TRV Central City Project as well as the funding sources and the partner's financial commitments that will be used to deliver the project:

**Project Finance Plan Summary**

|   |                      |                      |
|---|----------------------|----------------------|
| <b>TRV Project Cost Estimate</b>  |                      | <b>\$909,877,200</b> |
| <b>Federal Funds (53.6%)</b>  |                      | <b>\$487,822,900</b> |
| <b>Local Funds (46.4%)</b>  |                      | <b>\$422,054,300</b> |
| City of Fort Worth  | \$ 26,600,000        |                      |
| Tarrant County  | \$ 11,000,000        |                      |
| Tarrant Regional Water District   | <u>\$ 64,400,000</u> |                      |
| <b>Local Funds Subtotal</b>   |                      | <b>\$102,000,000</b> |
| <b>Remaining to Finance from Tax Increment Financing District (TIF)</b> |                      | <b>\$320,054,300</b> |

**The City's Gross and Net Expenditures after County Reimbursement**

To date the City has spent or committed in agreements \$18.46 million on TRV related project expenses. Tarrant County has provided \$6.5 million in reimbursements to the City as part of the County's commitment to contribute \$11 million in support of the road projects for the TRV Project. The County is providing its support through inter-local agreements with the City because the City is responsible for leading the construction of the road and bridge projects and the associated utility relocations. The City allocated and spent \$1,000,000 in direct TIF expenditures for road and storm water design prior to entering into a loan agreement with the Tarrant Regional Water District (TRWD). The loan agreement with the District allows TRWD to advance fund other TRV TIF funding elements and then be reimbursed as TIF funds become available. The following table provides a summary of the City's gross and net expenditures as of 7/31/12 and also includes the \$6,631,831 LPAFA commitment approved August 7, 2012 in M&C C-25776. The White Settlement Road Bridge is funded out of Grant Funds, TIF allocations, Tarrant County and Tarrant Regional Water District.



**To the Mayor and Members of the City Council**

**August 21, 2012**

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**SUBJECT: SUMMARY OF CITY EXPENDITURES ON THE TRINITY RIVER VISION PROJECT**

**City Gross Expenditures to Date: **\$18,460,000****

***Funding Sources:***

|  |              |
|--|--------------|
| City Contributions:                                  | \$10,960,000 |
| County Reimbursement to City Gross Expenditure:      | \$ 6,500,000 |
| TIF Direct Contribution for City Gross Expenditures: | \$ 1,000,000 |

**Net City Expenditures to Date: **\$10,960,000****

**Remaining City Expenditures (FY2013 – FY2015):**

- Completion of North Main Bridge Design (2008 CIP) \$ 1,120,000
- North Main Bridge Construction (2008 CIP) \$ 4,600,000
- Water/Sewer Relocations (Water Capital Revenues) \$ 9,920,000

**Total City Non TIF Commitment **\$26,600,000****

Should you have any questions or require additional information, please contact Mark Rauscher at 817-392-2446.

**Tom Higgins  
City Manager**

**To the Mayor and Members of the City Council****August 21, 2012**

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**SUBJECT: PROPOSED FUNDING FOR TARRANT COUNTY HOUSING PARTNERSHIP TO PROVIDE HOUSING COUNSELING**

In 2010, the City of Fort Worth adopted the Consolidated Plan which outlines how the City will spend federal grant funds received from the U.S. Department of Housing and Urban Development. The adopted Plan states that the City will use federal grant funds to increase homeownership through housing counseling and that the city will assist 300 new homebuyers from 2010-2013.

On August 17, 2010, the City Council approved the City of Fort Worth's Action Plan (M&C C-24401) which provided \$133,092.00 of Community Development Block Grant (CDBG) Funds for the City's Housing Counseling and Foreclosure Prevention program. Because of CDBG grant reductions which resulted in a decrease in the amount of funds that could be spent on administrative costs, on November 9, 2010, the city eliminated its Housing Counseling and Foreclosure Prevention program and outsourced the program and the CDBG funds to the Tarrant County Housing Partnership (TCHP). TCHP provides the service to low-moderate income residents.

In order to fund this program in 2011-2012, TCHP competed for CDBG funds with other public service agencies and was awarded \$133,092.00. In 2012, TCHP again competed for CDBG funds, however because of reduced CDBG funding, TCHP was not awarded CDBG funds.

Therefore, since the City's Consolidated Plan provides that the city would assist 300 new homebuyers with housing counseling, staff recommends providing \$97,608 to TCHP in order that they can continue the program in 2012-2013. Staff proposes to bring an M&C forward on September 11, 2012, recommending the funding with non-federal Housing Trust Fund dollars. Currently there is \$1,351,816.23 available in non-federal HTF funds that are typically used to fund the development of affordable housing units.

If you have any questions, please call Jay Chapa, Director of Housing and Economic Development Department at 817-392-5804.

**Tom Higgins  
City Manager**

**To the Mayor and Members of the City Council**

**August 21, 2012**

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**SUBJECT: AMENDMENTS TO ECONOMIC DEVELOPMENT INCENTIVE AGREEMENTS WITH BELL HELICOPTER TEXTRON, INC.**

**Background**

On December 13, 2011, City Council approved execution of a one-year tax abatement agreement and a nineteen-year Chapter 380 Economic Development Program Agreement (EDPA) with Bell Helicopter Textron, Inc. (“Company”) for the expansion and consolidation of their main headquarters operations and associated facilities (M&C C-25367).

Since approval by City Council, the Company has revised their schedule for installing new business personal property, therefore facilitating the need to modify the requirements specified by each Phase. Although the Company’s plans to expend \$75 million in real property improvements and \$160 million in non-inventory personal property improvements by December 31, 2015 will remain the same, the minimum and aggregate investment numbers for the personal property investment in each Phase must be amended in order to reflect the company’s revised purchasing schedule.

**Proposed Amendments**

City staff recommends amending the agreements in accordance with the following table:

|   | <b>Originally Approved</b>                                    | <b>Proposed Amendment</b>   |
|---|---|---|
| <b>Phase I</b><br><i>December 31, 2012</i>                  | \$27 million in business personal property (BPP) improvements | Reduction of BPP investment from \$27 million to \$16 million   |
| <b>Phase II</b><br><i>December 31, 2014</i><br>(EDPA only)  | \$34 million in BPP   | Reduction of BPP investment from \$34 million to \$32 million; Aggregate BPP investment of \$48 million |
| <b>Phase III</b><br><i>December 31, 2014</i><br>(EDPA only) | \$32 million in BPP   | \$32 million in BPP investment remains unchanged; Aggregate BPP investment of \$80 million              |
| <b>Phase IV</b><br><i>December 31, 2015</i><br>(EDPA only)  | \$67 million in BPP   | BPP investment increase from \$67 million to \$80 million; Aggregate BPP investment of \$160 million    |
| <b>TOTAL BPP INVESTMENT</b>                                 | <b>\$160 M</b>  | <b>\$160 M</b>  |

All other terms and definitions of the agreement will remain the same.



**To the Mayor and Members of the City Council**

**August 21, 2012**

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**SUBJECT: AMENDMENTS TO ECONOMIC DEVELOPMENT INCENTIVE AGREEMENTS WITH BELL HELICOPTER TEXTRON, INC.**

**Next Steps**

On September 11, 2012, City staff will present an M&C to City Council authorizing execution of the proposed Amendments to the previously approved (M&C C-25367) tax abatement agreement and Chapter 380 Economic Development Program Agreement (EDPA) with Bell Helicopter Textron, Inc.

If you have any questions please contact Jay Chapa, Director of Housing and Economic Development, at 817-392-5804.

**Tom Higgins  
City Manager**

**No Documents for this Section**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FORT WORTH,  
TEXAS CHANGING THE REGULARLY SCHEDULED CITY COUNCIL  
MEETING FROM NOVEMBER 13, 2012 TO NOVEMBER 12, 2012**

**WHEREAS**, Chapter III, Section 5 of the Fort Worth City Charter permits the City Council to meet at such time and place as may be prescribed by ordinance or resolution, but requires that not less than 44 regular and special meetings shall be held each calendar year; and

**WHEREAS**, in accordance with Section 3.1 of the City Council Rules of Procedures originally adopted by the City Council on January 8, 1960 and last amended by Resolution Number 3978-03-2011, the City Council of the City of Fort Worth, Texas, regularly meets on Tuesday of each week at 10:00 a.m. except for the first and second Tuesdays of the month, which are scheduled for 7:00 p.m.; and

**WHEREAS**, the Texas Municipal League Conference in Grapevine, Texas is scheduled for November 13 through November 16, 2012; and

**WHEREAS**, the City Council of the City of Fort Worth desires to change the zoning hearings and the regularly scheduled meeting date of the City Council meeting of Tuesday, November 13, 2012, at 7:00 p.m., to Monday, November 12, 2012, at 7:00 p.m. so that the Council Members can attend the Texas Municipal League Conference.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT WORTH, TEXAS, THAT:**

1. The City Council meeting of Tuesday, November 13, 2012, at 7:00 p.m. is hereby changed to Monday, November 12, 2012, at 7:00 p.m.

**ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**ATTEST:**

\_\_\_\_\_  
Mary J. Kayser, City Secretary



**No Documents for this Section**

**City of Fort Worth, Texas**  
**Mayor and Council Communication**

**DATE:** Tuesday, August 21, 2012

**LOG NAME:**

**REFERENCE NO.:** \*\*OCS-1860

**SUBJECT:**

Notices of Claims for Alleged Damages and/or Injuries

---

**RECOMMENDATION:**

It is recommended that the City Council refer the notices of claims for alleged damaged and/or injuries to the Finance Department/Risk Management for evaluation and investigation.

**DISCUSSION:**

The procedure for filing of claims of alleged damages and/or injuries is prescribed in Chapter XXVII, Section 25 of the Charter of the City of Fort Worth, Texas.

The attached list is a summary of the notices of claims against the City of Fort Worth received in the City Secretary's Office as of 5:00 p.m., Wednesday, August 15, 2012.

**Attachment**

---

**Submitted for City Secretary's Office by:**

Mary J. Kayser (6152)

**Originating Department Head:**

Mary J. Kayser (6152)

**Additional Information Contact:**

Lena Ellis (8517)  
Nancy McKenzie (7744)

---

# CITY COUNCIL MEETING

Tuesday, August 21, 2012

## RISK MANAGEMENT CLAIMS REPORT

Claims listed on this report have been received in the Risk Management Division claims office and either have been or will be thoroughly investigated. The decision whether or not to accept liability is predicated on applicable provisions of the Texas Tort Claims Act. If any claimant contacts you, please refer them to Nancy McKenzie ext 7744 or JoAnn Rowls ext 7784. Thank you.

| CLAIMANT                  | DATE RECEIVED | DATE OF INCIDENT | LOCATION                | INCIDENT TYPE   | ALLEGATION  | DEPT  | ESTIMATE | INJURY |
|---------------------------|---------------|------------------|-------------------------|-----------------|---|-------|----------|--------|
| James W Brown Sr.         | 8/7/2012      | 5/17/2012        | Exit 13 Eastbound I-30  | Auto Damage     | Vehicle hit by large piece of concrete flown off other vehicle.                   | TPW   | No       | No     |
| Deena Evans               | 8/8/2012      | 8/2/2012         | 3101 San Jacinto        | Property Damage | Sewer backup.   | Water | Yes      | No     |
| David Panther             | 8/9/2012      | 8/6/2012         | 7209 Isle Royale Dr.    | Auto Damage     | City employee working on sewer drain damaged vehicle with tool.                   | Water | No       | No     |
| AT&T                      | 8/8/2012      | 10/17/2011       | F 6604 N Chesterfield   | Property Damage | Cable cut while placing guard rail.   | TPW   | Yes      | No     |
| Maria L. Perez & Victor   | 8/9/2012      | 8/1/2012         | Terminal Rd & N Main St | Bodily Injury   | Collision with City vehicle.  | Plng  | No       | Yes    |
| David Jacoby              | 8/10/2012     | 8/6/2012         | 5505 Bryce Canyon Dr    | Property Damage | Sidewalk separated from porch and front door damaged after City worked on street. | TPW   | No       | No     |
| Hilldale Investments Ltd. | 8/13/2012     | 1/1/2011         | 3430 Hilldale           | Property Damage | City installed sign, damaged sprinkler.   | TPW   | No       | No     |

| CLAIMANT         | DATE RECEIVED | DATE OF INCIDENT | LOCATION             | INCIDENT TYPE   | ALLEGATION   | DEPT  | ESTIMATE | INJURY |
|------------------|---------------|------------------|----------------------|-----------------|--|-------|----------|--------|
| Sallie Jimenez   | 8/13/2012     | 5/25/2012        | Botanic Garden       | Bodily Injury   | Fell in conservatory.                              | PACS  | No       | Yes    |
| Mark E. Douglas  | 8/13/2012     | 8/2/2012         | Montgomery Plaza     | Auto Damage     | Hit by City vehicle.                               | Fire  | Yes      | No     |
| Kristopher Grigg | 8/14/2012     | 8/1/2012         | 508 Crown Oaks Drive | Property Damage | Sprinkler system damaged during meter replacement. | Water | No       | No     |

**No Documents for this Section**

**No Documents for this Section**

Zoning Docket items are linked on the Council Meeting Agenda.



## CENTRAL BUSINESS DISTRICT STREET ACTIVITY

*New items printed in red.*

- **Water Line/brick repair for Stockyards**  
100 E Exchange reduced to one lane: **End of Mid September**
- **Water Line Upgrades for new Sundance Square Plaza**  
3<sup>rd</sup> St. from Throckmorton to Commerce: **End of August 2012**  
Main St from 3<sup>rd</sup> to 4<sup>th</sup> streets: **End of Sept 2012**  
Houston St from 3<sup>rd</sup> to 4<sup>th</sup> streets: **TBD**
- **Spur 347 (Weatherford St) Bridge Replacement Over UP Railroad**  
TxDOT Project  
Weatherford reduced to one lane early June 2011 for partial demolition and reconstruction  
**Project will take 18—24 months to complete**
- **Demolition Project—Construction of Spire Center**  
100 blk Throckmorton St and 100 blk Taylor St: various lane and sidewalk closures through  
**October 2012**
- **Chisholm Trail Parkway**  
Chisholm Trail Parkway construction prompts several road closures near Interstate 30

### **Permanent closures**

Southbound 15<sup>th</sup> Avenue between the westbound I-30 frontage road and Vickery Boulevard

North and southbound Old University Drive from north of I-30 to just south of the Union Pacific Railroad

Eastbound right turn lane on Vickery from Rogers Road to University

**I-30 WB Frontage Rd from 11<sup>th</sup> Ave to 15<sup>th</sup> Ave.**

### **Indefinite closures**

East- and westbound West Vickery Boulevard from Forest Park Boulevard to just west of Summit Avenue

I-30 westbound frontage road from east of 15<sup>th</sup> Avenue

For more information about upcoming lane closures, go to the "Chisholm Trail Lane/Ramp Closures" listing at [www.ntta.org](http://www.ntta.org) or call (817) 207-0184.

- **Pipeline Installation**  
**Lancaster Ave from Lamar to Jones: various lanes closed through October 2012**

**For detailed information on TxDOT closures: <http://www.dot.state.tx.us/travel/roadconditions.htm>**

***For additional information on Street Activity, please contact 817-392-6672***



## OUTDOOR EVENTS

*New items printed in red.*

- [CULTURAL DISTRICT & W 7<sup>th</sup>](#)
- [DOWNTOWN OUTDOOR EVENTS DISTRICT \(DOED\)](#)
- [NEAR SOUTHSIDE OUTDOOR EVENTS DISTRICT \(NSOED\)](#)
- [STOCKYARDS OUTDOOR EVENTS DISTRICT \(SOED\)](#)

- [OTHER](#)

[\*\*Dunbar Pyramid Parade & Rally\*\*](#)

August 25 - 8am to 11am

Street Closures: From Ramey to Lucas, to Truman Dr, to Stalcup Rd

[\*\*University Christian Church\*\*](#)

August 26 – 5pm to 8:30pm

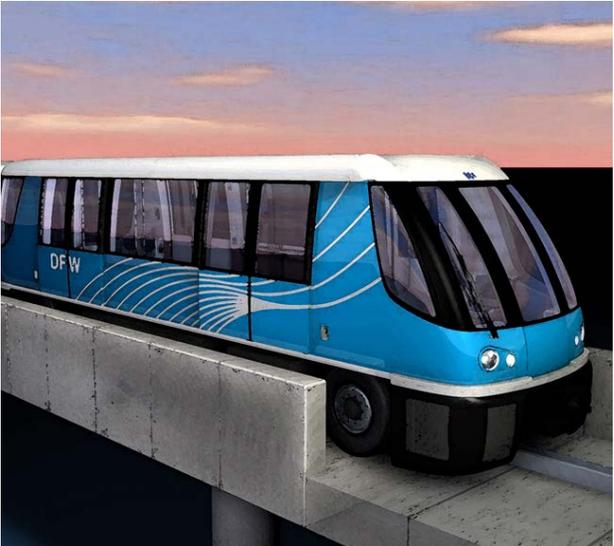
Street Closures: Rogers Ave from McPherson Ave to W Cantey St.

*For additional information on Outdoor Events, please contact 817-392-7894.*



DALLAS/FORT WORTH  
INTERNATIONAL AIRPORT

# FY 2013 ADOPTED BUDGET



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

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## DFW's Vision Statement

"DFW International Airport - Connecting the World"

## Board of Directors

**Robert W. Hsueh**  
Board Chair  
Dallas

**Lillie M. Biggins**  
Vice Chair  
Fort Worth

**Sam Coats**  
Secretary  
Dallas

**Mike Rawlings**  
Mayor  
Dallas

**Betsy Price**  
Mayor  
Fort Worth

**Francisco Hernandez**  
Fort Worth



**Ben Muro**  
Dallas

**Brenda E. Reyes**  
Dallas

**Forrest Smith**  
Dallas

**Bernice J. Washington**  
Dallas

**Jeffrey K. Wentworth**  
Fort Worth

**Glenn Porterfield**  
Eules

## DFW's Mission Statement

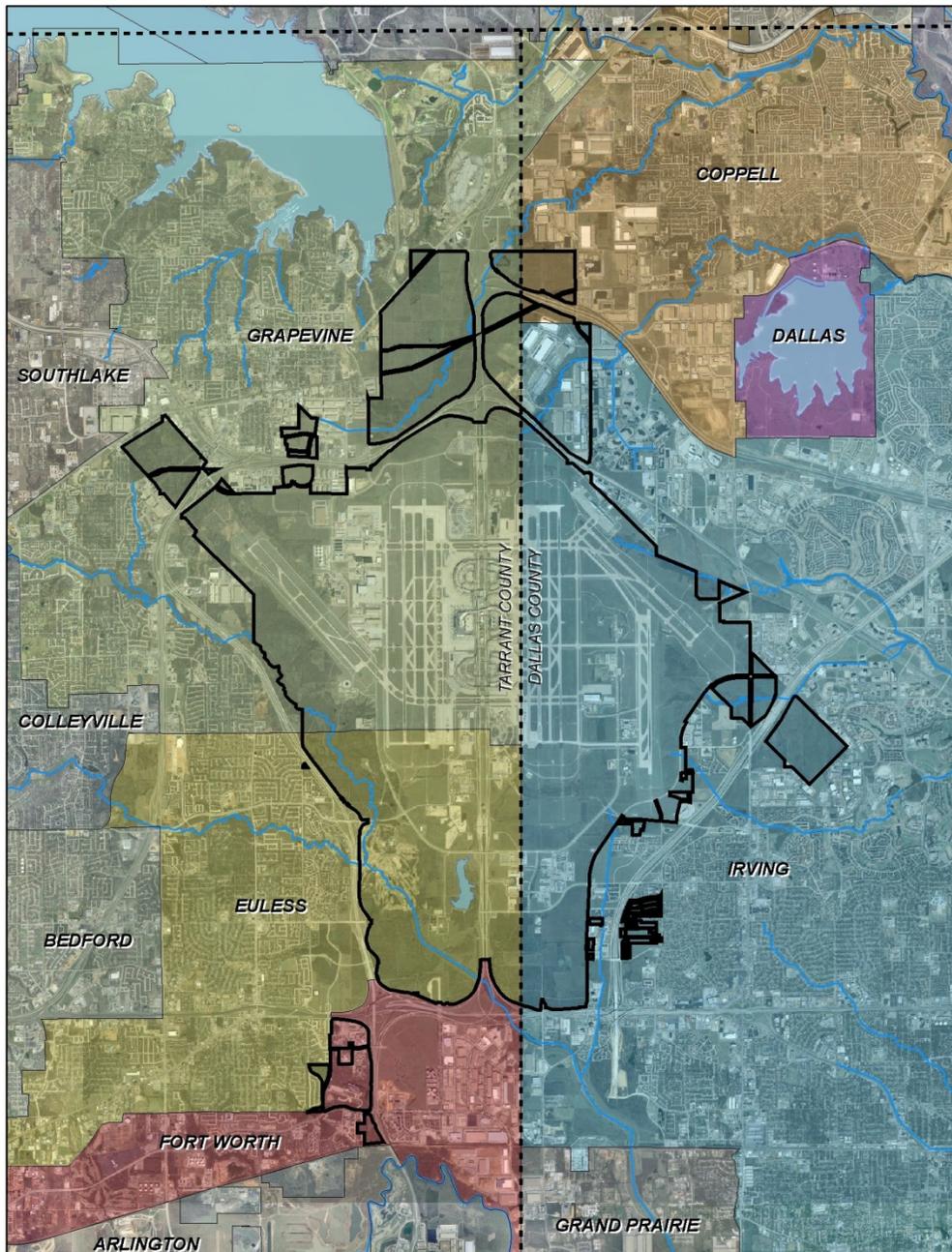
DFW International Airport will provide our customers outstanding facilities and services, expanding global access and economic benefits to those we serve.

## DFW's Primary Business Goal

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

### Airport Background

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



Source: DFW Airport Information Technology Services/GIS Group

DFW is located within a four-hour flight time of 95% of the U.S. population and currently ranks fourth among the world's busiest airports in terms of operations and eighth in terms of passengers. Its central location is the focal point of one of the nation's largest intermodal hubs, connecting air, rail, and interstate highway systems. DFW currently operates daily passenger flights to 193 destinations worldwide, including 144 nonstop domestic destinations and 49 nonstop international destinations. There are 20 passenger carriers and 15 cargo carriers serving DFW. The Airport is recognized as a premier inland cargo hub, served by major international cargo carriers. According to the Texas Department of Transportation, DFW is the primary economic engine for North Texas, driving \$15.7 billion of economic impact, supporting 268,000 jobs, and generating \$7.4 billion in payroll annually.

### DFW Infrastructure

**Airfield** – DFW has more operational capacity than any airport in the United States with seven runways: five north/south parallels and two diagonals. Four of DFW's runways are 13,400 feet in length. DFW is focused on the future and preparing to handle next generation aircraft, including the Airbus A380. The Airport's designated hourly capacity arrival/departure flow is approximately 186-193 aircraft operations per hour under reduced instrument flight conditions and approximately 270-279 aircraft operations per hour under optimum visual flight conditions, a condition that prevails approximately 94% of the time. DFW estimates it is using close to 60% of its aircraft operation capacity at this time.

**Terminals** – DFW has five terminals (A, B, C, D, and E) totaling 4.7 million square feet of building space, including 155 aircraft boarding gates, 183 ticket positions, 171 self-service kiosks, and 15 security checkpoints. As of June 30, 2012, 9 of the gates were closed for renovation as part of the Terminal Renewal and Improvement Program (TRIP) and 19 were not regularly scheduled, including 9 gates in the dormant Terminal E Satellite facility that is connected to Terminal E via a tunnel. Collectively, the airlines averaged 6.6 turns per active gate for the first six months of FY 2012.

### DFW Terminal Complex



American Airlines operates domestic service in Terminals A and C, and both domestic and international service in Terminal D. American Eagle operates domestic service in Terminals B

and D, and international service in Terminal D. All other domestic flights operate from Terminal E. All international flights operate from DFW's Terminal D. Terminal D has 1.6 million square feet and 27 gates. All terminal gate leases expire September 30, 2020 per the terms of a ten-year Airline Use Agreement which became effective in 2010. DFW's Federal Inspection Service (FIS) facilities are located in Terminal D. The Airport's FIS facility is approximately 406,000 square feet with 60 inspection booths and 8 baggage carousels. The FIS has the capacity to handle approximately 2,800 international customers per hour.

DFW is responsible for all of the janitorial and facility maintenance in Terminals B, D and E, and baggage maintenance in Terminals B and E. Most of the maintenance and janitorial functions are contracted out to third parties. Costs associated with maintenance of these facilities are included in DFW's operating budget. American Airlines is responsible for the majority of the facilities maintenance, custodial services and all of the baggage maintenance in Terminals A and C. In Terminal D, they maintain their preferentially leased jet bridges and baggage systems. The cost of these maintenance activities are paid directly by American Airlines and not included in DFW's budget or financial statements.

**Transit System** – DFW's people mover system (Skylink) transports passengers and employees between terminals on the secure side. DFW operates 16 to 24 fully automated cars on Skylink during normal operations. Skylink cars circle the 5 terminals in 2 directions, and trains arrive an average of every 2 minutes at each terminal. There are 2 Skylink stations in each terminal. The average customer ride is about 5 minutes. DFW also uses buses to transport passengers and employees between terminals on the non-secure side, as well as to the Grand Hyatt Hotel, parking lots and the Consolidated Rental Car Facility (RAC). DFW uses 29 buses to shuttle passengers between the terminals and Grand Hyatt (Terminal Link); 59 buses between remote and express parking lots and the terminals; 5 buses for various DFW activities and service between the Trinity Railway Express Centerpoint station and the terminals; 32 buses between employee parking lots and the terminals; and 46 buses between the terminals and the RAC.

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

### **DFW Controlling Documents**

In addition to the Contract and Agreement between the Cities, DFW is governed by several other key documents, including the 30<sup>th</sup> Supplemental Bond Ordinance which modified the original 1968 Concurrent Bond Ordinance (collectively called the Bond Ordinances); and the Use Agreements between DFW and the Signatory Airlines. Collectively, these agreements are called the Controlling Documents.

The Controlling Documents define how DFW manages its business affairs. DFW does not collect any local tax revenue to fund its operations. The Controlling Documents require that Gross Revenues of the Airport be deposited into the "102 Revenue and Expense Fund" (102 Fund). Gross Revenues are defined as all Airport revenues and receipts except: bond proceeds; Passenger Facility Charge (PFC) proceeds used to fund capital projects (rather than for debt service); interest earned on unspent bonds; proceeds in the Capital Accounts; PFC receipts; grant proceeds used to fund capital projects; and sale of land or mineral rights, including natural gas royalties.

## Strategic Plan

DFW updated its Strategic Plan in FY 2012 keeping the same overall structure as its previous Plan, but with some change in strategic focus on:

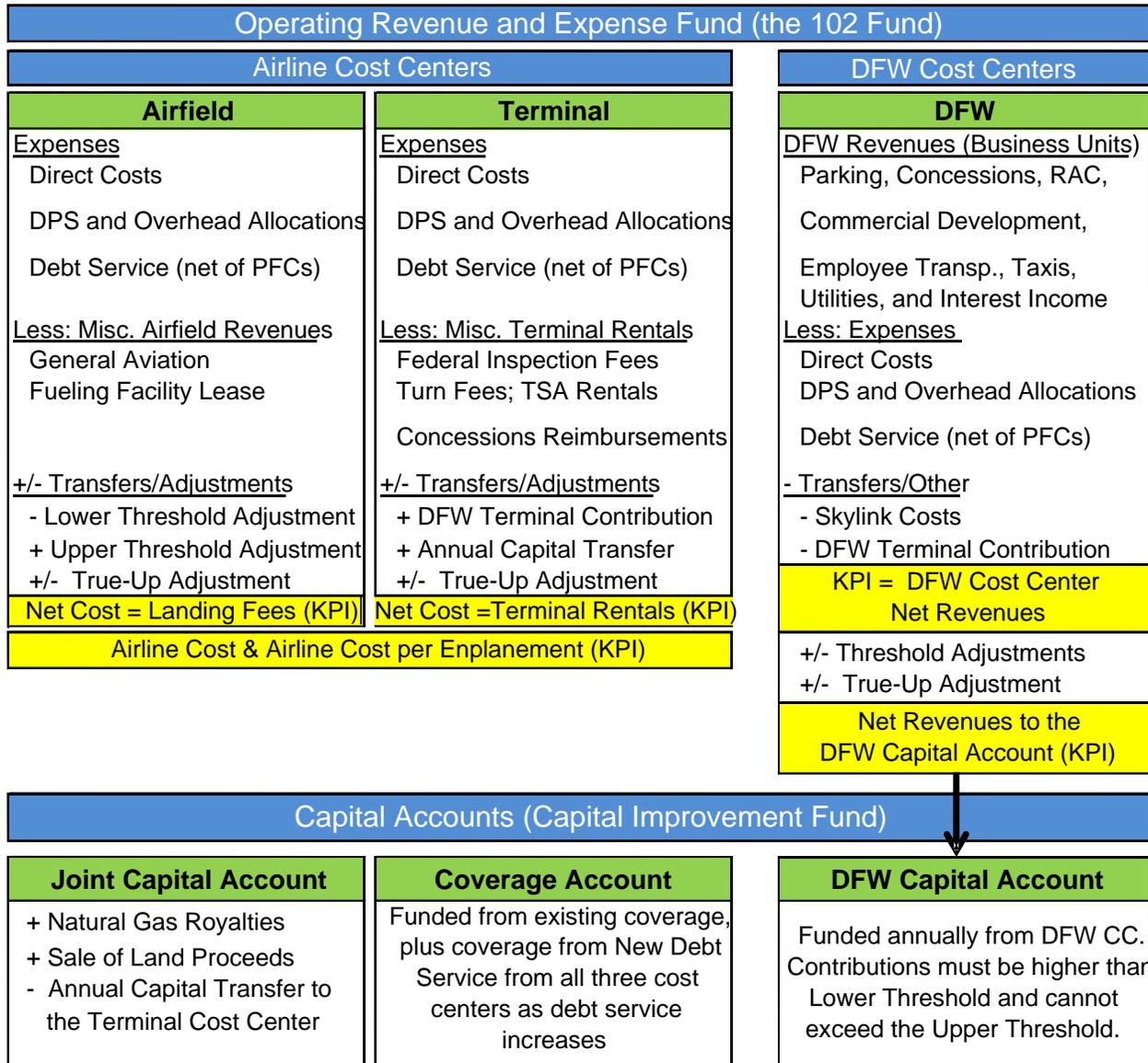
- The initiation of the 7-year, \$2.0 billion Terminal Renewal and Improvement Program (TRIP) to renovate and modernize our 4 older terminals.
- The impact of global airline alliances on airline and airport competition, and DFW's increased focus on becoming the most preferred "Super Global Hub" in the world.
- A new 10-year Airline Use Agreement that redefines DFW's business model and relationship with the airlines.
- An increased emphasis on becoming a "business partner" with airlines, and contractors to provide superior services to DFW's passenger guests.
- An expanded definition of DFW's primary customer groups beyond the passenger to include airlines and tenants.
- A critical shift in focus - that all DFW's employees either directly or indirectly support our customers.
- A new financial plan that establishes DFW's financial targets through FY 2020.

The Strategic Plan is a critical document that includes DFW's Vision and Mission Statements and identifies the critical strategies to achieve DFW's Primary Business Goal of growing the core business of domestic and international passenger and cargo airline service. DFW takes a balanced approach to its Strategic Plan. Management focuses its Key Drivers/Results of being cost competitive, satisfying the customer, and achieving operational excellence, through engaged employees. A copy of DFW's full Strategic Plan is available at [www.dfwairport.com](http://www.dfwairport.com). A schematic of the DFW Strategic Plan follows:



### Airline Use Agreement Rate Model

The Use Agreement is a hybrid model whereby the Signatory Airlines pay landing fees and terminal rentals based on the net cost to provide those services, and DFW retains a portion of the net revenues from non-airline business units (e.g., parking) in the DFW Cost Center. The following chart is a summary of the current Airline Use Agreement rate model.



**Airline Cost Centers** – The Airline Cost Centers are cost recovery in nature, such that the amount charged to the airlines equals the cost to provide services, after certain adjustments. Landing fees and terminal rental rates are based on the net cost to operate and maintain the airfield and terminals, respectively. DFW charges the direct operating and maintenance costs

for the airfield and terminals, plus allocated Department of Public Safety (DPS) and overhead costs, plus debt service, net of Passenger Facility Charges (PFCs), to each cost center; then, subtracts ancillary revenues generated in these cost centers; and credits or charges certain transfers and/or adjustments (see True-Up Adjustments below). The budgeted landing fee rate is determined by dividing the net cost of the airfield by estimated landed weights. The budgeted average terminal rental rate is determined by dividing the net cost of the terminal cost center divided by leasable square footage. The Use Agreement requires the Airport to charge an equalized terminal rental rate for all 5 terminals.

The amount paid by the airlines for landing fees and terminal rent fees less airline incentive payments equals airline cost, which is an airport industry Key Performance Indicator (KPI). Another common industry KPI is passenger airline cost per enplaned passenger or CPE. This KPI for passenger airlines is calculated by dividing the amount paid by passenger airlines for landing fees and terminal rent fees less airline incentive (i.e., airline cost) by the number of enplanements.

**DFW Cost Center** – All non-airline business units, plus interest income, are included in the DFW Cost Center. The DFW Cost Center is also responsible for all costs associated with the Skylink people mover system per the terms of the Use Agreement. The net revenues from this cost center are transferred to the DFW Capital Account providing the net revenues are not lower than the Lower Threshold or not higher than the Upper Threshold. If either of these occur, then a Threshold or True-Up Adjustment is required. One of DFW's most important KPIs is Net Revenues from the DFW Cost Center. This KPI measures the net revenues generated by DFW's non-airline business units, after adjusting for the cost of Skylink, and drives the amount of cash flow that can be transferred to the DFW Capital Account each year.

**Joint Capital Account** - Funds in the Joint Capital Account (JCA) require DFW and airline approval before money can be spent. The JCA is funded from the proceeds from natural gas royalties and the sale of land, plus interest income on the account. Supplemental funding for projects paid from the JCA comes from grants and the issuance of debt. Per the terms of the Use Agreement, an Annual Capital Transfer (described below) is made from the JCA to the Terminal Cost Center to lower airline cost through FY 2017.

**Coverage Account** – The Airport established the Coverage Account as part of the new Use Agreement in order to implement rolling coverage. It was initially funded from coverage collected in FY 2010 (the last year of the old Use Agreement). Each year, the Coverage Account is rolled into the 102 Fund as a source of revenue, and then transferred back into the Coverage Account as excess revenue at the end of the year. The Coverage Account must equal 25% of aggregate debt service each year. If new debt is issued, each cost center must generate the incremental coverage required to fund 25% of the new debt service. These incremental coverage amounts are collected in the 102 Fund through rates and charges during the fiscal year.

**DFW Capital Account** – This is DFW's discretionary account and is funded primarily from the Net Revenues of the DFW Cost Center, plus interest income. Supplemental funding for projects paid from the DFW Capital Account comes from grants and the issuance of debt. Funds in this account may be used for any legal purpose without prior airline approval.

**Threshold Adjustments** – The Use Agreement established a Lower Threshold and an Upper Threshold for Net Revenues from the DFW Cost Center to limit the amount transferred annually to the DFW Capital Account. If DFW Cost Center Net Revenues are budgeted to be less than

the Lower Threshold (\$42.2 million in FY 2013), then an incremental charge (i.e., a Lower Threshold Adjustment) is collected through landing fees in an amount sufficient to achieve the Lower Threshold amount. Conversely, if DFW Cost Center Net Revenues are budgeted to be greater than the Upper Threshold (\$63.2 million in FY 2013), then 75% of the excess is credited to the Airfield Cost Center as an Upper Threshold Adjustment. This reduces budgeted landing fees. The remaining 25% may be retained in the DFW Cost Center and transferred to the DFW Capital Account at the end of the fiscal year. The benefit of the Lower Threshold Adjustment is that it guarantees that DFW will have a minimum level of cash to transfer to the DFW Capital Account so that DFW can replace assets on a timely basis. Conversely, the Upper Threshold limits the Airport’s ability to generate significantly more net revenues and serves to reduce Airlines’ costs as non-airline revenues increase. It also places a limit on DFW’s ability to significantly increase its coverage ratios. The Threshold Amounts are adjusted annually for inflation.

**True-Up Adjustments** – At the end of each fiscal year, DFW performs a reconciliation or true-up, such that revenues collected equal the actual net cost to operate and maintain the airfield and the terminal. Any difference becomes a True-Up Adjustment and is either charged or credited to that cost center in the next fiscal year. The True-Up Adjustments for the airline cost centers are applied back to that cost center the following year beginning in January. DFW Cost Center True-Up Adjustments are applied against landing fees beginning in the following January.

**Annual Capital Transfer** – Per the terms of the Use Agreement, an annual transfer is made from the Joint Capital Account to the Terminal Cost Center to reduce the cost of the terminals to the airlines for a period of 7 years. This transfer was \$28 million in FY 2011 (first year of the new Use Agreement) and will be \$20 million in FY 2013. The transfer will be reduced by \$4 million each year through FY 2017 when it will be eliminated.

**DFW Terminal Contribution** – Per the terms of the Use Agreement, an annual transfer is made from the DFW Cost Center to the Terminal Cost Center to pay for DFW’s share of common use and leasable, but unleased space, in Terminals D and E. This amount is \$8.7 million in FY 2013.

### DFW’s Fund Structure

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

| Number    | Fund Description                               | Primary Use                           |
|-----------|--|---------------------------------------|
| 101       | Fixed Assets and Long Term Debt                | Balance Sheet                         |
| 102       | Operating Revenues and Expenses                | Operations                            |
| 252       | Passenger Facility Charges (PFC)               | Capital/Debt Service                  |
| 320s/330s | Joint Capital Account and Bond Funds           | Capital/Debt Service                  |
| 340s      | DFW Capital Account and Bond Funds             | Capital/Debt Service                  |
| 500-600s  | Debt Service and Sinking Funds                 | Debt Service                          |
| 907/910   | Public Facility Improvement Corporation (PFIC) | Rental Car Facility/Grand Hyatt Hotel |

DFW’s financial statements are issued in conformance with Generally Accepted Accounting Principles (GAAP) and include all of DFW’s funds, whereas the Annual Budget focuses on revenues and expenses included in the 102 Fund. DFW manages its day-to-day operations primarily through the 102 Fund in accordance with the Controlling Documents.

**Basis of Budgeting**

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

Capital expenditures are funded through the issuance of Joint Revenue Bonds, grants, PFC’s, or through the DFW or Joint Capital Accounts. From a process standpoint, the Board of Directors does not approve an overall capital budget. The Board reviews the capital budget during the Annual Budget process and when it reviews the Financial Plan. The Board does approve all contracts associated with capital projects.

**FY 2013 Budget Comparisons to Other Periods**

**FY 2012 Budget Amendments** – During FY 2012 the Board approved a budget amendment to the FY 2012 Budget which is summarized in the following table. Any reference to the FY 2012 Budget in this budget document relates to the FY 2012 Budget, as amended.

|  | <u>Millions</u> |
|--|-----------------|
| FY 2012 Approved Budget                          | \$ 601.6        |
| Approved Changes (and Dates)                     |                 |
| Retirement Enhancement (July 26, 2012)           | 2.1             |
| Demolition of old buildings (July 26, 2012)      | 1.0             |
| Debt service from PFIC refunding (July 26, 2012) | <u>3.0</u>      |
| FY 2012 Budget, as Amended                       | <u>\$ 607.7</u> |

**FY 2012 Outlook** – DFW employs continuous forecasting techniques to project revenues and expenses for the full 12 months of the fiscal year (called the Outlook). Most of the tables and charts in this budget document include FY 2012 Outlook comparisons to provide the best basis for comparison (rather than comparing to the FY 2012 Budget). The detailed Outlook in this Budget Book was developed in a bottoms-up process such that every account was reforecast. This was completed in May 2012.

**Financial Plan** – DFW issued its first ten-year Financial Plan in December 2010 and this plan is updated annually with the latest update in March 2012. This Plan was the basis for the negotiation of the Use Agreement with the Airlines and has been linked to DFW’s Strategic Plan to establish long-term goals for the KPIs shown in yellow in the DFW Business Model discussed above (Airline Cost, CPE, and Net Revenues from DFW Cost Center). Management’s long term goal is to achieve or exceed the targets for these KPIs since this was the basis for the Airline Use Agreement. Accordingly, comparisons to the Financial Plan for Fiscal Year 2013 are

included in this Budget Book. A complete copy of the 2012 Financial Plan is available at [www.dfwairport.com](http://www.dfwairport.com).

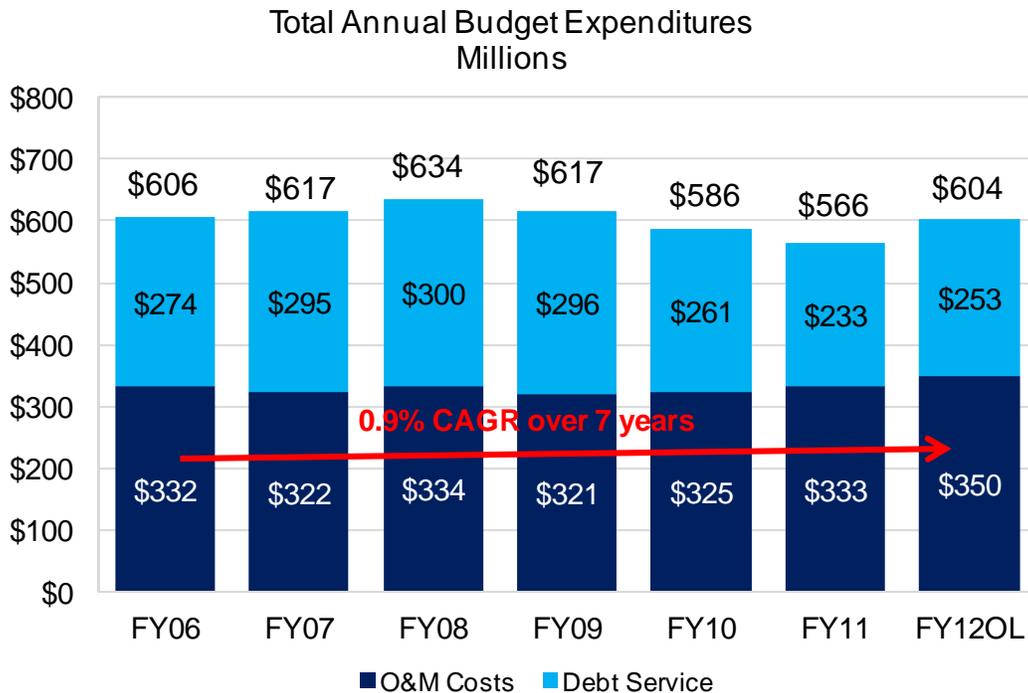
**Presentation of Amounts & Prior Years Actuals** – The FY 2013 Budget is presented in tables and charts that are rounded to millions and thousands. Some columns and charts may not appear to add-up or foot due to rounding differences. Certain prior year amounts have been reclassified to reflect the FY 2013 presentation.

### **Budget Schedule**

DFW's fiscal year begins October 1. The FY 2013 Expense Budget was compiled by the various DFW departments in May and June 2012, and then reviewed and modified by Executive Staff in June and July 2012. A presentation was made to representatives of the Signatory Airlines on June 12, 2012 with follow-up information provided. A preview of the FY 2013 Budget was presented to the Board on July 12, 2012. The final recommended Budget was presented to and approved by the Board on July 26, 2012. The FY 2013 Budget must be submitted to the City Managers of Dallas and Fort Worth by August 15, 2012 with approval of the two City Councils by September 30, 2012.

### A Historical Perspective on the DFW Budget

DFW's Board and management team have always focused on being one of the most cost effective airports in North America and the world. Based on our most current survey (shown on page 16), DFW is the lowest cost airport in our competitive set of large US hub airports. DFW has achieved this by employing innovative management, cost containment, and debt strategies, and by focusing on growing non-airline revenues. The following chart provides a historical perspective of DFW's Total Annual Budget since FY 2006 through the FY 2012 Outlook.



DFW's total FY 2012 Outlook of \$604 million is \$2 million less than in FY 2006. The red line, which reflects the change in O&M costs, shows that costs have risen only 0.9% per year on a compound average growth rate (CAGR) since FY 2006.

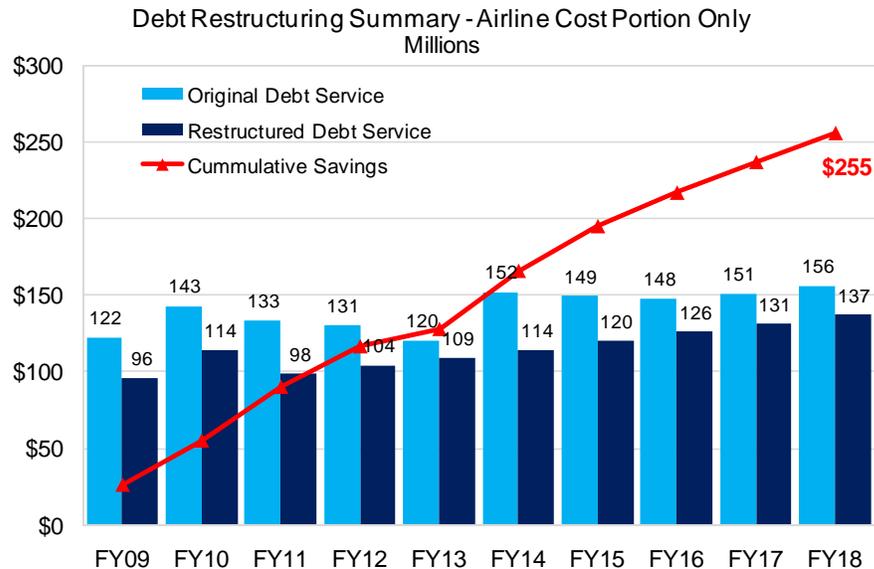
Terminal D and Skylink opened in FY 2005, with FY 2006 being the first full year of service. FY 2006 costs included debt service from \$2.8 billion in new debt issued to fund construction and operating costs for Terminal D, Skylink, and Terminal E which had been vacated by Delta Airlines. In FY 2008, after the airlines began to incur significant losses once again, DFW implemented a significant O&M cost reduction and debt restructuring program. Reductions continued into FY 2011 which was the first year of the new Use Agreement. One of the primary Use Agreement negotiating goals of the airlines and DFW was to have a significantly lower budget in the first year, FY 2011.



New Use Agreement and Terminal Renewal and Improvement Program (TRIP) - FY 2012 was the beginning of a new phase for DFW. DFW developed a ten-year Financial Plan to support the negotiations of the new ten-year Use Agreement that became effective on October 1, 2011.

The airlines signed the Use Agreement acknowledging that the budget and airline cost would increase significantly due to the following elements:

- (1) Completion of the debt restructuring plan. In FY 2009 DFW started implementation of a plan to restructure existing debt outstanding to save the Airlines \$255 million between FY 2009 and FY 2018. This plan, shown in the chart below, was developed specifically to give the airlines relief for a prolonged period of time. Once implemented, however, there would be a gradual annual fixed increase in airline debt service payments of \$5 to 6 million before incremental coverage.



- (2) An annual reduction of capital transfers to subsidize terminal rents. The airlines agreed that cash transfer subsidies from the Joint Capital Account would be reduced by \$4 million per year, from \$20 million in FY 2013 to \$0 in FY 2018. Accordingly, airline costs will increase \$4 million each year through FY 2018.
- (3) FIC Credit. The Use Agreement also provides for transfers of approximately \$5.5 million annually from the DFW Cost Center to the Terminal Cost Center, lowering airline costs for airline issued debt for terminal improvements. Because AMR rejected its Facility Improvement Corporation (FIC) debt in bankruptcy, this credit will no longer be given in FY 2013, causing airline costs to increase in FY 2013.
- (4) Issuance and repayment of debt to finance \$2.6 billion of new capital projects (\$2.0 billion for TRIP plus \$0.6 billion for other approved projects). This is by far the largest single reason for increased airline costs over the next decade. The Financial Plan includes the assumption that DFW will issue approximately \$2.8 billion in new debt through FY 2017. Annual debt service is projected to increase approximately \$231 million by FY 2020, per the Financial Plan. The airlines will pay a significant portion of this increase in higher terminal rentals. The total increase in debt service is \$45.5 million in FY 2013 compared to the FY 2012 Outlook.

In summary, DFW is entering a period where it will see its cost structure increase significantly over the next 6 years due primarily to the items mentioned above. Management will continue to seek ways to mitigate other significant expense increases as it has historically demonstrated. Most of the future increases in DFW’s cost structure are fixed and cannot be avoided unless the Airport discontinues the TRIP.

## FY 2013 Budget Overview

The FY 2013 Budget is \$654.6 million, a \$51.0 million (8.5%) increase over the FY 2012 Outlook primarily due to increases in debt service (\$45.5 million). \$35.1 million of the increase in debt service is related to new facilities placed in service in FY 2013 (such as Section A of Terminal A and the associated parking garage) and increases in existing debt. The remaining \$10.4 million increase is attributed to debt service for the Grand Hyatt, which is now part of the Airport's operating fund and fully reimbursed by the hotel.

Operating expenses increase by \$5.4 million (1.5%) from the FY 2012 Outlook. Of this increase, \$4.4 million relates to the Airline Cost Centers, and \$1.0 million relates to the DFW Cost Center. Because of our efforts to manage costs, the FY 2013 Budget reflects reductions from the 2012 Outlook as a result of the outsourcing of remote parking operation (\$1.4 million), the early retirement program (\$5.5 million), and the locking in of utility rates (\$1.7 million). The savings have partially offset increases primarily due to:

- Contract increases (Terminal E maintenance, Skylink, security cameras, and expanded employee bussing);
- FAA requirements on the airfield (paint and rubber removal);
- TRIP related operating impacts (parking wayfinding and Terminal E ramp);
- Restoration of the deicing budget from an abnormally mild year;
- Modest merit increase (3% merit pool for general employees, 1% for DPS);
- Healthcare inflation (net of additional cost sharing by employees);
- Actuarially determined increase in retirement plan contributions;
- Property insurance premiums because of recent storms;
- Restoration of fire training budget because the facility was closed for renovation in 2012;
- Replacement of outdated lighting; and
- Strategic initiatives consistent with DFW's 2012 Strategic Plan (international marketing, global entry passenger facilitation, and wheelchair assistance).

A walk forward of the FY 2013 Budget from the FY 2012 Outlook is included on page 21.

During the budget process, the planned activity for FY 2013 is reviewed and aligned with DFW's overall Strategic Plan. The FY 2013 Budget is compared to the current FY 2012 Outlook and the FY 2013 Financial Plan prepared earlier this year. Below are some assumptions that were used in preparing the FY 2013 Budget.

AMR Bankruptcy. On November 29, 2011, AMR Corporation, the parent company of American Airlines (AA) and American Eagle filed voluntary petitions for Chapter 11 reorganization. AMR represents 85% of DFW passengers, 78% of landed weights, and 30% of total 102 Fund revenues. DFW is AMR's largest hub, representing approximately 40% of AMR's total traffic. On July 18, 2012, the bankruptcy judge approved AMR's motions seeking to assume all unexpired leases for nonresidential real property at the Airport, including the Use Agreement, to cure any defaults under such leases by paying any amounts due and owing under such leases, and approval for modifications to certain lease terms under certain leases. AMR did reject the facility agreements associated with its unsecured debt issued by DFW's Facility Improvement Corporation (FIC). Although AMR officials have publicly stated that they plan to grow their business at DFW and their other cornerstone hubs (up to 20%), it is premature to increase

service levels significantly for the FY 2013 Budget. Using AMR’s targets, AMR’s passenger growth is projected at a 0.2% increase and landed weights at a 0.6% increase from the FY 2012 Outlook.

Cost Cutting Efforts. During FY 2012, a decision was made to outsource DFW’s remote busing operations effective October 1, 2012. It is estimated to have an annual savings of \$1.4 million in FY 2013 by reducing 84 positions. Also, DFW offered an enhanced retirement option for general employees to receive either 3 or 6 months of incentive pay (depending on years of service) to retire. An employee notification deadline was given to qualified employees for retirement effective as late as September 30, 2012. DFW had 104 employees take the retirement option that will realize approximately \$5.5 million in savings in FY 2013. In addition, DFW locked in energy contracts that will lower rates by an estimated savings of \$1.7 million in FY 2013.

Strategic Investments. In line with our mission statement and primary business goal of growing our core business, DFW is investing to continue our growth while building on our outstanding customer service. During FY 2013 we are expanding our international marketing efforts for continued global expansion. In addition, we will improve customer service through expanded wheelchair assistance for our growing number of international passengers while improving our global entry area. DFW’s total strategic investment is approximately \$2.2 million for FY 2013.



Terminal Renewal and Improvement

Program (TRIP). The TRIP program began in the FY 2012 and will continue through FY 2017 with various construction phases during the timeline. For the FY 2013 Budget, there will be 3 sections of 3 terminals and 3 terminal parking garages closed. Terminal A, section A and Terminal E satellite will open in the second quarter for the FY 2013 Budget.

**Key Performance Indicators (KPIs)**

DFW’s Use Agreement requires management to focus on 3 strategic goals for its 3 most important KPIs:

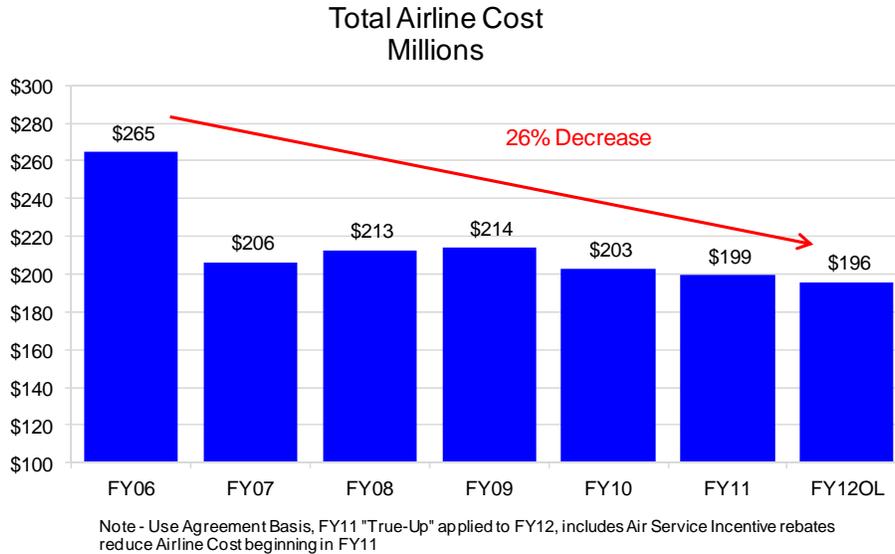
- **Maintain a competitive airline cost**
- **Maintain a competitive passenger airline cost per enplanement (CPE)**
- **Grow Net Revenues from the DFW Cost Center**

The first 2 performance indicators are driven primarily by cost, but the third performance indicator is also driven by increasing revenues. This places significant importance on growing the bottom line, rather than just focusing on the budget or expense side of the equation.

**KPI #1 - Total Airline Cost**

Airline cost represents the fees paid to DFW by the passenger and air cargo carriers, primarily for landing fees and terminal rents and fees. CPE (discussed below) is based solely on

passenger airline cost. The following chart displays total airline cost from FY 2006 through the FY 2012 Outlook. Management has successfully decreased airline cost \$69 million (26%) from FY 2006 through debt restructuring and cost reduction initiatives.



Below is a walkforward of airline cost and cost per enplanement from the FY 2012 Outlook to the FY 2013 Budget.

| Airline Cost Walkforward        | Millions | CPE        |
|---------------------------------|----------|------------|
| FY 2012 Outlook                 | \$196.1  | \$6.41 CPE |
| Debt & Use Agreement Items      |          |            |
| Debt Service                    | 25.6     |            |
| FY11 True-up paid in FY12       | 8.9      |            |
| FY12 True-up paid in FY12       | 7.0      |            |
| FIC Credit                      | 5.5      |            |
| Joint Capital Contribution      | 4.0      |            |
| Total Debt and Use Agreement    | 51.0     |            |
| Ongoing Operating Expenses, net |          |            |
| Increased Operating Costs       | 4.4      |            |
| FY13B Threshold Adjustment      | (8.4)    |            |
| Other, net                      | 0.7      |            |
| Total Ongoing Operations, net   | (3.3)    |            |
| Net Increase                    | 47.7     |            |
| FY 2013 Budget                  | \$243.8  | \$7.91 CPE |

The increase in operating costs related to Airline Cost Centers (\$4.4 million) is offset by the FY 2013 Budget Threshold Adjustment (i.e., DFW Cost Center results above the Upper Threshold amount that is provided to airlines as a reduction in landing fees). Also, the FY 2013 airline cost budget of \$243.8 million is \$16.7 million (6.4%) less than FY 2013 that was included in the 2012 Financial Plan.

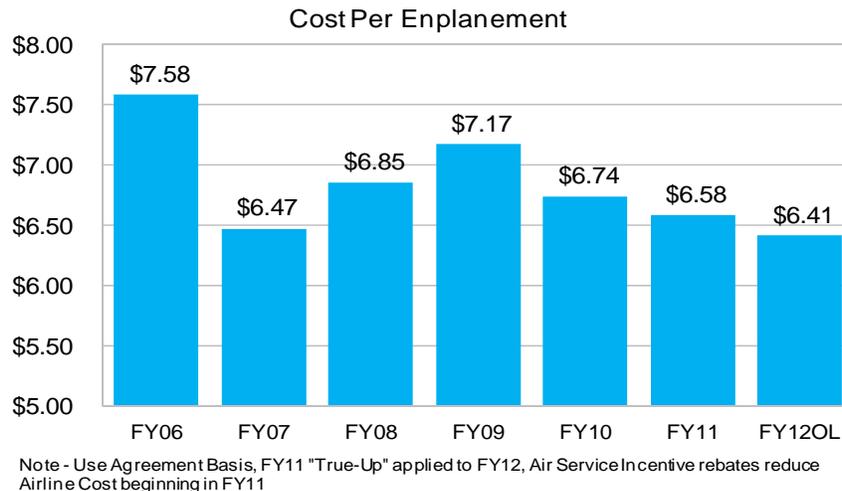
FY 2013 airline costs are \$243.8 million, an increase of \$47.7 million (24.3%) from the FY 2012 Outlook. This increase is primarily the result of:

- Debt service costs related to TRIP and agreed upon increases in existing debt service;
- Reduced capital contributions and the elimination of the credit resulting from AMR’s rejection of FIC debt in bankruptcy proceedings, pursuant to the Use Agreement; and
- One-time credits provided to airlines in FY 2012.

**KPI #2 – Passenger Airline Cost per Enplanement (CPE)**

CPE Trending at DFW – CPE is defined as total passenger airline cost (i.e., revenue paid to DFW) divided by the number of enplaned passengers. CPE is a common measure used by the airline industry. The denominator is enplaned passengers and is used because it is a key revenue/cost driver for an airline. This is not the case for an airport, however. Airport costs are based on the facilities and runways maintained. Notwithstanding this issue, DFW (and the industry) use this indicator as a performance measure.

The following chart displays CPE from FY 2006 through the FY 2012 Outlook. CPE has fluctuated each year based on airline costs. The overall reduction in CPE through FY 2012 is due to the debt restructuring and cost reduction initiatives.



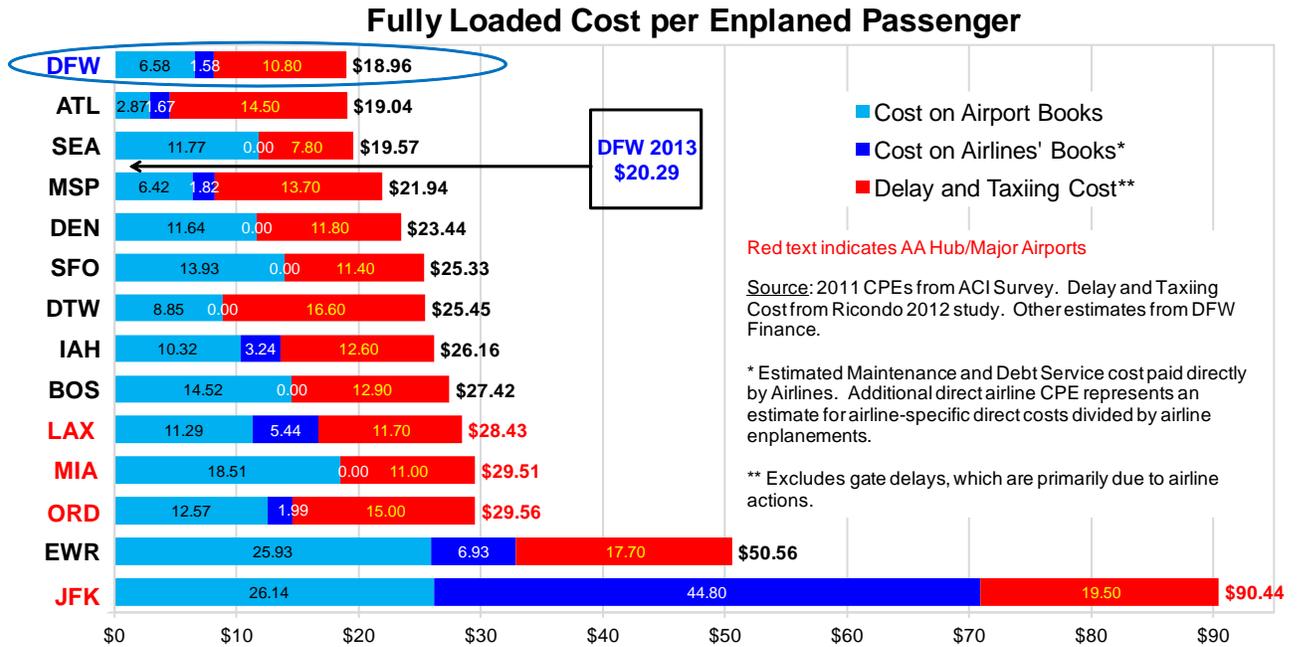
The FY 2013 CPE of \$7.91 represents an increase of \$1.50 (23.4%) from the FY 2012 Outlook. From the walkforward above, the increase is driven by debt service and Use Agreement adjustments. The FY 2013 CPE of \$7.91 is \$0.57 (6.7%) less (better) than assumed in the 2012 Financial Plan.

CPE Benchmarked to Other Airports – DFW’s goal is to have a competitive CPE. The preceding chart trends DFW’s performance over time. The following chart benchmarks DFW’s fully loaded CPE with the fully loaded CPE projections for DFW’s competitive set of 13 large U.S. hub airports using the latest data available from ACI surveys (i.e., FY 2011 actuals). Based on a comparison of 2011 actual results DFW was the lowest cost large hub airport in our competitive set, which reflects our focus on cost containment. Even with the increase in DFW’s Fiscal Year 2013 airline costs (primarily driven by TRIP and the Use Agreement provisions), DFW compares favorably with the other airports’ 2011 results.

Fully loaded cost is the most meaningful comparison because it includes most of the costs incurred by airlines to operate at an airport including what they pay the airport (light blue), what

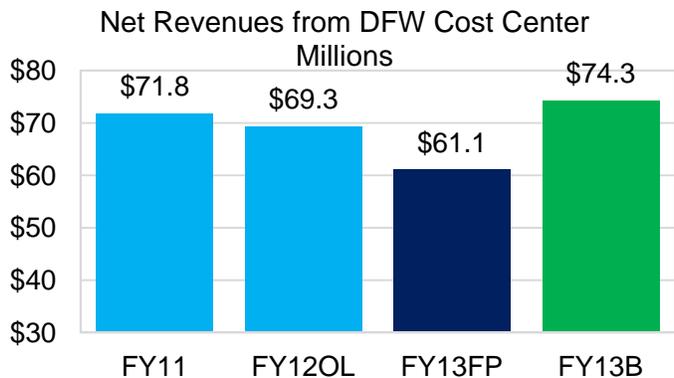
they pay directly for terminal maintenance and terminal debt service (dark blue), and an estimate of what the airlines pay for delay and taxiing costs (red).

This chart shows that DFW is well-positioned from a cost standpoint against the competitive set and that DFW is clearly American Airlines' lowest cost hub airport (which includes New York-JFK, Chicago – O'Hare, Los Angeles, and Miami).



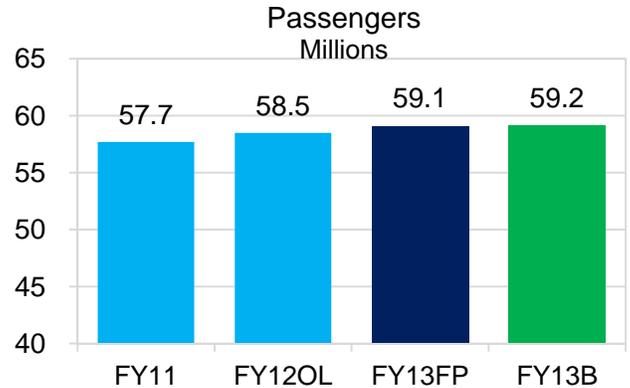
### KPI #3 - Net Revenues from DFW Cost Center

The chart to the side compares net revenues from the DFW Cost Center. There are no historical comparisons before FY 2011 because this metric was created from the new Use Agreement. The FY 2013 net revenues budget is \$74.3 million, a \$5.1 million (7.4%) increase from the FY 2012 Outlook. The increase is primarily attributable to increased parking and concessions revenues. The growth over the Financial Plan is due to the higher concessions revenues; less operating expenses; and debt service in FY 2013 compared to the Financial Plan. See the DFW Cost Center Section for more detail.



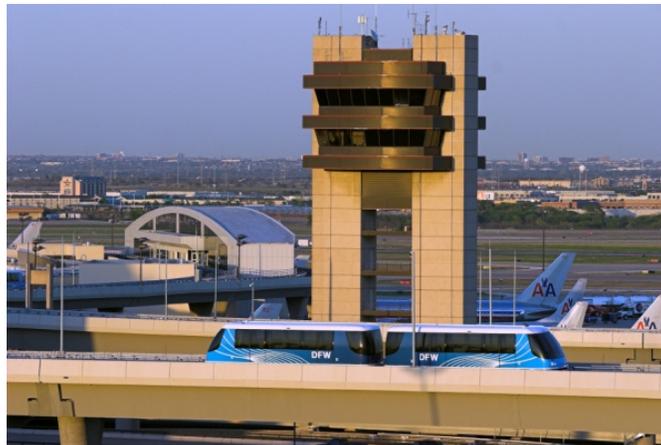
**Passengers** – The FY 2013 Budget for passengers is 59.2 million, a 0.7 million (1.2%) increase over the FY 2012 Outlook primarily due to the expectation that the economy will continue to slowly recover. The budget compares to the Financial Plan.

Passenger statistics can be divided into several categories as shown in the following table. Originating passengers begin their trip at DFW. Destination passengers live elsewhere and fly to DFW for work or pleasure. People who travel through DFW to get to their final destination are connecting passengers. Enplanements represent all passengers boarding a plane at DFW.



| Passengers (in Millions) | FY12 Outlook | FY13 Fin'l Plan | FY13 Budget | Variance Better (Worse) |                  |
|--------------------------|--------------|-----------------|-------------|-------------------------|------------------|
|                          |              |                 |             | FY13B vs. FY12OL        | FY13B vs. FY13FP |
| Originating              | 12.9         | 13.1            | 13.1        | 0.2                     | 0.0              |
| Destination              | 11.8         | 12.0            | 12.0        | 0.2                     | 0.0              |
| Connecting               | 33.8         | 34.0            | 34.1        | 0.3                     | 0.1              |
| <b>Total Passengers</b>  | <b>58.5</b>  | <b>59.1</b>     | <b>59.2</b> | <b>0.7</b>              | <b>0.1</b>       |
| Enplanements             | 29.3         | 29.6            | 29.6        | 0.4                     | 0.0              |

Changes in these passenger metrics are important because they are the key revenue drivers for parking (originating passengers), concessions (enplanements), and rental car (destination passengers) revenues. See further discussion in the DFW Cost Center section.



### Revenues and Expenses Budget Overview

The following table summarizes 102 Fund revenues by cost center and 102 Fund expenses by cost category with Net Revenues being the amount transferred to the DFW Capital Account.

| (in Millions)         | FY12<br>Outlook | FY13 Fin'l<br>Plan | FY13<br>Budget | Variance Better (Worse) |                     |
|-----------------------|-----------------|--------------------|----------------|-------------------------|---------------------|
|                       |                 |                    |                | FY13B vs.<br>FY12OL     | FY13B vs.<br>FY13FP |
| <b>Revenues</b>       |                 |                    |                |                         |                     |
| Airfield Cost Center  | \$130.6         | \$138.0            | \$137.9        | \$7.3                   | (\$0.1)             |
| Terminal Cost Center  | 138.5           | 177.2              | 167.1          | 28.6                    | (10.2)              |
| DFW Cost Center       | 256.5           | 258.4              | 262.2          | 5.8                     | 3.8                 |
| PFCs/CFCs             | 147.3           | 165.0              | 161.8          | 14.5                    | (3.2)               |
| <b>Total Revenues</b> | <b>672.9</b>    | <b>738.6</b>       | <b>728.9</b>   | <b>56.1</b>             | <b>(9.6)</b>        |
| <b>Expenses</b>       |                 |                    |                |                         |                     |
| Operating Expenses    | 350.4           | 363.7              | 355.8          | (5.4)                   | 7.9                 |
| Debt Service          | 253.2           | 313.8              | 298.8          | (45.5)                  | 15.0                |
| <b>Total Expenses</b> | <b>603.6</b>    | <b>677.5</b>       | <b>654.6</b>   | <b>(51.0)</b>           | <b>22.9</b>         |
| <b>Net Revenues</b>   | <b>\$69.3</b>   | <b>\$61.1</b>      | <b>\$74.3</b>  | <b>\$5.1</b>            | <b>\$13.3</b>       |

Budgeted airfield and terminal revenues for FY 2013 are higher than the FY 2012 Outlook primarily due to increased costs and debt service in these cost centers. However, terminal revenues are lower than what was assumed in the FY 2013 Financial Plan primarily because debt service is lower than the Financial Plan. See more detailed information in the Airline Cost Center section of this document.

Budgeted Passenger Facility Charge (PFC) and Customer Facility Charge (CFC) revenues are used to pay eligible debt service. PFC/CFC revenues are higher than the FY 2012 Outlook and lower than the Financial Plan due to higher eligible debt service compared the Outlook and lower eligible debt service compared to the Plan. See more discussion on debt service and use of PFCs/CFCs in the Operating Expense Summary.

FY 2013 Net Revenues are budgeted to be higher than the FY 2012 Outlook because of increased parking revenues and a positive impact from DFW's contribution to terminals per the Use Agreement offset by increased debt service expenses. The growth over the Financial Plan is primarily due to lower debt service.

### Annual 102 Budget Comparisons and Walkforward

The following table compares the Annual 102 Fund Budget (FY 2013 Budget) with the FY 2012 Outlook and FY 2013 Financial Plan. The Budget request for FY 2013 includes \$5 million of contingency outside the rate base. This contingency may only be accessed with Board approval. This is consistent with the approach taken in FY 2012.

| Annual Budget (in Millions)          | FY12 Outlook   | FY13 Fin'l Plan | FY13 Budget    | Variance Better (Worse) |                  |
|--------------------------------------|----------------|-----------------|----------------|-------------------------|------------------|
|                                      |                |                 |                | FY13B vs. FY12OL        | FY13B vs. FY13FP |
| Operating Expenses                   | \$350.4        | \$363.7         | \$355.8        | (\$5.4)                 | \$7.9            |
| Debt Service                         | 253.2          | 313.8           | 298.8          | (45.5)                  | 15.0             |
| <b>Total Budget</b>                  | <b>\$603.6</b> | <b>\$677.5</b>  | <b>\$654.6</b> | <b>(\$51.0)</b>         | <b>\$22.9</b>    |
| Contingency Outside Rate Base        |                |                 | \$5.0          |                         |                  |
| <b>Total Budget With Contingency</b> |                |                 | <b>\$659.6</b> |                         |                  |

Major changes between the FY 2013 Budget and the FY 2012 Outlook and how they impact the DFW Cost Center and the Airline Cost Centers are summarized below. The descriptions of these changes are discussed in the Operating Expenses section.

| Budget Category (in Millions)                    | Total          | DFW            | Airline        |
|--|----------------|----------------|----------------|
| <b>FY 2012 Outlook</b>                           | <b>\$350.4</b> | <b>\$142.0</b> | <b>\$208.4</b> |
| Budget reductions                                |                |                |                |
| Retirement enhancement program                   | (5.5)          | (2.0)          | (3.5)          |
| Utility/energy costs                             | (1.7)          | (0.2)          | (1.5)          |
| Outsource of remote busing                       | (1.4)          | (1.4)          |                |
| Demolition of unusable buildings                 | (1.0)          | (0.4)          | (0.6)          |
| Decrease in Contingency                          | (0.7)          | (0.3)          | (0.4)          |
| <b>Total budget reductions</b>                   | <b>(10.3)</b>  | <b>(4.3)</b>   | <b>(6.0)</b>   |
| <b>Regulatory/fixed increases</b>                |                |                |                |
| Terminal E Maintenance                           | 0.6            |                | 0.6            |
| Airfield paint removal                           | 1.0            |                | 1.0            |
| Healthcare                                       | 0.6            | 0.2            | 0.4            |
| Bus contract inflation                           | 1.1            | 1.1            |                |
| Defined benefit plan                             | 1.0            | 0.4            | 0.6            |
| Property & casualty insurance                    | 0.9            | 0.3            | 0.6            |
| Skylink contract                                 | 0.6            | 0.6            |                |
| CCTV maintenance                                 | 0.6            | 0.2            | 0.4            |
| <b>Total regulatory/fixed increases</b>          | <b>6.4</b>     | <b>2.8</b>     | <b>3.6</b>     |
| <b>Merit, annualization &amp; vacancy factor</b> | <b>3.3</b>     | <b>1.3</b>     | <b>2.0</b>     |
| <b>Strategic/new program increases</b>           |                |                |                |
| Expanded international marketing                 | 1.2            |                | 1.2            |
| Global Entry marketing                           | 0.4            |                | 0.4            |
| Wheelchair assistance - Terminal D               | 0.4            |                | 0.4            |
| <b>Total strategic/new program increase</b>      | <b>2.0</b>     | <b>0.0</b>     | <b>2.0</b>     |
| <b>TRIP related</b>                              |                |                |                |
| Terminal parking wayfinding                      | 0.4            | 0.4            |                |
| Terminal E ramp monitoring                       | 0.4            |                | 0.4            |
| <b>Total TRIP related</b>                        | <b>0.8</b>     | <b>0.4</b>     | <b>0.4</b>     |
| <b>Other Increases</b>                           |                |                |                |
| Restore deicing budget                           | 1.6            |                | 1.6            |
| Restore fire-training budget                     | 0.4            | 0.1            | 0.3            |
| Lighting systems                                 | 0.5            | 0.2            | 0.3            |
| Other, net (< \$250,000 each)                    | 1.0            | 0.6            | 0.4            |
| <b>Total other increases</b>                     | <b>3.5</b>     | <b>0.9</b>     | <b>2.6</b>     |
| <b>Net Increases</b>                             | <b>5.7</b>     | <b>1.1</b>     | <b>4.6</b>     |
| <b>Budget before Operating Reserve</b>           | <b>356.1</b>   | <b>143.1</b>   | <b>213.0</b>   |
| Decrease in Operating Reserve                    | (0.3)          | (0.1)          | (0.2)          |
| <b>FY 2013 Expense Budget</b>                    | <b>\$355.8</b> | <b>\$143.0</b> | <b>\$212.8</b> |

**Capital Programs and Debt Financing**

DFW has two capital accounts, the Joint Capital Account which requires both DFW and airline approval to access funds and the DFW Capital Account which DFW may use at its sole discretion. The Joint Capital Account receives funds from natural gas royalties, grants, debt proceeds, and interest income on the available cash balances. The DFW Capital Account is funded from net revenues from the DFW Cost Center, grants, debt proceeds (for commercial development) and interest income.

The largest component of DFW’s capital program is the Terminal Renewal and Improvement Program (TRIP) in the Joint Capital Account. The TRIP is budgeted at \$2.0 billion over the next 6 years (see chart). As of June 30, 2012, DFW has awarded \$874.1 million in contracts for TRIP. The TRIP is preapproved as part of the Airport’s Use Agreement. Also included in the Joint Capital Account is \$621.2 million of various other projects which DFW has received airline majority in interest (MII) approval. These funds will be spent through FY 2016. Additionally, DFW has a large number of additional capital projects currently underway and funded from the DFW Capital Account. DFW’s capital program is discussed in detail in the Capital section and in the Financial Plan.

| Millions     | FY10   | FY11         | FY12         | FY13         | FY14         | FY15         | FY16         | FY17         | Total          |
|--------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
| Terminal A   |     |              |              |              |              |              |              |              | \$479          |
| Terminal E   |   |              |              |              |              |              |              |              | \$536          |
| Terminal B   |  |              |              |              |              |              |              |              | \$424          |
| Terminal C   |  |              |              |              |              |              |              |              | \$500          |
| <b>Total</b> | <b>\$14</b>  | <b>\$120</b> | <b>\$292</b> | <b>\$375</b> | <b>\$403</b> | <b>\$364</b> | <b>\$293</b> | <b>\$119</b> | <b>\$1,979</b> |

DFW expects to issue bonds to fund a significant percentage of the TRIP and the other projects included in the Joint Capital Account. Although the financing plans for FY 2013 are still preliminary, management projects that approximately \$700 million of new debt will be issued during the fiscal year. In addition, certain bonds relating to construction of Skylink and Terminal D may be refunded in FY 2013.

**Natural Gas Revenues** – The Use Agreement requires natural gas royalties to be deposited into the Joint Capital Account. Estimated natural gas royalty revenues for FY 2013 are \$5 million, which is approximately the same amount DFW is forecasted to receive in FY 2012. DFW also receives fees for pipeline, property and surface use fees from natural gas drilling and piping activity. These are considered Gross Revenues of the Airport per the Bond Ordinances and are included as Commercial Development revenues in the DFW Cost Center.

### Airline Cost Centers

There are two Airline Cost Centers, one for the airfield and one for the terminals. The airlines pay DFW landing fees to cover the net cost of the airfield and terminal rents to cover the net cost of the terminals. Federal Aviation Administration (FAA) regulations prohibit an airport from making a profit on aviation activities. Consequently, the airfield and terminals must be priced to cover the net cost to provide the services. At the end of each fiscal year, DFW performs a reconciliation or true-up of actual costs paid and revenues received. If there is a variance (i.e., if revenues collected exceed or are less than the actual cost), then the Airport provides a credit or charge in the following fiscal year. Based on the FY 2012 Outlook, DFW reduced landing fees on June 1, 2012 to provide a \$7 million reduction in airline costs in FY 2012, called the FY 2012 True-Up Adjustment.



### Airfield Cost Center

The following table compares Airfield Cost Center revenues and expenditures for the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget. Note that revenues equal expenses in this cost center in all periods. Revenue variances to the FY 2012 Outlook are explained below. See the Operating Expenses section for expenditure variances.

| Airfield CC (in Millions)   | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Better(Worse) |                     |
|-----------------------------|-----------------|--------------------|----------------|------------------------|---------------------|
|                             |                 |                    |                | FY13B vs.<br>FY12OL    | FY13B vs.<br>FY13FP |
| <b>Revenues</b>             |                 |                    |                |                        |                     |
| Landing Fees                | \$114.5         | \$127.0            | \$119.3        | \$4.9                  | (\$7.7)             |
| Other                       | 16.1            | 11.0               | 18.6           | 2.5                    | 7.6                 |
| <b>Total Revenues</b>       | <b>130.6</b>    | <b>138.0</b>       | <b>137.9</b>   | <b>7.3</b>             | <b>(0.1)</b>        |
| <b>Expenditures</b>         |                 |                    |                |                        |                     |
| Operating Expenses          | 67.1            | 71.1               | 70.4           | (3.3)                  | 0.7                 |
| Net Debt Service            | 63.5            | 67.0               | 67.5           | (4.0)                  | (0.6)               |
| <b>Total Expenditures</b>   | <b>130.6</b>    | <b>138.0</b>       | <b>137.9</b>   | <b>(7.3)</b>           | <b>0.1</b>          |
| <b>Net Airfield Revenue</b> | <b>\$0.0</b>    | <b>\$0.0</b>       | <b>\$0.0</b>   | <b>\$0.0</b>           | <b>\$0.0</b>        |

Note: FY12 Outlook includes True-Up Adjustment of \$7M.

The Airfield is a residual cost center with landing fees as the balancer. The table on the following page compares Airfield Cost Center revenues and expenditures for the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget showing the landing fee revenues necessary to cover budgeted net airfield costs.

| Airfield CC (in Millions)                 | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Better(Worse) |                     |
|---|-----------------|--------------------|----------------|------------------------|---------------------|
|   |                 |                    |                | FY13B vs.<br>FY12OL    | FY13B vs.<br>FY13FP |
| <b>Expenditures</b>                       |                 |                    |                |                        |                     |
| Operating Expenses                        | \$67.1          | \$71.1             | \$70.4         | (\$3.3)                | \$0.7               |
| Net Debt Service                          | 63.5            | 67.0               | 67.5           | (4.0)                  | (0.6)               |
| <b>Total Expenditures</b>                 | <b>130.6</b>    | <b>138.0</b>       | <b>137.9</b>   | <b>(7.3)</b>           | <b>0.1</b>          |
| <b>Revenues</b>                           |                 |                    |                |                        |                     |
| Aircraft Parking                          | 0.2             | 0.4                | 0.1            | (0.1)                  | (0.3)               |
| Corporate Aviation                        | 1.8             | 1.9                | 2.0            | 0.2                    | 0.0                 |
| Fuel Facility                             | 5.4             | 5.6                | 5.5            | 0.1                    | (0.1)               |
| DPS                                       | 2.8             | 3.1                | 2.6            | (0.2)                  | (0.5)               |
| Transfer from DFW Cost Center             | 5.9             | 0.0                | 8.4            | 2.5                    | 8.4                 |
| <b>Total Revenues before Landing Fees</b> | <b>16.1</b>     | <b>11.0</b>        | <b>18.6</b>    | <b>2.4</b>             | <b>7.6</b>          |
| <b>Landing Fees</b>                       | <b>\$114.5</b>  | <b>\$127.0</b>     | <b>\$119.3</b> | <b>\$4.9</b>           | <b>(\$7.7)</b>      |

Note: FY12 Outlook includes True-Up Adjustment of \$7M.

### Landing Fee Revenues

The FY 2013 landing fees budget is \$119.3 million, an increase of \$4.9 million (4.3%) from the FY 2012 Outlook primarily due to the increases to net debt service and operating expenses charged to the airfield. The FY 2013 threshold adjustment transferred from the DFW Cost Center offsets the FY 2012 adjustments.

### Other Airfield Revenues

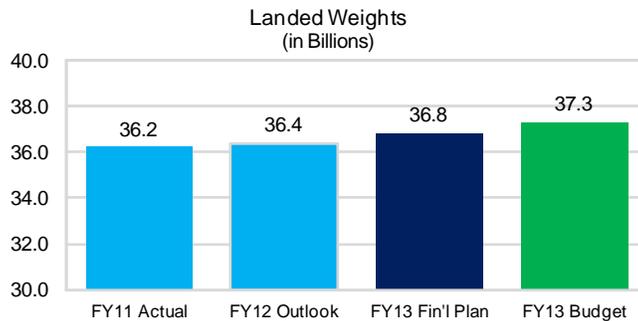
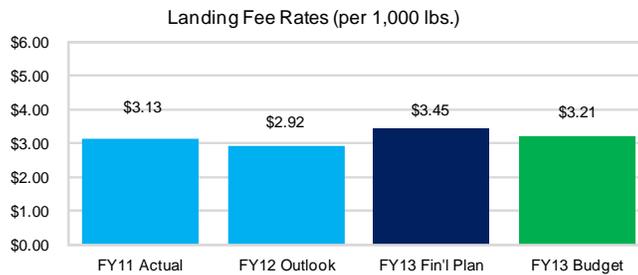
Other airfield revenues include threshold adjustments transferred from the DFW Cost Center, Corporate Aviation (CA) fees, and the fuel farm fees paid by the airlines to cover debt service and overhead of the fuel farm. Fuel farm fees increase annually at the rate of inflation.



### Landing Fees and Landed Weights

The charts compare landing fees and landed weights for the FY 2011 Actuals, the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget. The landing fee rate is assessed per 1,000 pounds of maximum approved landed weight for each specific aircraft as certified by the FAA. Changes in landed weights will not affect total landing fees because DFW must charge the airlines collectively for the cost to operate the airfield. Thus, an increase in landed weights will lower the average landing fee rate, and a decrease in landed weights will cause the landing fee rate to increase.

Signatory landing fees are budgeted at \$3.21 in FY 2013, a \$0.29 (9.9%) increase from the FY 2012 Outlook. This will generate sufficient revenue to pay for budgeted airfield costs. Landing fees are lower than the FY 2013 Financial Plan by \$0.24 (7.0%) due to the FY 2013 threshold adjustment and higher landed weights.



### Cargo

DFW has grown its cargo business over the past 10 years and is recognized by the industry as one of the top cargo airports in the world. DFW was voted one of the top 5 best cargo airports in North America by the Air Cargo Excellence Survey in FY 2012. The Airport's prime location allows assorted cargo to reach millions of U.S. customers by road, while also reaching several continents by plane in a matter of hours. More than 50 million consumers can be reached by truck within 24 hours and 98% of the U.S. population can be reached via truck within 48 hours or less. Approximately 8.2% of all landing fees are budgeted to come from cargo aircraft for the FY 2013 Budget.



### Terminal Cost Center

The following table compares Terminal Cost Center revenues and expenditures for the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget. Note that revenues equal expenses in this cost center in all periods. Revenue variances between the FY 2013 Budget and the FY 2012 Outlook are explained below. See the Operating Expense section for expenditure variations.

| Terminal CC (in Millions)      | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Better(Worse) |                     |
|--------------------------------|-----------------|--------------------|----------------|------------------------|---------------------|
|                                |                 |                    |                | FY13B vs.<br>FY12OL    | FY13B vs.<br>FY13FP |
| <b>Revenues</b>                |                 |                    |                |                        |                     |
| Operating Revenue              |                 |                    |                |                        |                     |
| Terminal Leases                | \$74.2          | \$114.4            | \$104.6        | \$30.4                 | (\$9.9)             |
| FIS Fees                       | 18.2            | 19.3               | 20.9           | 2.7                    | 1.6                 |
| Turn Fees & Office Rents       | 9.2             | 11.0               | 10.0           | 0.8                    | (1.1)               |
| Other                          | 12.9            | 12.4               | 11.7           | (1.2)                  | (0.7)               |
| <b>Total Operating Revenue</b> | <b>114.4</b>    | <b>157.1</b>       | <b>147.1</b>   | <b>32.7</b>            | <b>(10.0)</b>       |
| <b>Transfers</b>               |                 |                    |                |                        |                     |
| DFW Terminal Contribution      | 14.5            | 10.7               | 8.6            | (5.9)                  | (2.1)               |
| Joint Capital Transfer         | 24.0            | 20.0               | 20.0           | (4.0)                  | 0.0                 |
| <b>Total Transfers</b>         | <b>38.5</b>     | <b>30.7</b>        | <b>28.6</b>    | <b>(9.9)</b>           | <b>(2.1)</b>        |
| <b>Total Revenues</b>          | <b>152.9</b>    | <b>187.8</b>       | <b>175.7</b>   | <b>22.8</b>            | <b>(12.1)</b>       |
| <b>Expenditures</b>            |                 |                    |                |                        |                     |
| Operating Expenses             | 141.3           | 145.5              | 142.4          | (1.1)                  | 3.1                 |
| Net Debt Service               | 11.6            | 42.3               | 33.3           | (21.6)                 | 9.1                 |
| <b>Total Expenditures</b>      | <b>152.9</b>    | <b>187.8</b>       | <b>175.7</b>   | <b>(22.8)</b>          | <b>12.2</b>         |
| <b>Net Terminal Revenue</b>    | <b>\$0.0</b>    | <b>\$0.0</b>       | <b>\$0.0</b>   | <b>\$0.0</b>           | <b>\$0.0</b>        |

The Terminal is a residual cost center with terminal leases as the balancer. The table on the following page compares Terminal Cost Center revenues and expenditures for the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget showing the terminal lease revenues necessary to cover budgeted net terminal costs.

| Terminal CC (in Millions)              | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Better(Worse) |                     |
|--|-----------------|--------------------|----------------|------------------------|---------------------|
|  |                 |                    |                | FY13B vs.<br>FY12OL    | FY13B vs.<br>FY13FP |
| <b>Expenditures</b>                    |                 |                    |                |                        |                     |
| Operating Expenses                     | 141.3           | 145.5              | 142.4          | (1.1)                  | 3.1                 |
| Net Debt Service                       | 11.6            | 42.3               | 33.3           | (21.6)                 | 9.1                 |
| <b>Total Expenditures</b>              | <b>152.9</b>    | <b>187.8</b>       | <b>175.7</b>   | <b>(22.8)</b>          | <b>12.2</b>         |
| <b>Revenues</b>                        |                 |                    |                |                        |                     |
| <b>Operating Revenue</b>               |                 |                    |                |                        |                     |
| FIS Fees                               | 18.2            | 19.3               | 20.9           | 2.7                    | 1.6                 |
| Turn Fees & Office Rents               | 9.2             | 11.0               | 10.0           | 0.8                    | (1.1)               |
| Other                                  | 12.9            | 12.4               | 11.7           | (1.2)                  | (0.7)               |
| <b>Operating Revenue before Leases</b> | <b>40.3</b>     | <b>42.7</b>        | <b>42.6</b>    | <b>2.3</b>             | <b>(0.1)</b>        |
| <b>Transfers</b>                       |                 |                    |                |                        |                     |
| DFW Contribution/FIC Credit            | 14.5            | 10.7               | 8.6            | (5.9)                  | (2.1)               |
| Joint Capital Transfer                 | 24.0            | 20.0               | 20.0           | (4.0)                  | 0.0                 |
| <b>Total Transfers</b>                 | <b>38.5</b>     | <b>30.7</b>        | <b>28.6</b>    | <b>(9.9)</b>           | <b>(2.1)</b>        |
| <b>Total Revenue before Leases</b>     | <b>78.7</b>     | <b>73.4</b>        | <b>71.1</b>    | <b>(7.6)</b>           | <b>(2.3)</b>        |
| <b>Terminal Leases</b>                 | <b>\$74.2</b>   | <b>\$114.4</b>     | <b>\$104.6</b> | <b>\$30.4</b>          | <b>(\$9.9)</b>      |

### Terminal Leases

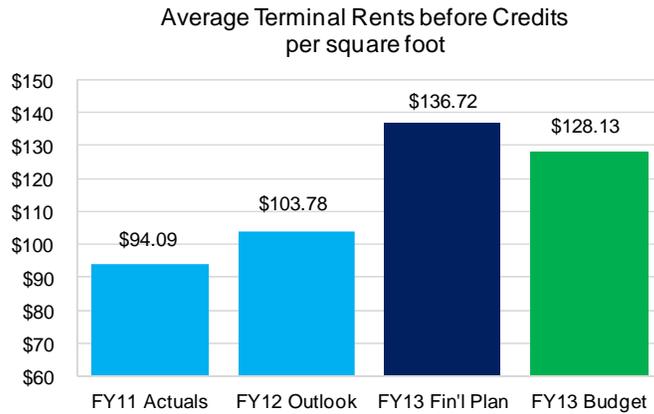
The FY 2013 terminal lease budget is \$104.6 million, a \$30.4 million (41.0%) increase from the FY 2012 Outlook due primarily to increases in net debt service charged to the terminals, operating costs, a reduced Joint Capital Transfer, and a reduced DFW terminal contribution resulting from AMR's rejection of its terminal related debt in bankruptcy. Terminal lease fees are charged to airlines based on the budgeted direct and allocated costs to operate the terminals. Total terminal operations and maintenance cost, including HVAC and other utilities for all 5 terminals, are divided by leasable square feet to calculate an average lease rate per square foot. American Airlines pays directly for the maintenance costs of Terminals A and C. These costs are added into the numerator of this formula to get the fully loaded average rate. American Airlines receives rent credit for their costs. The amount of the rent credit was negotiated as part of the Use Agreement (\$38.0 million in FY 2013).



### Average Terminal Rents before Credits

The chart below compares average terminal rents before credits for the FY 2011 Actuals, the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget. The increase in the FY 2013 Budget compared to the FY 2012 Outlook is due to increases in net debt service charged to the terminals, increases in costs, a reduction of \$4 million in the transfer credit from the Joint Capital Account compared to FY 2012 as described in the Use Agreement, and a reduced DFW

terminal contribution resulting from AMR's rejection of its Facility Improvement Corporation debt in bankruptcy.



**Federal Inspection Services (FIS) Fees**

The FIS budget for FY 2013 is \$20.9 million, a \$2.7 million (14.8%) increase from the FY 2012 Outlook due to increased terminal costs. Costs are allocated to the FIS based on its percent share of terminal square footage. The rate for FIS per international passenger clearing customs at DFW is expected to be \$8.63, compared to a rate of \$7.76 in FY 2012. International FIS passengers are expected to be 2.42 million in FY 2013 compared to 2.33 million in FY 2012.

**Turn Fees**

The turn fees budget for FY 2013 is \$10.0 million, a \$0.8 million (8.7%) increase from the FY 2012 Outlook. Turn fees are paid by airlines for common use gates in Terminals D and E in lieu of permanently renting space. Per the terms of the Use Agreement, turn fees must increase at the same percentage as terminal rates.

**Other Terminal Revenues**

Other terminal revenues include TSA rents, concessions O & M reimbursements, catering fees, and allocable miscellaneous DPS revenues. Concessionaires are required to reimburse the Airport (for Terminals B, D and E) and American Airlines (for Terminals A and C) for the allocated maintenance cost per square foot of the terminals. The decrease in the FY 2013 Budget compared to the FY 2012 Outlook is due to lower non-airline terminal related revenues and reduced concessions O & M reimbursements.

**Transfers - Joint Capital Account Transfer**

Per the terms of the Use Agreement, an annual transfer is made from the Joint Capital Account to the Terminal Cost Center to subsidize terminal rates. The annual transfer was \$28 million in FY 2011 and will be reduced by \$4 million each year until it is phased-out completely in FY 2018. Accordingly, the FY 2013 amount is \$20 million.

**Transfers - DFW Terminal Contribution**

Per the terms of the Use Agreement, DFW pays for a portion of the terminal cost. This amount is based on DFW's proportionate share of expenses for common use and vacant space in the terminals. From a cost center standpoint, this contribution is shown as a source of cash in the

Terminal Cost Center and a use of cash for the DFW Cost Center. DFW can reduce its contribution to the Terminal Cost Center by leasing more space to other airlines or tenants and by reducing costs in the terminals. The DFW terminal contribution was reduced by \$5.9 million in FY 2013 compared to FY 2012 primarily as a result of AMR's rejection of its Facility Improvement Corporation debt in bankruptcy.

**Summary of Airline Costs**

The following table compares the summary of airline costs for the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget on a Use Agreement and GAAP (Generally Accepted Accounting Principles) basis. The difference between the Use Agreement basis and the GAAP basis is primarily related to prior year true-ups. These true-ups are reflected as a reduction/addition in airline cost for the Use Agreement in the year that the airlines receive/pay for the true-up; however for GAAP, these true-ups are reflected in the year earned. Payments to the airlines for the Air Service Incentive Program (ASIP) are made from the DFW Capital Account and are accounted as rebates to the airlines for both a Use Agreement and GAAP basis. These payments are not part of the 102 Fund however.



| Airline Revenue/Costs (in Millions)         | FY12 Outlook   | FY13 Fin'l Plan | FY13 Budget    | Variance Better(Worse) |                  |
|---|----------------|-----------------|----------------|------------------------|------------------|
|   |                |                 |                | FY13B vs. FY12OL       | FY13B vs. FY13FP |
| <b>Airline Cost/Revenue - Use Agreement</b> |                |                 |                |                        |                  |
| Landing Fees                                | \$104.5        | \$127.0         | \$119.3        | \$14.8                 | (\$7.7)          |
| Terminal Leases                             | 74.2           | 114.4           | 104.6          | 30.3                   | (9.9)            |
| FIS Fees                                    | 18.2           | 19.3            | 20.9           | 2.6                    | 1.5              |
| Turn Fees & Terminal Office Rents           | 9.2            | 11.0            | 10.0           | 0.7                    | (1.0)            |
| Aircraft Parking                            | 0.2            | 0.4             | 0.1            | (0.2)                  | (0.3)            |
| <b>Total Airline Revenue/Cost</b>           | <b>206.7</b>   | <b>272.2</b>    | <b>254.8</b>   | <b>48.1</b>            | <b>(17.4)</b>    |
| Less ASIP                                   | (10.6)         | (11.6)          | (11.0)         | (0.4)                  | 0.6              |
| <b>Airline Cost/Revenue - Use Agreement</b> | <b>196.1</b>   | <b>260.5</b>    | <b>243.8</b>   | <b>47.7</b>            | <b>(16.8)</b>    |
| <b>Reconciliation to GAAP Basis</b>         |                |                 |                |                        |                  |
| Add: Prior year True-up                     | 8.9            | 0               | 0              | 8.9                    | 0                |
| <b>Airline Cost - GAAP Basis</b>            | <b>\$205.0</b> | <b>\$260.5</b>  | <b>\$243.8</b> | <b>\$38.7</b>          | <b>(\$16.8)</b>  |

### Cost Per Enplanement (CPE) Calculation

The following table shows the passenger airline cost per enplanement calculation and compares the CPE for the FY 2012 Outlook, the FY 2013 Financial Plan, and the FY 2013 Budget between on a Use Agreement and GAAP basis. This KPI only includes passenger-related airline revenues (i.e., costs) and excludes cargo and general aviation revenues. The difference between the Use Agreement basis and the GAAP basis is primarily related to prior year true-ups. These true-ups are reflected as a reduction/addition in airline cost for the Use Agreement in the year that the airlines receive/pay for the true-up; however for GAAP, these true-ups are reflected in the year earned.

| Cost Per Enplanement (in Millions) <sup>(2)</sup> | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Better(Worse) |                     |
|---|-----------------|--------------------|----------------|------------------------|---------------------|
|   |                 |                    |                | FY13B vs.<br>FY12OL    | FY13B vs.<br>FY13FP |
| Passenger Airline Enplanements <sup>(1)</sup>     | 29.3            | 29.6               | 29.6           | 0.3                    | 0.0                 |
| Passenger Airline CPE - Use Agreement Basis       |                 |                    |                |                        |                     |
| Airline Cost/Revenue                              | \$206.7         | \$272.2            | \$254.8        | \$14.8                 | (\$7.7)             |
| Less: Cargo and GA Landing Fees                   | (9.8)           | (10.0)             | (10.4)         | (0.6)                  | (0.4)               |
| Add Back: Cargo and GA true-up and Threshold adj. | 1.2             | 0.0                | 0.7            | (0.5)                  | 0.7                 |
| Total PAX Airline Revenue                         | 198.1           | 262.1              | 245.1          | 13.7                   | (7.4)               |
| Less ASIP - Passenger Airlines                    | (10.6)          | (11.6)             | (11.0)         | (0.4)                  | 0.6                 |
| Total PAX Airline Revenue post ASIP               | \$187.5         | \$250.5            | \$234.1        | \$13.3                 | (\$6.8)             |
| CPE - Use Agreement Basis <sup>(2)</sup>          | \$6.41          | \$8.48             | \$7.91         | (\$1.50)               | \$0.57              |
| Passenger Airline CPE - GAAP Basis                |                 |                    |                |                        |                     |
| Total PAX Airline Revenue post ASIP               | \$187.5         | \$250.5            | \$234.1        | \$13.3                 | (\$6.8)             |
| Add Back: Prior Year True-Up                      | 8.3             | -                  | -              | 8.3                    | 0.0                 |
| Total Passenger Airline Cost/Revenue              | 195.8           | 250.5              | 234.1          | 21.6                   | (6.8)               |
| CPE - GAAP Basis <sup>(2)</sup>                   | 6.69            | 8.48               | 7.91           | (1.22)                 | 0.57                |

<sup>1</sup>General Aviation enplanements are excluded from CPE calculation

<sup>2</sup>Actual rates, not in millions

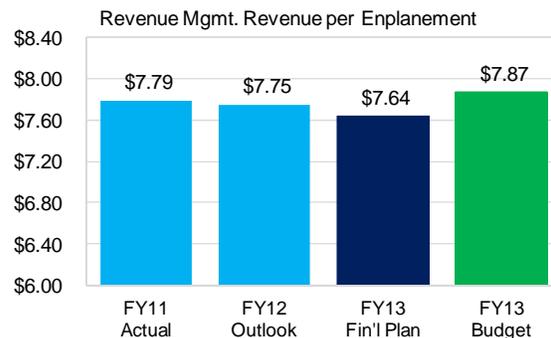
### DFW Cost Center Revenues and Expenses

The table below compares the FY 2012 Outlook, the FY 2013 estimates contained in the FY 2012 Financial Plan, and the FY 2013 Budget for the DFW Cost Center. Net revenues from the DFW Cost Center are transferred to the DFW Capital Account at the end of the fiscal year. If net revenues exceed \$63.2 million in FY 2013, then DFW will share 75% of the excess with the airlines in FY 2013 as part of the threshold adjustment. Revenue variances are discussed in the rest of this section. Expenditure variances are covered in the Operating Expenses section.

| DFW Cost Center (in Millions)             | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Better(Worse) |                     |
|---|-----------------|--------------------|----------------|------------------------|---------------------|
|   |                 |                    |                | FY13B vs.<br>FY12OL    | FY13B vs.<br>FY13FP |
| <b>Revenues</b>                           |                 |                    |                |                        |                     |
| Revenue Management Revenues               |                 |                    |                |                        |                     |
| Parking                                   | \$111.3         | \$115.8            | \$115.9        | \$4.7                  | \$0.1               |
| Concessions                               | 54.5            | 48.5               | 55.6           | 1.1                    | 7.1                 |
| Rental Car (RAC)                          | 27.4            | 28.4               | 28.0           | 0.5                    | (0.4)               |
| Commercial Development                    | 34.4            | 33.2               | 33.5           | (0.9)                  | 0.3                 |
| Total Revenue Mgmt Revs                   | 227.7           | 225.9              | 233.0          | 5.4                    | 7.1                 |
| Employee Transportation                   | 11.0            | 12.5               | 12.6           | 1.5                    | 0.1                 |
| Taxis and Limos                           | 8.1             | 7.7                | 8.0            | (0.1)                  | 0.3                 |
| Utilities & Miscellaneous                 | 6.2             | 6.0                | 6.2            | 0.0                    | 0.2                 |
| DPS Allocation                            | 1.4             | 1.4                | 1.3            | (0.1)                  | (0.0)               |
| Interest Income                           | 2.1             | 5.0                | 1.2            | (0.9)                  | (3.8)               |
| Total Revenues                            | 256.5           | 258.4              | 262.2          | 5.8                    | 3.8                 |
| <b>Expenditures</b>                       |                 |                    |                |                        |                     |
| Operating Expenses                        | 111.5           | 115.6              | 112.5          | (1.0)                  | 3.1                 |
| Net Debt Service                          | 25.9            | 33.5               | 30.8           | (4.8)                  | 2.8                 |
| Total Expenditures and Debt Service       | 137.4           | 149.1              | 143.2          | (5.8)                  | 5.9                 |
| Gross Margin - DFW Cost Center            | 119.1           | 109.3              | 119.0          | (0.1)                  | 9.7                 |
| Less: Terminal Contributions              | 14.5            | 10.7               | 8.6            | 5.9                    | 2.1                 |
| Less: Skylink                             | 35.3            | 37.6               | 36.1           | (0.8)                  | 1.5                 |
| DFW Cost Center Net Revenues              | 69.3            | 61.1               | 74.3           | 5.1                    | 13.3                |
| Less: FY12 rate reduction applied in FY12 | (5.9)           | 0.0                | 0.0            | 5.9                    | 0.0                 |
| Less: FY13B Threshold Adjustment          | 0.0             | 0.0                | (8.4)          | (8.4)                  | (8.4)               |
| Net Revenues to the DFW Capital Account   | 63.4            | 61.1               | 66.0           | 2.6                    | 4.9                 |

### Revenue Management Revenues

DFW’s Revenue Management Division manages 4 business units that strive to maximize net revenues (parking, concessions, rental car, and commercial development). The chart to the right compares Revenue Management Revenues per Enplanement. This KPI is projected \$0.12 higher in FY 2013 than the FY 2012 Outlook because of anticipated parking rate increases and opening of new concessions in Section A of Terminal A in FY 2013, less the negative impact from the TRIP on those business units revenues. More information is included in the business unit write-ups that follow. The table below highlights DFW’s parking products, spaces and parking rates.



**Parking Business Unit**

**Background** – The Parking Business Unit (PBU) is DFW’s most significant source of non-airline revenue. Customers are charged parking fees based on the length of stay and the parking facility used.

| DFW Parking Space and Rate Summary |                       |                              |                  |  |   |
|------------------------------------|-----------------------|------------------------------|------------------|--|---|
| Parking Products                   | No. of Parking Spaces | Spaces Closed for Renovation | Spaces Available | Post TRIP Renovation Spaces <sup>(1)</sup> | Current Daily Parking Rate <sup>(2)</sup> |
| Terminal Lots                      |                       |                              |                  |  | \$18 toll tag; \$19 cash or credit card   |
| A (3 structures)                   | 5,039                 | (1,677)                      | 3,362            | 7,700                                      |   |
| B (3 structures)                   | 3,524                 | (860)                        | 2,664            | 3,524                                      |   |
| C (4 structures)                   | 5,781                 | -                            | 5,781            | 5,781                                      |   |
| D (1 structures)                   | 7,938                 | -                            | 7,938            | 7,938                                      |   |
| E (3 structures)                   | 4,050                 | -                            | 4,050            | 4,050                                      |   |
| Infield (uncovered)                | 1,842                 | (344)                        | 1,498            | 1,605                                      |   |
| <b>Total Terminals</b>             | <b>28,174</b>         | <b>(2,881)</b>               | <b>25,293</b>    | <b>30,598</b>                              |   |
| Express Lots                       | 8,081                 | -                            | 8,081            | 8,081                                      | \$10 uncovered; \$12 covered              |
| Remote Lots                        | 4,864                 | -                            | 4,864            | 4,864                                      | \$8 uncovered                             |
| Intra-day                          | n/a                   | n/a                          | n/a              | n/a  | \$2 to \$7 (up to 6 hours)                |
| Valet                              | n/a                   | n/a                          | n/a              | n/a  | \$25 (uses existing parking facilities)   |
| Drop-off                           | n/a                   | n/a                          | n/a              | n/a  | \$1 (8-30 minutes)                        |
| Pass-throughs                      | n/a                   | n/a                          | n/a              | n/a  | \$1 toll tag; \$2 cash                    |
| <b>Total Public Spaces</b>         | <b>41,119</b>         | <b>(2,881)</b>               | <b>38,238</b>    | <b>43,543</b>                              |   |
| Employee Parking                   | 7,520                 |                              | 7,520            | 7,520                                      |   |

(1) Included in FY 2012 Financial Plan  
 (2) Includes sales tax.

The Airport is unique from an airport parking perspective because the Airport has parking plazas on the north and south ends of International Parkway (i.e., the entrances to the Airport), so that all customers and visitors must go through the plazas to access the Airport. In addition, many patrons drive through the Airport while traveling from north to south or south to north. These patrons pay a \$1 pass-through fee if they have a toll tag and \$2 if paying with cash or credit card. The Airport also has a \$1 drop-off fee for times between 8 minutes to 30 minutes and escalating fees up to \$7 for times up to 6 hours. Any stay over 6 hours is considered 1 full day.

DFW collects a privilege fee of 10% (of sales) from off-Airport parking and valet providers. The Airport contracts directly with a third party to provide a DFW branded valet service. DFW Valet will be priced at \$25 per day plus sales tax in FY 2013. This is an increase of \$2 per day from FY 2012. The PBU is also responsible for busing



customers from the parking lots to the terminals (Express and Remote products) and between the terminals (Terminal Link).

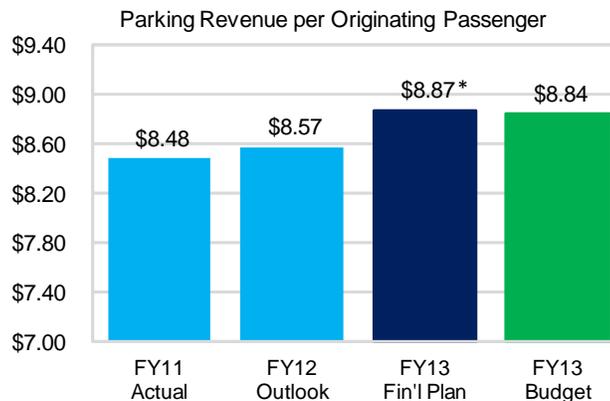
The chart below the Proposed Vehicle Parking Fees for FY 2013.

| <u>Duration</u>            | <u>Terminal</u> <sup>(1)</sup> | <u>Express Covered</u> | <u>Express Uncovered</u> | <u>Remote</u> |
|----------------------------|--------------------------------|------------------------|--------------------------|---------------|
| 0 min - 8 min with Tolltag | \$1                            | \$1                    | \$1                      | \$1           |
| 0 min - 8 min              | \$2                            | \$2                    | \$2                      | \$1           |
| 8 min - 30 min             | \$1                            | \$1                    | \$1                      | \$1           |
| 30 min - 2 hour            | \$2                            | \$2                    | \$2                      | \$1           |
| 2 - 4 hours                | \$5                            | \$3                    | \$3                      | \$2           |
| 4 - 6 hours                | \$7                            | \$4                    | \$4                      | \$3           |
| 6 - 24 hours with Toll Tag | \$18                           | \$13                   | \$11                     | \$8           |
| 6 - 24 hours               | \$20                           | \$13                   | \$11                     | \$8           |

(1) Including DFW Business Center  
 (2) All Parking fees, excluding valet parking, include sales tax. The sales tax is based on applicable tax jurisdiction.

**FY 2013 Budget** – The FY 2013 parking revenue budget is \$115.9 million, a \$4.6 million (4.1%) increase from the FY 2012 Outlook. This reflects an increase in originating passengers, a \$1 increase for Express covered and uncovered rates, and a \$1 increase for Terminal cash and credit card transactions. The FY 2013 Budget is \$0.1 million (0.09%) higher than FY 2013 in the FY 2012 Financial Plan.

**Parking Revenue per Originating Passenger** The primary drivers for parking revenues are originating passengers, parking prices, and average length of stay. The goal is to maximize revenue per originating passenger. The increase in FY 2013 Budget versus the FY 2012 Outlook is due to rate increases and increased originating passengers. This KPI is slightly below the FY 2013 Financial Plan primarily due to the TRIP impact in the FY 2013 Budget which was not reflected in the FY 2013 Financial Plan.



\* FY 2013 amount corrected from financial plan.

### Concessions Business Unit

**Background** – Terminal concessions primarily consist of food and beverage, retail and duty free, advertising, and various customer services/amenities. Concessions agreements generally are for a term of 5 to 10 years and include a Minimum Annual Guarantee (MAG) and percent rent. As of June 30, 2012, the Airport had 206 total locations and 119 packages. Approximately



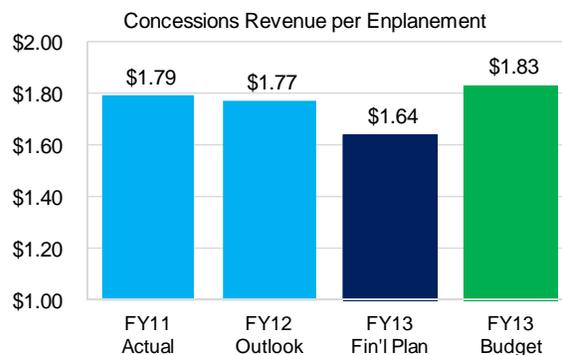
83% of packages are currently paying percentage rent. Concessions revenues also include contracts for sponsorships, advertising, and communications services which generally have periodic or one-time payments that may be amortized over the life of the contract. Concessions' goal is to optimize retail, services, and food and beverage options for customers to increase revenue per enplanement; and to grow new revenue streams from sponsorships, communications, and advertising not tied directly to enplanements.

During FY 2012, DFW awarded all concessions contracts for Terminal A; awarded the Wi-Fi contract; rebid and awarded concessions contracts for Phase 1 and 2 of Terminal B and Phase 3 of Terminal E; and rebid Phase 2 of Terminal E. During FY 2013, DFW will award Phase 2 of Terminal E, bid 29 retail locations in Terminal D, and bid the television service contract. The Airport anticipates that revenues per enplanement will increase substantially as the new concessions open.

**FY 2013 Budget** – The FY 2013 concessions budget is \$55.6 million, a \$1.1 million (2%) increase from the FY 2012 Outlook due to the net impact of increasing enplanements and the opening of new concessions in Section A of Terminal A, partially offset by additional terminal sections under construction. All of the concessions in Section A of Terminal A will reopen in the second quarter of FY 2013. Section B of Terminal A will close for construction in the second quarter of FY 2013 and Sections of B and E will be closed for TRIP construction during FY 2013.

#### Concessions Revenue per Enplanement

This is the Concession Business Unit's most significant KPI because it measures the amount of revenue earned by DFW from terminal concessions per enplaned passengers. This is also a standard metric used by the airport industry. The increase in concessions revenue per enplanement in FY 2013 as compared to FY 2012 Outlook of \$0.06 per enplanement is primarily related to the opening of new concessions in Section A of Terminal A that will provide new concession offerings to passengers. It is higher than the Financial Plan due to a lower expected negative impact from TRIP.



**Rental Car Center (RAC) Business Unit**

**Background** – The RAC covers 155 acres and includes a common rental building with individual counters and back office space for each rental car company. The facility also includes a parking garage for ready and return car spaces, a bus maintenance facility, overflow surface parking areas and individual rental company service sites including car wash racks, maintenance bays and fueling systems. The Airport collects ground lease, percentage rent (10% of sales), and O&M expenses from the rental car companies. The ground lease rate increases 3% each year. There are 9 rental car companies with 10 brands operating from the RAC, providing a total available inventory of approximately 25,000 cars. The largest 3 rental car companies and their market share are Hertz (27%), Avis (21%), and Vanguard (19%). There are no major off-airport rental car operations competing with the Airport.

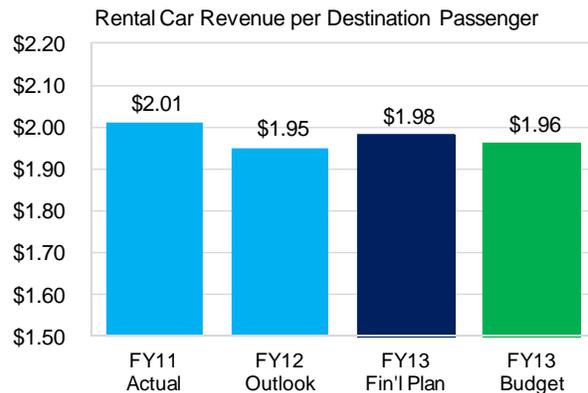


DFW management has very little control over rental car company activities. It assists the RAC companies where possible and maintains the RAC facility to high standards. Most RAC patrons are business travelers. RAC sales and DFW revenues tend to follow the economy. DFW revenues can rise or fall based on the number of DFW destination passengers, the percentage of destination passengers renting cars, the average stay per renter, and the average daily price charged for the cars.

**FY 2013 Budget** – The FY 2013 rental car revenue budget is \$28 million, a \$0.5 million (0.03%) increase from the FY 2012 Outlook due to increases in destination passengers projected for FY 2013. The FY 2013 Budget is \$0.4 million worse than the FY 2013 projection in the FY 2012 Financial Plan due to the net impact of higher transaction days and a lower average daily rate assumed in the Plan. All other factors are assumed to stay constant with the FY 2012 Outlook because management has no control over these factors.

**RAC Revenues per Destination Passenger**

This KPI measures the amount of percentage rent paid by the rental car companies to DFW divided by destination passengers (i.e., passengers from other cities that fly to DFW for business or pleasure). The FY 2013 Budget for RAC revenues per destination passenger is projected to be slightly higher than the FY 2012 Outlook primarily due to increases in destination passengers in FY 2013.



## Commercial Development Business Unit

**Background** - The Airport has a total land mass of 17,207 acres. As of June 30, 2012, 7,273 acres have been developed and are being used for runways, taxiways, terminals, roads, and commercially developed property. Management estimates that approximately 6,500 acres of additional land is available for future development. A commercial development land use plan has been completed and approved by the Board. Management has also had a consultant prepare a detailed feasibility study of the full cost and benefits of the different development areas identified in the land use plan. The Airport focuses primarily on developing land that has airport synergy such as logistics and warehousing. Any land lease over 40 years requires the approvals of the Cities of Dallas and Fort Worth.



Commercial development revenues include ground leases, foreign trade zone tariff and facility rents generated from non-terminal Airport facilities, and property and surface use fees primarily from natural gas drilling. Multi-year lease agreements are negotiated with tenants on a square foot or acre basis. Some facilities such as the Hyatt Regency Hotel and Bear Creek Golf Course also have percentage rent components.

DFW is currently in the development process for the new Southgate Plaza project that will include restaurants, retail, office and possibly a select service hotel. Also, a development process is underway for a new convenience retail project at Founders' Plaza that may include a fueling station and food court. Other future development opportunities include land around the new DART station on the southeast side of the Airport and several industrial, office, and mixed use commercial sites on the north and south sides of the Airport.

The key drivers for commercial development revenues are acres developed and the average ground rental rate. Approximately 40% of the ground lease revenue is based on negotiated rates and 60% on the airport services ground rental rate. The airport services ground rental rate per acre increases with inflation and will be \$26,317 in FY 2013.

**FY 2013 Budget** – The FY 2013 commercial development revenue budget is \$33.5 million, a \$0.9 million (10.2%) decrease from the FY 2012 Outlook due primarily to net impact of \$0.4 million in contract revenues that end in FY 2012, \$0.4 million reduction in the AA Hangar contract for FY 2013 per an agreement reached with DFW in 2012 in exchange for AA extending the length of lease terms, and \$0.3 million of one-time revenues received during FY 2012 from Chesapeake for off-airport property pipeline fees, offset by a \$0.5 million increase in average ground rental rates. The FY 2013 Budget is \$0.3 million higher than the FY 2013 Financial Plan.

**Other DFW Revenues and Expenses**

The fees charged in this category are established to recover costs (except interest income). Certain categories like taxi fees are regulated such that DFW is supposed to charge break even prices. Due to the new cost allocation methodologies contained in the Use Agreement, a couple of these cost centers are not fully recovering their costs. Where there are significant differences, management has elected to get to break even over a number of years to keep price increases at a reasonable rate. There are no year-end reconciliations or true-ups in these cost centers.

**Employee Transportation** – DFW charges fees to employees for providing transportation from the parking lots to the terminals. Many times the companies or airlines pay these fees for their employees. The FY 2013 Budget is \$12.6 million, a \$1.6 (14.5%) increase from the FY 2012 Outlook due to the incremental cost associated with busing employees to Terminal D (FY 2013 is the first full year).

**Taxi, Limo and Shuttle Fees** – These fees are paid by taxis, limos, shuttles and other shared-ride transportation companies that require airport access to drop-off and pick-up passengers. The FY 2013 Budget is \$8 million, a \$0.1 million (1.2%) decrease from the FY 2012 Outlook due to changes with North Texas Tollway Authority (NTTA) that affect access fees.

**Utilities & Miscellaneous** – This revenue category represents fees charged to non-airline users of utilities, HVAC, trash removal, water, and certain permit and accounting fees. Utility charges to users are based on the cost to provide the services. The FY 2013 Budget is \$6.2 million, and has remained the same as the FY 2012 Outlook.

**DPS Revenues** – The Department of Public Safety (DPS) receives revenues from the TSA, badging, fire training and other services. The FY 2013 Budget is \$6.3 million, a \$0.5 million (7.3%) decrease from the FY 2012 Outlook due to a reduction in hours and rates from the TSA Law Enforcement Officer reimbursement program, offset by increased revenues from the new Fire Training center reopening in the second quarter of FY 2013.



**Interest Income** – Interest income includes interest earned on investments from the Operating Revenue & Expense Fund, the 3 month Operating Reserve, and Debt Service Reserve Fund, and the Rolling Coverage Account. The FY 2013 interest income budget is \$1.2 million and lower than the FY 2012 Outlook as interest rates projected to be lower in FY 2012. The FY 2013 Budget is a \$3.8 million decrease from the FY 2013 Financial Plan due to lower interest rates (1% in the Financial Plan versus 0.3% in the Budget).

**Skylink** – Expenses related to Skylink are covered in the DFW Cost Center. The FY 2013 Budget is \$36.1 million, a \$0.8 million (2.3%) increase from the FY 2012 Outlook due to inflationary increases in the contract.

**Terminal Contributions** – Per the terms of the Use Agreement, DFW pays for a portion of the terminal cost. The FY 2013 Budget is \$8.6 million, a \$5.9 million (40.7%) decrease from the FY 2012 Outlook primarily as a result of AMR's rejection of its Facility Improvement Corporation debt in bankruptcy.

**FY 2013 Expense Budget by Major Cost Driver**

The FY 2013 Budget is \$654.6 million, an increase of \$51.0 million (8.4%) from the FY 2012 Outlook. A walkforward between the FY 2012 Outlook and the FY 2013 Budget follows:

| Annual Budget (in Millions)          | FY12 Outlook   | FY13 Fin'l Plan | FY13 Budget    | Variance Better (Worse) |                  |
|--------------------------------------|----------------|-----------------|----------------|-------------------------|------------------|
|                                      |                |                 |                | FY13B vs. FY12OL        | FY13B vs. FY13FP |
| Operating Expenses                   | \$350.4        | \$363.7         | \$355.8        | (\$5.4)                 | \$7.9            |
| Debt Service                         | 253.2          | 313.8           | 298.8          | (45.5)                  | 15.0             |
| <b>Total Budget</b>                  | <b>\$603.6</b> | <b>\$677.5</b>  | <b>\$654.6</b> | <b>(\$51.0)</b>         | <b>\$22.9</b>    |
| Contingency Outside Rate Base        |                |                 | \$5.0          |                         |                  |
| <b>Total Budget With Contingency</b> |                |                 | <b>\$659.6</b> |                         |                  |

**Operating Expense Budget Walkforward**

| Operating Exps (in Millions)          | Total          | DFW            | Airline        |
|---------------------------------------|----------------|----------------|----------------|
| FY 2012 Outlook                       | \$350.4        | \$142.0        | \$208.4        |
| Budget reductions                     | (10.3)         | (4.3)          | (6.0)          |
| Regulatory/fixed increases            | 6.4            | 2.8            | 3.6            |
| Merit, annualization & vacancy factor | 3.3            | 1.3            | 2.0            |
| Strategic/new program increases       | 2.0            | 0.0            | 2.0            |
| TRIP related                          | 0.8            | 0.4            | 0.4            |
| Other, net                            | 3.5            | 0.9            | 2.6            |
| <b>Net Increase in Budget</b>         | <b>5.7</b>     | <b>1.1</b>     | <b>4.6</b>     |
| Budget before Operating Reserve       | 356.1          | 143.1          | 213.0          |
| Increase in Operating Reserve         | (0.3)          | (0.1)          | (0.2)          |
| <b>FY 2013 Expense Budget</b>         | <b>\$355.8</b> | <b>\$143.0</b> | <b>\$212.8</b> |



**Detailed Operating Expense Budget Walkforward**

| <b>Budget Category (in Millions)</b>               | <b>Total</b>   | <b>DFW</b>     | <b>Airline</b> |
|--|----------------|----------------|----------------|
| <b>FY 2012 Outlook</b>                             | <b>\$350.4</b> | <b>\$142.0</b> | <b>\$208.4</b> |
| Budget reductions                                  |                |                |                |
| A Retirement enhancement program                   | (5.5)          | (2.0)          | (3.5)          |
| B Utility/energy costs                             | (1.7)          | (0.2)          | (1.5)          |
| C Outsource of remote busing                       | (1.4)          | (1.4)          |                |
| D Demolition of unusable buildings                 | (1.0)          | (0.4)          | (0.6)          |
| E Decrease in Contingency                          | (0.7)          | (0.3)          | (0.4)          |
| <b>Total budget reductions</b>                     | <b>(10.3)</b>  | <b>(4.3)</b>   | <b>(6.0)</b>   |
| <b>Regulatory/fixed increases</b>                  |                |                |                |
| F Terminal E Maintenance                           | 0.6            |                | 0.6            |
| G Airfield paint removal                           | 1.0            |                | 1.0            |
| H Healthcare                                       | 0.6            | 0.2            | 0.4            |
| I Bus contract inflation                           | 1.1            | 1.1            |                |
| J Defined benefit plan                             | 1.0            | 0.4            | 0.6            |
| K Property & casualty insurance                    | 0.9            | 0.3            | 0.6            |
| L Skylink contract                                 | 0.6            | 0.6            |                |
| M CCTV maintenance                                 | 0.6            | 0.2            | 0.4            |
| <b>Total regulatory/fixed increases</b>            | <b>6.4</b>     | <b>2.8</b>     | <b>3.6</b>     |
| N <b>Merit, annualization &amp; vacancy factor</b> | <b>3.3</b>     | <b>1.3</b>     | <b>2.0</b>     |
| <b>Strategic/new program increases</b>             |                |                |                |
| O Expanded international marketing                 | 1.2            |                | 1.2            |
| P Global Entry marketing                           | 0.4            |                | 0.4            |
| Q Wheelchair assistance - Terminal D               | 0.4            |                | 0.4            |
| <b>Total strategic/new program increase</b>        | <b>2.0</b>     | <b>0.0</b>     | <b>2.0</b>     |
| <b>TRIP related</b>                                |                |                |                |
| R Terminal parking wayfinding                      | 0.4            | 0.4            |                |
| S Terminal E ramp monitoring                       | 0.4            |                | 0.4            |
| <b>Total TRIP related</b>                          | <b>0.8</b>     | <b>0.4</b>     | <b>0.4</b>     |
| <b>Other Increases</b>                             |                |                |                |
| T Restore deicing budget                           | 1.6            |                | 1.6            |
| U Restore fire-training budget                     | 0.4            | 0.1            | 0.3            |
| V Lighting systems                                 | 0.5            | 0.2            | 0.3            |
| W Other, net (< \$250,000 each)                    | 1.0            | 0.6            | 0.4            |
| <b>Total other increases</b>                       | <b>3.5</b>     | <b>0.9</b>     | <b>2.6</b>     |
| <b>Net Increases</b>                               | <b>5.7</b>     | <b>1.1</b>     | <b>4.6</b>     |
| <b>Budget before Operating Reserve</b>             | <b>356.1</b>   | <b>143.1</b>   | <b>213.0</b>   |
| X Decrease in Operating Reserve                    | (0.3)          | (0.1)          | (0.2)          |
| <b>FY 2013 Expense Budget</b>                      | <b>\$355.8</b> | <b>\$143.0</b> | <b>\$212.8</b> |

Note: The reference letters in the previous table are cross-referenced to the variance explanations in the Expense Comparison by Summary Account discussed further in this section.

**A. Retirement Enhancement Program** **(\$5.5) million**

In FY 2012 DFW offered an enhancement of 3 - 6 months of wages, depending upon length of service, to retirement eligible employees who retire between June 1 and September 30, 2012. This offer was accepted by 104 employees. Costs for FY 2012 are estimated to be \$2.1 million in incentive payments. Savings in FY 2013 are estimated to be \$3.4 million in salaries and benefits. An additional savings of \$0.6 million in pension contributions will be realized in FY 2014 and beyond. These estimates are based on the assumption that 40% of general employee positions accepting the offer will not be backfilled, or remain vacant in FY 2013. None of the remote parking busing positions will be filled due to the outsourcing of the operation, and 100% of the positions in Parking Operations will be filled with temporary staff until the transition to the new Parking Control System is complete.



**B. Utility/Energy Costs** **(\$1.7) million**

Utility expenses will decrease from the FY 2012 Outlook due to lower gas and electric rates. Electric rates are locked in through March 2013, with lower rates then locked in through March 2015. Natural gas rates are locked in through September 2013.

**C. Outsource of Remote Busing** **(\$1.4) million**

DFW will outsource remote busing beginning October 1, 2012. This move will eliminate 84 positions. DFW will save \$4.5 million in salaries and benefits. Contract costs will increase by a net of \$3.1 million in FY 2013.

**D. Demolition of Unusable Buildings** **(\$1.0) million**

DFW has a number of structures, such as the Bank building on Carbon Road, the Knights of Columbus (K of C) building on Block Lane and the former SkyChefs flight kitchen on West 33<sup>rd</sup> Street that have no possible future Airport use. The Airport plans to spend \$1.0 million to demolish the K of C and Bank buildings in FY 2012. The FY 2013 Budget contains no money for demolishing additional structures.

**E. Reduction of Contingency** **(\$0.7) million**

DFW maintains a Contingency fund to accommodate unexpected expenses such as weather events or legal expenses for the AMR bankruptcy that occur within a fiscal year. In the past, this Contingency fund was \$2.5 million. For FY 2013 the Contingency fund has been established at \$1.75 million, which represents about 1.5 days of operating expenses.

**F. Terminal E Maintenance** **\$0.6 million**

This represents inflationary increases and baggage handling expenses anticipated to deal with an aged system.

**G. Airfield Paint Removal** **\$1.0 million**

DFW has entered into an agreement with the FAA to remove excess paint and rubber from the Aircraft Operations area over a period of 10 years. This is the estimated cost in FY 2013.

**H. Healthcare** **\$0.6 million**

Healthcare costs, which include medical benefits, long term disability, short term disability and life insurance are increasing in FY 2013 due to healthcare cost inflation of 7%, net of a savings in administrative costs of \$0.4 million in the new contract. The Budget includes the assumption that employees will pay 20% of healthcare costs in FY 2013 versus 18% in FY 2012.

**I. Bus Contract Inflation** **\$1.1 million**

This represents inflationary increases to the Terminal Link and Express busing contracts and increases to Employee busing due to some employees being moved from Terminal D to an employee parking lot.

**J. Defined Benefit Plan Contribution** **\$1.0 million**

The funding requirements for the defined benefit retirement plan and Other Post Employment Benefits (OPEB) are actuarially determined for DFW each year. The FY 2013 contribution has increased \$1.0 million due primarily to the amortization of net actuarial investment losses over the past 5 years.

**K. Insurance** **\$0.9 million**

Insurance costs have increased in FY 2013 due to claims experience and increased value of buildings.

**L. Skylink Maintenance Contract** **\$0.6 million**

The Skylink maintenance contract was approved by the Board in April 2011. This increase represents the inflationary increase for the second year of that contract.

**M. CCTV Maintenance** **\$0.6 million**

This represents a full year of CCTV maintenance, as opposed to half a year in FY 2012.

**N. Merit, Annualization and Vacancy Factor** **\$3.3 million**

This represents the FY 2013 impact of the merit increase granted in the FY 2012 Budget for 3 months, the proposed merit pool of approximately 3% effective January 1, 2013, and changes in

the vacancy factor from an average 6.4% in FY 2012 to an average 5.2% in FY 2013. The change in vacancy factor is based on experience in FY 2012.

**O. Expanded International Marketing** **\$1.2 million**

This strategic initiative expands advertising and business development efforts to support major international air service markets.

**P. Global Entry Marketing** **\$0.4 million**

This initiative expands marketing efforts for the promotion of the Global Entry program in order to increase registrants for easier and quicker international passenger arrivals facilitation.

**Q. Wheelchair Assistance Terminal D** **\$0.4 million**

This contract is increasing due to greater numbers of international passengers and senior citizens requiring assistance.

**R. Terminal Parking Wayfinding** **\$0.4 million**

Due to TRIP related garage closings, increased labor is necessary to provide an improved customer experience in the garages.

**S. Terminal E Ramp Monitoring** **\$0.4 million**

The Terminal E satellite will be activated as a result of the TRIP renovation program in Terminal E. This project will provide the funds to control aircraft and other traffic around the Terminal E ramp.

**T. Restore Deicing Budget** **\$1.6 million**

FY 2012 was an abnormally mild winter and had almost no deicing activity. DFW is planning on a normal deicing event year for FY 2013.

**U. Restore Fire Training Budget** **\$0.4 million**

The Fire Training Facility was renovated in FY 2012. In FY 2013 the facility will be in use beginning in the first quarter of FY 2013.

**V. Lighting Systems & electrical parts** **\$0.5 million**

In FY 2013 DFW will replace obsolete light fixtures on the airfield and streets with newer fixtures that are supported by the lighting and bulb manufacturers.

**W. Other** **\$1.0 million**

This represents the net of many small projects and savings in a number of departments throughout DFW. Some examples are: increased training airport wide (\$244K), foul weather equipment (\$150K), fence repairs (\$108K), a decrease in the cost of Skylink inspections (\$200K), etc.

**X. 3 Month Operating Reserve**

**(\$0.3) million**

DFW is required to have a 90-day cash reserve for operating expenses. The budget in FY 2013 reflects a \$0.3 million decrease in the Operating Reserve because of budgeted expense changes. In FY 2013, the actual reserve needs to be increased by \$2.2 million due to a net cost increase of \$5.7 million and an account balance true-up of \$0.7 million. In a budget to budget comparison, the resulting Operating Reserve decrease is \$0.3 million.

**Operating Budget by Category**

The following tables compare the FY 2012 Outlook with the FY 2013 Budget by expense category. Variance explanations by major cost driver follow in the walkforward.

| Operating Budget (in millions) | FY12<br>Budget | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Between    |                          |
|--------------------------------|----------------|-----------------|--------------------|----------------|---------------------|--------------------------|
|                                |                |                 |                    |                | FY13B vs.<br>FY12OL | FY13B vs.<br>FY13 F Plan |
| Salaries & Wages               | \$117.3        | \$117.0         | \$118.7            | \$112.7        | \$4.3               | \$6.0                    |
| Benefits                       | 61.5           | 60.3            | 62.0               | 59.6           | 0.7                 | 2.4                      |
| Contract Services              | 113.9          | 113.0           | 120.9              | 122.3          | (9.3)               | (1.4)                    |
| Utilities                      | 27.5           | 27.3            | 26.2               | 25.6           | 1.7                 | 0.6                      |
| Equipment & Supplies           | 14.1           | 12.8            | 13.6               | 15.0           | (2.2)               | (1.4)                    |
| Insurance                      | 4.6            | 4.4             | 5.1                | 5.3            | (0.9)               | (0.2)                    |
| Fuels                          | 4.3            | 3.9             | 4.1                | 4.2            | (0.3)               | (0.1)                    |
| General, Admin & Other         | 6.4            | 6.7             | 7.1                | 7.1            | (0.4)               | 0.0                      |
| Contingency                    | 2.5            | 2.5             | 2.5                | 1.8            | 0.8                 | 0.8                      |
| Subtotal                       | 352.0          | 347.9           | 360.2              | 353.6          | (5.7)               | 6.7                      |
| Operating Reserve              | 2.5            | 2.5             | 3.5                | 2.2            | 0.3                 | 1.3                      |
| Total Budget                   | \$354.5        | \$350.4         | \$363.7            | \$355.8        | (\$5.4)             | \$8.0                    |

| Budget Walkforward (in millions)   | Sals           | Bens          | Conts          | Supp          | Util          | Fuels        | Ins          | G & A        | Cont         | Op Res       | Total          |
|------------------------------------|----------------|---------------|----------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|----------------|
| <b>FY 2012 Outlook</b>             | <b>\$117.0</b> | <b>\$60.3</b> | <b>\$113.0</b> | <b>\$12.8</b> | <b>\$27.3</b> | <b>\$3.9</b> | <b>\$4.4</b> | <b>\$6.7</b> | <b>\$2.5</b> | <b>\$2.5</b> | <b>\$350.4</b> |
| Major cost reductions              |                |               |                |               |               |              |              |              |              |              |                |
| A Retirement Enhancement           | (4.6)          | (0.9)         |                |               |               |              |              |              |              |              | (5.5)          |
| B Utility/Energy Costs             |                |               |                |               | (1.7)         |              |              |              |              |              | (1.7)          |
| C Outsource of Remote Busing       | (3.1)          | (1.4)         | 3.1            |               |               |              |              |              |              |              | (1.4)          |
| D Demolition of unusable buildings |                |               | (1.0)          |               |               |              |              |              |              |              | (1.0)          |
| E Decrease in Contingency          |                |               |                |               |               |              |              |              | (0.7)        |              | (0.7)          |
| <b>Total Savings</b>               | <b>(7.7)</b>   | <b>(2.3)</b>  | <b>2.1</b>     | <b>0.0</b>    | <b>(1.7)</b>  | <b>0.0</b>   | <b>0.0</b>   | <b>0.0</b>   | <b>(0.7)</b> | <b>0.0</b>   | <b>(10.3)</b>  |
| Major cost increases               |                |               |                |               |               |              |              |              |              |              |                |
| F Terminal E Maintenance           |                |               | 0.6            |               |               |              |              |              |              |              | 0.6            |
| G Airfield paint removal           |                |               | 1.0            |               |               |              |              |              |              |              | 1.0            |
| H Healthcare                       |                | 0.6           |                |               |               |              |              |              |              |              | 0.6            |
| I Bus contract inflation           |                |               | 1.1            |               |               |              |              |              |              |              | 1.1            |
| J Defined Benefit Plan             |                | 1.0           |                |               |               |              |              |              |              |              | 1.0            |
| K Insurance                        |                |               |                |               |               |              | 0.9          |              |              |              | 0.9            |
| L Skylink contract                 |                |               | 0.6            |               |               |              |              |              |              |              | 0.6            |
| M CCTV maintenance                 |                |               | 0.6            |               |               |              |              |              |              |              | 0.6            |
| N Merit, etc                       | 3.3            |               |                |               |               |              |              |              |              |              | 3.3            |
| O Int'l marketing                  |                |               | 1.2            |               |               |              |              |              |              |              | 1.2            |
| P Global Entry                     |                |               | 0.4            |               |               |              |              |              |              |              | 0.4            |
| Q Wheelchair Ass't                 |                |               | 0.4            |               |               |              |              |              |              |              | 0.4            |
| R Parking Wayfinding               |                |               | 0.4            |               |               |              |              |              |              |              | 0.4            |
| S Terminal E ramp monitor          |                |               | 0.4            |               |               |              |              |              |              |              | 0.4            |
| T Restore deicing                  |                |               |                | 1.6           |               |              |              |              |              |              | 1.6            |
| U Restore fire training            |                |               |                |               |               | 0.4          |              |              |              |              | 0.4            |
| V Lighting systems                 |                |               | 0.5            |               |               |              |              |              |              |              | 0.5            |
| W Other                            |                |               |                | 0.5           |               |              |              | 0.4          |              |              | 1.0            |
| X Three month operating reserve    |                |               |                |               |               |              |              |              |              | (0.3)        | (0.3)          |
| <b>Total increases</b>             | <b>3.3</b>     | <b>1.6</b>    | <b>7.2</b>     | <b>2.2</b>    | <b>0.0</b>    | <b>0.4</b>   | <b>0.9</b>   | <b>0.4</b>   | <b>0.0</b>   | <b>(0.3)</b> | <b>15.7</b>    |
| <b>FY 2013 proposed budget</b>     | <b>\$112.7</b> | <b>\$59.6</b> | <b>\$122.3</b> | <b>\$15.0</b> | <b>\$25.6</b> | <b>\$4.2</b> | <b>\$5.3</b> | <b>\$7.1</b> | <b>\$1.8</b> | <b>\$2.2</b> | <b>\$355.8</b> |

### Salaries and Wages

The FY 2013 salaries and wages budget is \$112.7 million, a \$4.4 million (3.8%) decrease from the FY 2012 Outlook of \$117.0 million due to savings from the Enhanced Retirement Program of \$4.6 million and from outsourcing remote busing of \$3.1 million, offset by a 3.0% merit pool of \$2.2 million, annualization of previously granted merit of \$0.7 million, and net vacancy factor and other changes of \$0.4 million. The Budget includes funding for an incentive compensation plan as reviewed by the Board's Executive Compensation Committee. It will be based on DFW's achievement of certain organizational goals and initiatives that will be developed and published in November 2012. The plan is also based on individual performance.

### Benefits

The FY 2013 benefits budget is \$59.6 million, a \$0.7 million (1.2%) decrease from the FY 2012 Outlook. This is due to savings of \$1.4 million from outsourcing remote busing and savings of \$0.9 million due to the Enhanced Retirement Program, offset by increases to the defined benefit plan of \$1.0 million and increases to healthcare costs of \$0.6 million.

### Contract Services

The FY 2013 contract services budget is \$122.3 million, a \$9.3 million (8.3%) increase from the FY 2012 Outlook of \$113.0 million due to the net increase in remote busing contracts of \$3.1 million, airfield paint removal of \$1.0 million, Terminal E maintenance increases of \$0.6 million, busing contract inflation of \$1.1 million, international marketing initiatives of \$1.2 million, inflationary increases in the Skylink contract of \$0.6 million, full year funding for CCTV maintenance of \$0.6 million, Global Entry initiatives of \$0.4 million, parking wayfinding expenses of \$0.4 million, and Terminal E ramp monitoring expenses of \$0.4 million, somewhat offset by a \$1.0 million reduction in building demolition costs.



### Equipment and Supplies

The FY 2013 equipment and supplies budget is \$15.0 million, a \$2.2 million (18.6%) increase from the FY 2012 Outlook of \$12.8 million primarily due to restoration of the deicing budget (\$1.6 million) and foul weather equipment (\$0.2 million).

### Utilities

The FY 2013 utilities budget is \$25.6 million, a \$1.7 million (6.2%) decrease from the FY 2012 Outlook of \$27.3 million due to decreases in electricity (\$1.4 million) and natural gas (\$0.3 million) rates for FY 2013.

### Fuels

The FY 2013 fuels budget is \$4.2 million, a \$0.4 million (7.7%) increase from the FY 2012 Outlook of \$3.9 million due to the restoration of the fire training budget.

### Insurance

The FY 2013 insurance budget is \$5.3 million, a \$0.9 million (20.5%) increase from the FY 2012 Outlook of \$4.4 million primarily due to increased premiums based on claims experience.

### General and Administrative (G&A)

The FY 2013 general and administrative budget is \$7.1 million, a \$0.4 million (6.0%) increase from the FY 2012 Outlook of \$6.7 million due to increased business development activity and training costs.

### Contingency

The FY 2013 Budget includes \$1.75 million of contingency inside the rate base to be spent at the CEO's discretion for projects and unforeseen events that come up during the fiscal year.

**Operating Reserve**

DFW is required to have a 90-day cash reserve for operating expenses. The budget in FY 2013 reflects a \$0.3 million decrease in the Operating Reserve because of budgeted expense increases. In FY 2013, the actual reserve needs to be increased by \$2.2 million due to a net cost increase of \$5.7 million and an account balance true-up of \$0.7 million. In a budget to budget comparison, the resulting Operating Reserve decrease is \$0.3 million

**Contingency Outside of Rate Base**

Beginning in FY 2010, DFW began to add contingency outside of the rate base to the budget. This is done so that the airlines do not have to pay for the contingency during the year in the rate base, but provides management with flexibility should costs rise unexpectedly and an incentive to budget costs more accurately. Contingency outside the rate base is \$5.0 million in FY 2013, which is the same as the FY 2012 Budget. This allows management the opportunity to make investments in the DFW Cost centers during the year, if management foresees that DFW revenues will exceed the projections included in the budget. Management must obtain Board of Directors' approval prior to using this contingency.

**Net Debt Service Budget**

The FY 2013 debt service budget is \$137 million, a \$31.0 million (29.3%) increase from the FY 2012 Outlook and a \$18.3 million (12.3%) decrease from the FY 2013 Financial Plan as shown in the table on the next page.

| Debt Service (in Millions)                | FY12<br>Outlook | FY13<br>Fin'l Plan | FY13<br>Budget | Variance Better(Worse) |                     |
|---|-----------------|--------------------|----------------|------------------------|---------------------|
|   |                 |                    |                | FY13B vs.<br>FY12OL    | FY13B vs.<br>FY13FP |
| <b>Debt Service and Coverage</b>          |                 |                    |                |                        |                     |
| "Existing" Debt Service                   | \$244.2         | \$254.0            | \$253.1        | (\$8.9)                | \$1.0               |
| New Debt Service                          | 0.0             | 37.8               | 26.2           | (26.2)                 | 11.5                |
| PFIC Related Debt Service                 | 9.3             | 22.0               | 19.6           | (10.4)                 | 2.4                 |
| Less Interest Income                      | (0.2)           | 0.0                | (0.1)          | 0.1                    | (0.1)               |
| <b>Net Debt Service and Coverage</b>      | <b>\$253.2</b>  | <b>\$313.8</b>     | <b>\$298.8</b> | <b>(\$45.5)</b>        | <b>\$15.0</b>       |
| <b>Offsets to Debt Service</b>            |                 |                    |                |                        |                     |
| PFCs for Existing Debt Service            | 138.0           | 143.0              | 142.1          | 4.1                    | (0.9)               |
| PFIC Transfers                            | 9.3             | 22.0               | 19.6           | 10.4                   | (2.4)               |
| <b>Total Offsets</b>                      | <b>147.3</b>    | <b>165.0</b>       | <b>161.8</b>   | <b>14.5</b>            | <b>(3.3)</b>        |
| <b>Net Debt Service Paid by Rate Base</b> | <b>\$105.9</b>  | <b>\$148.8</b>     | <b>\$137.0</b> | <b>(\$31.0)</b>        | <b>\$18.3</b>       |

For the \$45.5 million increase in the FY 2013 Budget compared to the FY 2012 Outlook, \$14.5 million (or 32%) is paid with PFCs and PFIC transfers, resulting in \$31 million paid by the rate base. Prior to the Use Agreement, DFW initiated a debt restructuring plan that lowered airline costs in the current year. As a part of the Use Agreement negotiations, the airlines agreed in return that debt service on existing debt, net of PFCs, would increase approximately \$5 million per year through FY 2020. The above variance on existing debt equals to approximately \$5 million. New debt service is a result of capital projects being completed during FY 2013 and

debt service beginning for those projects. The capital projects primarily relate to TRIP and include terminal sections opening for Terminal A, Section A, Terminal E satellite facility, and the parking garage for Terminal A. PFIC related debt service and the offsets of PFIC transfers are the same amounts and have no impact to the rate base.

**Positions**

The following table summarizes the total number of operating and capital positions assumed in the FY 2013 Budget. Operating positions are paid out of the 102 Fund. Salaries of capital positions are capitalized and paid from the capital accounts. A summary of positions by department is included at the end of the Department section.

| Positions    | FY12<br>Budget | FY12<br>Reductions | FY13<br>Budget |
|--------------|----------------|--------------------|----------------|
| Operating    | 1,898          | (97)               | 1,801          |
| Capital      | 112            | 0                  | 112            |
| <b>Total</b> | <b>2,010</b>   | <b>2,082</b>       | <b>1,913</b>   |

The change in the number of positions consists of a reduction of 102 positions in Parking due to the outsourcing of remote busing and CPCS implementation, somewhat offset by the addition of 3 positions in Public Affairs, which are replacing interns, the addition of 1 part-time Administrative Assistant in Legal, and the addition of 1 Business Intelligence Architect in ITS.



**Department Overview and Walkforwards**

DFW is organized into Divisions, which are comprised of Departments. Each Division page includes a summary of the Division's major functions and a walkforward of the FY 2013 Budget by major cost driver. The following table is a budget comparison by Department.

|                                       | FY12<br>Outlook | FY13<br>Budget | Variance Better (Worse)<br>FY13B vs. FY12 OL |          |
|---------------------------------------|-----------------|----------------|--|----------|
|                                       |                 |                | \$   | %        |
| Asset Management                      | \$65,275        | \$67,997       | (\$2,722)                                    | (4.2%)   |
| Energy & Transportation Mgt.          | 57,338          | 56,982         | 356  | 0.6%     |
| Public Safety                         | 60,531          | 59,184         | 1,347  | 2.2%     |
| Operations                            | 10,257          | 10,833         | (576)  | (5.6%)   |
| Planning                              | 2,071           | 2,282          | (211)  | (10.2%)  |
| Environmental Affairs                 | 4,962           | 5,108          | (146)  | (2.9%)   |
| <b>Operations</b>                     | 200,434         | 202,385        | (1,952)                                      | (1.0%)   |
| Parking                               | 41,509          | 46,901         | (5,392)                                      | (13.0%)  |
| Concessions                           | 2,730           | 3,018          | (288)  | (10.5%)  |
| Commercial Development                | 2,328           | 2,274          | 54   | 2.3%     |
| Customer Service                      | 11,596          | 8,495          | 3,101  | 26.7%    |
| Marketing                             | 6,523           | 8,473          | (1,950)                                      | (29.9%)  |
| <b>Revenue Management</b>             | 64,686          | 69,161         | (4,475)                                      | (6.9%)   |
| Human Resources                       | 5,052           | 5,378          | (326)  | (6.5%)   |
| Procurement & Mat'l Mgmnt             | 4,950           | 5,022          | (72)   | (1.5%)   |
| Business Diversity & Development      | 1,292           | 1,405          | (113)  | (8.7%)   |
| Risk Management                       | 7,649           | 8,777          | (1,128)                                      | (14.7%)  |
| Internal Communications               | 997             | 1,010          | (13)   | (1.3%)   |
| <b>Administration &amp; Diversity</b> | 19,940          | 21,591         | (1,651)                                      | (8.3%)   |
| Information Technology                | 31,997          | 34,186         | (2,189)                                      | (6.8%)   |
| Finance                               | 5,546           | 5,760          | (214)  | (3.9%)   |
| Treasury                              | 1,213           | 1,306          | (93)   | (7.7%)   |
| Aviation Real Estate                  | 1,484           | 1,453          | 31   | 2.1%     |
| <b>CFO</b>                            | 40,240          | 42,705         | (2,465)                                      | (6.1%)   |
| Public Affairs                        | 4,507           | 5,935          | (1,428)                                      | (31.7%)  |
| Air Service Development               | 2,400           | 2,386          | 14   | 0.6%     |
| Airport Development                   | 196             | 642            | (446)  | (227.6%) |
| Legal                                 | 2,394           | 2,235          | 159  | 6.7%     |
| Audit Services                        | 2,153           | 2,357          | (204)  | (9.5%)   |
| Executive Office                      | 3,747           | 4,044          | (297)  | (7.9%)   |
| Contingency                           | 2,500           | 1,750          | 750  | 30.0%    |
| Non Departmental                      | 7,212           | 647            | 6,565  | 91.0%    |
| <b>Total Operating Expenses</b>       | \$350,409       | \$355,837      | (\$5,428)                                    | (1.5%)   |

## Expense Budget Walkforward

| <b>Budget Category (in Millions)</b>               | <b>Total</b>   | <b>DFW</b>     | <b>Airline</b> |
|--|----------------|----------------|----------------|
| <b>FY 2012 Outlook</b>                             | <b>\$350.4</b> | <b>\$142.0</b> | <b>\$208.4</b> |
| Budget reductions                                  |                |                |                |
| A Retirement enhancement program                   | (5.5)          | (2.0)          | (3.5)          |
| B Utility/energy costs                             | (1.7)          | (0.2)          | (1.5)          |
| C Outsource of remote busing                       | (1.4)          | (1.4)          |                |
| D Demolition of unusable buildings                 | (1.0)          | (0.4)          | (0.6)          |
| E Decrease in Contingency                          | (0.7)          | (0.3)          | (0.4)          |
| <b>Total budget reductions</b>                     | <b>(10.3)</b>  | <b>(4.3)</b>   | <b>(6.0)</b>   |
| <b>Regulatory/fixed increases</b>                  |                |                |                |
| F Terminal E Maintenance                           | 0.6            |                | 0.6            |
| G Airfield paint removal                           | 1.0            |                | 1.0            |
| H Healthcare                                       | 0.6            | 0.2            | 0.4            |
| I Bus contract inflation                           | 1.1            | 1.1            |                |
| J Defined benefit plan                             | 1.0            | 0.4            | 0.6            |
| K Property & casualty insurance                    | 0.9            | 0.3            | 0.6            |
| L Skylink contract                                 | 0.6            | 0.6            |                |
| M CCTV maintenance                                 | 0.6            | 0.2            | 0.4            |
| <b>Total regulatory/fixed increases</b>            | <b>6.4</b>     | <b>2.8</b>     | <b>3.6</b>     |
| N <b>Merit, annualization &amp; vacancy factor</b> | <b>3.3</b>     | <b>1.3</b>     | <b>2.0</b>     |
| <b>Strategic/new program increases</b>             |                |                |                |
| O Expanded international marketing                 | 1.2            |                | 1.2            |
| P Global Entry marketing                           | 0.4            |                | 0.4            |
| Q Wheelchair assistance - Terminal D               | 0.4            |                | 0.4            |
| <b>Total strategic/new program increase</b>        | <b>2.0</b>     | <b>0.0</b>     | <b>2.0</b>     |
| <b>TRIP related</b>                                |                |                |                |
| R Terminal parking wayfinding                      | 0.4            | 0.4            |                |
| S Terminal E ramp monitoring                       | 0.4            |                | 0.4            |
| <b>Total TRIP related</b>                          | <b>0.8</b>     | <b>0.4</b>     | <b>0.4</b>     |
| <b>Other Increases</b>                             |                |                |                |
| T Restore deicing budget                           | 1.6            |                | 1.6            |
| U Restore fire-training budget                     | 0.4            | 0.1            | 0.3            |
| V Lighting systems                                 | 0.5            | 0.2            | 0.3            |
| W Other, net (< \$250,000 each)                    | 1.0            | 0.6            | 0.4            |
| <b>Total other increases</b>                       | <b>3.5</b>     | <b>0.9</b>     | <b>2.6</b>     |
| <b>Net Increases</b>                               | <b>5.7</b>     | <b>1.1</b>     | <b>4.6</b>     |
| <b>Budget before Operating Reserve</b>             | <b>356.1</b>   | <b>143.1</b>   | <b>213.0</b>   |
| X Decrease in Operating Reserve                    | (0.3)          | (0.1)          | (0.2)          |
| <b>FY 2013 Expense Budget</b>                      | <b>\$355.8</b> | <b>\$143.0</b> | <b>\$212.8</b> |

## **Operations Division**

### **Asset Management**

Asset Management (AM) manages DFW's physical infrastructure assets. Services include facilities maintenance, commissioning/retro-commissioning of physical assets, infrastructure/facility management, solid waste management, and customer support.

### **Energy & Transportation Management**

Energy & Transportation Management (E&TM) manages services to include energy management, thermal energy production and distribution, potable water and sanitary sewer system operation, pretreatment plant operation, spent aircraft deicing fluid collection, storage system operation, Skylink system operation and vehicle fleet maintenance.

### **Department of Public Safety (DPS)**

The Department of Public Safety ensures the protection of life and property through the effective and efficient delivery of professional public safety services to the airport community to include Police, Fire and Special Services.

### **Airport Operations**

Airport Operations is responsible for managing airside and landside operations, ground transportation, Corporate Aviation and technical training. Airport Operations ensures the continuous availability of aviation support services and facilities for efficient and safe operations.

### **Environmental Affairs**

Environmental Affairs implements comprehensive environmental compliance programs throughout DFW Airport, which includes support to the National Environmental Policy Act and the Federal Aviation Administration; regulatory and technical guidance to DFW departments, tenants, and contractors engaging in activities subject to environmental laws, regulations, rules, and enforcement agency policy; and management of a compliance-focused Environmental Management System and 21 core compliance programs as well as the Noise Compatibility Office.

### **Planning**

Planning is responsible for directing and coordinating the overall planning activities of DFW including facilities, airfield, and transportation/roadway planning, and for directing DFW's signage program.

**Budget Comparison and Walkforward**

| <b>Operations Division</b>           |                  |                  |
|--------------------------------------|------------------|------------------|
| <b>(in thousands)</b>                |                  |                  |
|                                      | FY12             | FY13             |
|                                      | Outlook          | Budget           |
| Asset Management                     | \$65,275         | \$67,997         |
| Energy & Transportation Mgt.         | 57,338           | 56,982           |
| Public Safety                        | 60,531           | 59,184           |
| Operations                           | 10,257           | 10,833           |
| Planning                             | 2,071            | 2,282            |
| Environmental Affairs                | 4,962            | 5,108            |
| <b>Total Operations Division</b>     | <b>200,434</b>   | <b>202,385</b>   |
| Salaries & Wages                     | 63,162           | 63,776           |
| Benefits                             | 32,576           | 32,602           |
| Contract Services                    | 64,828           | 65,409           |
| Equipment & Supplies                 | 13,314           | 15,672           |
| Insurance                            | 0                | 0                |
| Utilities                            | 25,409           | 23,707           |
| Administrative                       | 1,145            | 1,218            |
| <b>Total Operations Division</b>     | <b>\$200,434</b> | <b>\$202,385</b> |
| Walkforward from 2012 Outlook        |                  | <u>Reference</u> |
| FY 2012 Outlook                      | \$200,434        |                  |
| Salaries and Wages                   | 614              | N                |
| Benefits                             | 26               | H,J              |
| Contract Services                    | 581              | F,G,L            |
| Equipment & Supplies                 | 2,358            | S,T,U,V,W        |
| Utilities                            | (1,702)          | B                |
| Administrative                       | 73               | W                |
| <b>Total Proposed FY 2013 Budget</b> | <b>\$202,385</b> |                  |

## **Revenue Management Division**

### **Customer Service**

The Customer Service Department oversees the Ambassador Volunteer Program, Ground Transportation Service, Rental Car Center (RAC), and Terminal Management. All areas of Customer Service focus on meeting public demands, safety, security, and guest relations to allow for improved satisfaction and operational efficiency.

### **Marketing Services**

Marketing Services is responsible for developing and executing DFW's trade and consumer marketing plans in order to drive increased revenues and new airline business and for ensuring that a consistent brand image is portrayed to every one of DFW's audiences.

### **Parking Operations**

Parking Operations consists of Operations, Customer Relations, and Busing. Parking Operations is responsible for parking products, pricing, service delivery and reporting, handling customer feedback, monitoring electronic parking transactions, billing, and providing transportation services to DFW Remote Lots, Trinity Railway Express, Terminal Link, Express Parking and the Employee Shuttle.

### **Concessions**

The Concessions Department is responsible for the management and administration of all passenger-related concessions and associated revenues within the airport terminals, rental car center, telecommunications, and selected airport properties outside the terminals.

### **Commercial Development**

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

**Budget Comparison and Walkforward**

| <b>Revenue Management Division</b>   |                 |                  |
|--------------------------------------|-----------------|------------------|
| <b>(in thousands)</b>                |                 |                  |
|                                      | FY12            | FY13             |
|                                      | Outlook         | Budget           |
| Customer Service                     | \$11,596        | \$8,495          |
| Marketing Services                   | 6,523           | 8,473            |
| Parking                              | 41,509          | 46,901           |
| Concessions                          | 2,730           | 3,018            |
| Commercial Development               | 2,328           | 2,274            |
| <b>Total Revenue Mgt Division</b>    | <b>64,686</b>   | <b>69,161</b>    |
| Salaries & Wages                     | 22,091          | 20,445           |
| Benefits                             | 14,044          | 11,955           |
| Contract Services                    | 25,984          | 33,968           |
| Equipment & Supplies                 | 1,090           | 1,367            |
| Insurance                            | 0               | 0                |
| Utilities                            | 0               | 0                |
| Administrative                       | 1,477           | 1,427            |
| <b>Total Revenue Mgt Division</b>    | <b>\$64,686</b> | <b>\$69,161</b>  |
| Walkforward from 2012 Outlook        |                 | <u>Reference</u> |
| FY 2012 Outlook                      | \$64,686        |                  |
| Salaries & Wages                     | (1,646)         | C,N              |
| Benefits                             | (2,089)         | C,H,J            |
| Contract Services                    | 7,984           | C,I,O,P,Q,R      |
| Equipment & Supplies                 | 277             | W                |
| Administrative                       | (50)            | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$69,161</b> |                  |

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## **Administration and Diversity Division**

### **Business Diversity and Development**

The Business Diversity & Development Department (BDDD) is responsible for administering the Board's Disadvantaged and Minority/Women-owned Business Enterprise Programs. BDDD has the overall responsibility to administer, monitor and enforce the DBE and M/WBE policies, standards and procedures.

### **Human Resources**

Human Resources' (HR) primary functions are to develop and implement programs to enhance the effectiveness of the workforce. HR is responsible for consulting and advising management on employee relations issues, including employee corrective action, complaints, and grievances; assisting employees with concerns; and developing and administering policies and procedures to ensure compliance with federal and state regulations. HR also has responsibility for coordinating the recruitment and staffing activities of DFW.

### **Procurement & Materials Management**

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

### **Risk Management**

Risk Management identifies, analyzes and evaluates exposures, intervenes with loss prevention measures that reduce costs, and ensures compliance with applicable laws and regulations. Areas of general administration include liability claims management, safety training, management of self-funded, fully insured, and partial claims programs involving property and casualty liability, general liability, errors and omissions, employment liability, fiduciary/fidelity exposures, contractual review/interpretation, breach of contract, auto liability, driver safety and workers' compensation liability, and short/long term disability. Risk Management also oversees both the DFW health and wellness program, LiveWell, and the newly created Integrated Disability Management program.

### **Internal Communications and Diversity**

Internal Communications and Diversity manages and provides strategic direction for DFW Airport's internal communication and diversity programs. The Internal Communications team is responsible for writing and managing the content, messaging, and distribution of all employee communications. One of the primary objectives of Internal Communications is to educate employees on key DFW Airport initiatives, and create communication vehicles to inform staff of business news and recognize the efforts of DFW Airport employees.

**Budget Comparison and Walkforward**

| <b>Administration and Diversity Division</b> |                 |                  |
|--|-----------------|------------------|
| <b>(in thousands)</b>                        |                 |                  |
|  | FY12            | FY13             |
|  | Outlook         | Budget           |
| Business Diversity & Development             | \$1,292         | \$1,405          |
| Human Resources                              | 5,052           | 5,378            |
| Procurement & Materials Mgt                  | 4,950           | 5,022            |
| Risk Mgt                                     | 7,649           | 8,777            |
| Internal Communications                      | 997             | 1,010            |
| <b>Total Admin &amp; Diversity Division</b>  | <b>19,940</b>   | <b>21,591</b>    |
| Salaries & Wages                             | 6,327           | 7,050            |
| Benefits                                     | 4,303           | 4,382            |
| Contract Services                            | 3,165           | 3,099            |
| Equipment & Supplies                         | 518             | 573              |
| Insurance                                    | 4,437           | 5,342            |
| Utilities                                    | 0               | 0                |
| Administrative                               | 1,190           | 1,145            |
| <b>Total Admin &amp; Diversity Division</b>  | <b>\$19,940</b> | <b>\$21,591</b>  |
| Walkforward from FY 2012 Budget              |                 | <u>Reference</u> |
| FY 2012 Outlook                              | \$19,940        |                  |
| Merit, etc.                                  | 723             | N                |
| Benefits                                     | 79              | H,J              |
| Contract Services                            | (66)            | W                |
| Equipment & Supplies                         | 55              | W                |
| Insurance                                    | 905             | K                |
| Administrative                               | (45)            | W                |
| <b>Total FY 2013 Proposed Budget</b>         | <b>\$21,591</b> |                  |

## **CFO Division**

### **Information Technology Services**

Information Technology Services (ITS) is responsible for delivering technology solutions to DFW and is divided into 4 sections. Enterprise Systems is responsible for the development and maintenance of technology solutions for DFW human resources, procurement, fixed asset, parking, data architecture, and public safety systems. Systems Operations is responsible for the development, implementation, maintenance, and administration of the voice and data communications infrastructure, desktop and server computing environments, and data base administration. Business Solutions is responsible for the development and implementation of executive decision support systems, records management, CADD/GIS, web development, and the implementation of work-flow technologies. Terminal Systems is responsible for the development and maintenance of life safety systems, security systems, and passenger service systems.

### **Finance**

Finance is comprised of 3 groups: Accounting, Financial Planning, and Capital Planning. Accounting is responsible for financial reporting, general ledger accounting, internal controls, revenue collections, accounts payable, accounts receivable, payroll, and fixed assets. Financial Planning is responsible for developing and monitoring DFW's Operating Budget and Outlook for revenues and expenses. This group is also responsible for establishing DFW's rates, fees and charges, and performing departmental financial analysis. In addition, Financial Planning analyzes DFW's business units to determine profitability, implementation of activity based costing, project analysis, process improvement and management methodologies for proper allocations of revenues and expenses. Capital Planning is responsible for developing and monitoring DFW's Capital Budget and forecast.

### **Treasury/Cash Management**

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

### **Aviation Real Estate**

Aviation Real Estate serves as the liaison between the Airport and the tenants of all passenger terminals and aviation-related facilities, including air cargo and hangars. Through permits and leases, Aviation Real Estate manages the contractual relationship with the tenants. The department is also responsible for aviation facilities' strategic planning, with the goal of maximizing efficiency within the terminals and other aviation facilities.

**Budget Comparison and Walkforward**

| <b>CFO Division</b>                  |                 |                  |
|--------------------------------------|-----------------|------------------|
| <b>(in thousands)</b>                |                 |                  |
|                                      | FY12            | FY13             |
|                                      | Outlook         | Budget           |
| ITS                                  | \$31,997        | \$34,186         |
| Finance                              | 5,546           | 5,760            |
| Treasury                             | 1,213           | 1,306            |
| Aviation Real Estate                 | 1,484           | 1,453            |
| <b>Total CFO Division</b>            | <b>40,240</b>   | <b>42,705</b>    |
| Salaries & Wages                     | 15,425          | 16,421           |
| Benefits                             | 7,626           | 7,830            |
| Contract Services                    | 13,272          | 14,582           |
| Equipment & Supplies                 | 1,564           | 1,458            |
| Insurance                            | 0               | 0                |
| Utilities                            | 1,854           | 1,860            |
| Administrative                       | 499             | 553              |
| <b>Total CFO Division</b>            | <b>\$40,240</b> | <b>\$42,705</b>  |
| Walkforward from 2012 Outlook        |                 | <u>Reference</u> |
| FY 2012 Outlook                      | \$40,240        |                  |
| Merit, etc.                          | 996             | N                |
| Benefits                             | 204             | H,J              |
| Contract Services                    | 1,310           | M,W              |
| Equipment & Supplies                 | (106)           | W                |
| Utilities                            | 6               | B                |
| Administrative                       | 54              | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$42,705</b> |                  |

**Public Affairs Division**

The Public Affairs Division is responsible for Board of Directors, community, government and media relations for DFW Airport related to local, regional, state, national and international matters. In this role, the Division is responsible for communications with the Board, DFW's owner and host cities, media responsiveness, crisis communications and issues management, as well as leading and articulating DFW's communications and legislative agendas. The Division is responsible for relationship-management with external audiences, including North Texas government entities, the Texas State Legislature, members of the U.S. Congress, and local and international chambers of commerce, convention & visitors bureaus, business-to-business communications and advocacy for airline route decisions. The Division also leads special events planning, dignitary visits and protocol, and DFW and aviation education community and leadership initiatives in its role as lead department for external communications.

**Budget Comparison and Walkforward**

| <b>Public Affairs Division</b>       |                |                  |
|--------------------------------------|----------------|------------------|
| (in thousands)                       |                |                  |
|                                      | FY12           | FY13             |
|                                      | Outlook        | Budget           |
| Salaries & Wages                     | \$1,114        | \$1,513          |
| Benefits                             | 444            | 594              |
| Contract Services                    | 1,826          | 2,364            |
| Equipment & Supplies                 | 29             | 41               |
| Insurance                            | 0              | 0                |
| Utilities                            | 0              | 0                |
| Administrative                       | 1,094          | 1,422            |
| <b>Total Public Affairs Division</b> | <b>\$4,507</b> | <b>\$5,935</b>   |
| Walkforward from 2012 Outlook        |                | <u>Reference</u> |
| FY 2012 Outlook                      | \$4,507        |                  |
| Salaries & Wages                     | 399            | N                |
| Benefits                             | 150            | H,J              |
| Contract Services                    | 538            | W                |
| Equipment & Supplies                 | 12             | W                |
| Administrative                       | 328            | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$5,935</b> |                  |

**Air Service Development (ASD)**

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

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

**Budget Comparison and Walkforward**

| <b>Air Service Development (ASD)</b> |                 |                  |
|--------------------------------------|-----------------|------------------|
| (in thousands)                       |                 |                  |
|                                      | FY12<br>Outlook | FY13<br>Budget   |
| Salaries & Wages                     | \$817           | \$863            |
| Benefits                             | 328             | 390              |
| Contract Services                    | 793             | 641              |
| Equipment & Supplies                 | 7               | 5                |
| Insurance                            | 0               | 0                |
| Utilities                            | 0               | 0                |
| Administrative                       | 455             | 488              |
| <b>Total ASD</b>                     | <b>\$2,400</b>  | <b>\$2,386</b>   |
| Walkforward from 2012 Outlook        |                 | <u>Reference</u> |
| FY 2012 Outlook                      | \$2,400         |                  |
| Salaries & Wages                     | 46              | N                |
| Benefits                             | 62              | H,J              |
| Contract Services                    | (152)           | W                |
| Equipment & Supplies                 | (3)             | W                |
| Administrative                       | 33              | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$2,386</b>  |                  |

**Airport Development**

Airport Development has overall responsibility for the efficient, economical design and construction of facility development and major rehabilitation projects at DFW. Airport development also provides technical support services and/or personnel to other departments at DFW as needed in fulfilling DFW's mission. With the exception of Airport Development's Code Compliance activities, all costs are funded by the 301 fund, not the 102 fund. Costs are increasing in FY 2013 primarily due to increased anticipated permit fee revenues.

**Budget Comparison and Walkforward**

| <b>Airport Development</b>           |              |                  |
|--------------------------------------|--------------|------------------|
| <b>(in thousands)</b>                |              |                  |
|                                      | FY12         | FY13             |
|                                      | Outlook      | Budget           |
| Salaries & Wages                     | \$107        | \$389            |
| Benefits                             | 168          | 238              |
| Contract Services                    | (76)         | (4)              |
| Equipment & Supplies                 | 1            | 11               |
| Utilities                            | (0)          | 0                |
| Administrative                       | (3)          | 8                |
| <b>Total Airport Development</b>     | <b>\$196</b> | <b>\$642</b>     |
| Walkforward from 2012 Outlook        |              | <u>Reference</u> |
| FY 2012 Outlook                      | \$196        |                  |
| Salaries & Wages                     | 282          | N,W              |
| Benefits                             | 70           | H,J              |
| Contract Services                    | 72           | W                |
| Equipment & Supplies                 | 11           | W                |
| Utilities                            | 0            | W                |
| Administrative                       | 11           | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$642</b> |                  |

**Legal**

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

**Budget Comparison and Walkforward**

| <b>Legal</b>                         |                 |                  |
|--------------------------------------|-----------------|------------------|
| (in thousands)                       |                 |                  |
|                                      | FY12<br>Outlook | FY13<br>Budget   |
| Salaries & Wages                     | \$220           | \$232            |
| Benefits                             | 130             | 139              |
| Contract Services                    | 1,947           | 1,787            |
| Equipment & Supplies                 | 64              | 8                |
| Administrative                       | 33              | 69               |
| <b>Total Legal</b>                   | <b>\$2,394</b>  | <b>\$2,235</b>   |
| Walkforward from 2012 Outlook        |                 | <u>Reference</u> |
| FY 2012 Outlook                      | \$2,394         |                  |
| Salaries & Wages                     | 13              | N                |
| Benefits                             | 9               | H,J              |
| Contract Services                    | (160)           | W                |
| Equipment & Supplies                 | (56)            | W                |
| Administrative                       | 36              | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$2,235</b>  |                  |

**Audit Services**

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

**Budget Comparison and Walkforward**

| <b>Audit Services</b>                |                |                  |
|--------------------------------------|----------------|------------------|
| (in thousands)                       |                |                  |
|                                      | FY12           | FY13             |
|                                      | Outlook        | Budget           |
| Salaries & Wages                     | \$1,266        | \$1,333          |
| Benefits                             | 604            | 603              |
| Contract Services                    | 235            | 318              |
| Equipment & Supplies                 | 11             | 27               |
| Insurance                            | 0              | 0                |
| Utilities                            | 0              | 0                |
| Administrative                       | 37             | 76               |
| <b>Total Audit Services</b>          | <b>\$2,153</b> | <b>\$2,357</b>   |
| Walkforward from 2012 Outlook        |                | <u>Reference</u> |
| FY 2012 Outlook                      | 2,153          |                  |
| Salaries & Wages                     | 67             | N                |
| Benefits                             | (1)            | W                |
| Contract Services                    | 83             | W                |
| Equipment & Supplies                 | 16             | W                |
| Administrative                       | 39             | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>2,357</b>   |                  |

**Executive Office**

The Chief Executive Officer, as the chief administrator and executive officer of the DFW Airport Board, recommends policies to the Board of Directors for the planning, constructing, maintaining, operating and regulating of DFW. The Chief Executive Officer, along with the Executive Staff (5 Executive Vice Presidents and support staff), oversees the implementation of adopted policies and is responsible for conducting monthly and special meetings with the Board of Directors. This budget also includes salaries and wages of support staff for the CEO and Executive Staff.

**Budget Comparison and Walkforward**

| <b>Executive Office</b>              |                |                  |
|--------------------------------------|----------------|------------------|
| (in thousands)                       |                |                  |
|                                      | FY12           | FY13             |
|                                      | Outlook        | Budget           |
| Salaries & Wages                     | \$2,280        | \$2,332          |
| Benefits                             | 893            | 854              |
| Contract Services                    | 44             | 200              |
| Equipment & Supplies                 | 22             | 44               |
| Insurance                            | 0              | 0                |
| Utilities                            | 0              | 0                |
| Administrative                       | 509            | 614              |
| <b>Total Executive Office</b>        | <b>\$3,748</b> | <b>\$4,044</b>   |
| Walkforward from 2012 Outlook        |                | <u>Reference</u> |
| FY 2012 Outlook                      | \$3,748        |                  |
| Salaries & Wages                     | 52             | N                |
| Benefits                             | (39)           | H,J              |
| Contract Services                    | 156            | W                |
| Equipment & Supplies                 | 22             | W                |
| Administrative                       | 105            | W                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$4,044</b> |                  |

**Total Airport Non-Departmental**

The Total Airport Non-Departmental budget reflects the change in Operating Reserve, payroll accruals, and salary and benefits savings that are recognized at a Board-wide, rather than a departmental, level. The difference in Salaries & Wages from FY 2012 to FY 2013 is largely because the \$2.1 million payment in 2012 for the Enhanced Retirement Plan is budgeted in this section, as is the \$3.4 million savings in FY 2013. The change in contract services is due to building demolitions.

**Budget Comparison and Walkforward**

| <b>DFW Non-Departmental</b>          |                |                  |
|--------------------------------------|----------------|------------------|
| (in thousands)                       |                |                  |
|                                      | FY12           | FY13             |
|                                      | Outlook        | Budget           |
| Salaries & Wages                     | \$4,228        | (\$1,600)        |
| Benefits                             | (536)          | (50)             |
| Contract Services                    | 1,000          | 0                |
| Operating Reserve                    | 2,520          | 2,297            |
| <b>Total Non-Departmental</b>        | <b>\$7,212</b> | <b>\$647</b>     |
| Walkforward from 2012 Outlook        |                | <u>Reference</u> |
| FY 2012 Outlook                      | 7,212          |                  |
| Salaries & Wages                     | (\$5,828)      | A,W              |
| Benefits                             | 486            | F                |
| Contract Services                    | (1,000)        | D                |
| Operating Reserve                    | (223)          | V                |
| <b>Total FY 2013 Proposed Budget</b> | <b>\$647</b>   |                  |

## Position Walkforward

| Division/Department/Section         | FY12    |           |         | FY13   |
|-------------------------------------|---------|-----------|---------|--------|
|                                     | Outlook | Transfers | Changes | Budget |
| Executive Office                    | 10      |           |         | 10     |
| Public & Gov't Affairs              | 16      |           | 3       | 19     |
| Legal                               | 4       |           | 1       | 5      |
| Audit Services                      | 15      |           |         | 15     |
| Air Service Development             | 9       |           |         | 9      |
| Airport Development                 | 98      |           |         | 98     |
| Administration & Diversity          |         |           |         |        |
| Human Resources                     | 28      |           |         | 28     |
| Internal Communications & Diversity | 7       |           |         | 7      |
| Procurement & Materials Mgmt        | 41      | (1)       |         | 40     |
| Risk Management                     | 17      | 2         |         | 19     |
| Business Development & Diversity    | 11      | (1)       |         | 10     |
| Total Admin & Diversity             | 104     | 0         | 0       | 104    |
| Finance & ITS                       |         |           |         |        |
| Aviation Real Estate                | 8       |           |         | 8      |
| Finance                             | 50      |           |         | 50     |
| Treasury Management                 | 8       |           |         | 8      |
| Information Technology Services     | 139     | 2         | 1       | 142    |
| Total Finance & ITS                 | 205     | 2         | 1       | 208    |
| Revenue Management                  |         |           |         |        |
| Customer Service                    | 129     | (82)      |         | 47     |
| Marketing Services                  | 18      | 1         |         | 19     |
| Commercial Development              | 17      | (1)       |         | 16     |
| Parking Operations                  | 336     | 80        | (102)   | 314    |
| Concessions                         | 21      |           |         | 21     |
| Total Revenue Management            | 521     | (2)       | (102)   | 417    |
| Operations                          |         |           |         |        |
| Airport Operations                  | 116     |           |         | 116    |
| Asset Management                    | 181     |           |         | 181    |
| Department of Public Safety         | 562     |           |         | 562    |
| Energy & Transportation Mgmt        | 127     | 1         |         | 128    |
| Environmental Affairs               | 28      | (1)       |         | 27     |
| Planning                            | 14      |           |         | 14     |
| Total Operations                    | 1,028   | 0         |         | 1,028  |
| Total DFW                           | 2,010   | 0         | (97)    | 1,913  |

Note: 16 of these positions are part time

### Capital Budget

DFW has 2 capital accounts in its Construction and Improvement Fund: the DFW Capital Account and the Joint Capital Account.

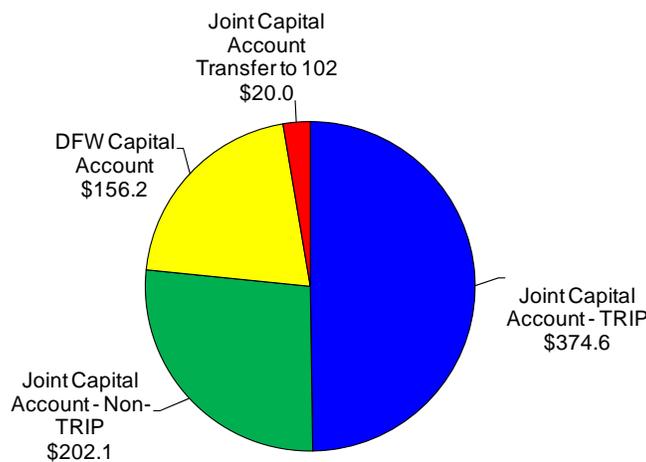
The DFW Capital Account is DFW’s discretionary account. It may be used for any legal purpose and does not require airline approval. DFW uses this fund for renewals and replacements and other discretionary projects. Funding for the DFW Capital Account is transferred from the net revenues from the DFW Cost Center, interest income, grants and bond proceeds for commercial development projects.

The Joint Capital Account requires airline approval for money to be spent. DFW has received airline approval for \$1.98 billion of bond funding for the Terminal Renewal and Improvement Program (TRIP), \$121 million of terminal gate expansion and conversion projects, and \$220 million of other “pre-approved” projects for Airfield, Roadway/Rail, Utilities, Parking, and various other projects. DFW also recently received airline approval for \$288.8 million of additional new projects, including \$176.7 million for a new parking garage at Terminal A, \$40 million for replacement of terminal windows, \$32 million reimbursement for TRIP programming costs, and various other projects, for a total of \$2.57 billion of new approved projects (see table for details on following page – “*MII Approvals Since New Use Agreement*”). Funding for this account comes from bond proceeds, natural gas royalties, sale of land proceeds, grants, and interest income. The Use Agreement provides for a Joint Capital Account Transfer of \$20 million in FY 2013 to the Terminal Cost Center to subsidize terminal rentals. This transfer will be reduced by \$4 million each year until it is totally phased out in FY 2018.

#### Projected Capital – Uses of Cash by Capital Account

DFW projects to spend approximately \$752.9 million on capital expenditures in FY 2013 as summarized in the following chart.

FY 2013 Projected Capital Expenditures  
\$752.9 Million



The following table summarizes total projected capital expenditures for projects to be in progress during FY 2013.

| Capital Budget (millions) | Actual<br>FY 2011 | Forecast<br>FY 2012 | Active Projects in FY 2013 |                      |                  | Total<br>Budget  |
|---------------------------|-------------------|---------------------|----------------------------|----------------------|------------------|------------------|
|                           |                   |                     | Prior<br>Years             | Projected<br>FY 2013 | Future<br>Years  |                  |
| DFW Capital Account       | 95.3              | 89.2                | 119.0                      | 156.2                | 552.4            | 827.5            |
| Joint Capital Account     |                   |                     |                            |                      |                  |                  |
| TRIP                      | 129.5             | 306.3               | 444.1                      | 374.6                | 1,160.8          | 1,979.5          |
| Non-TRIP                  | 16.0              | 95.4                | 114.0                      | 202.1                | 396.8            | 712.9            |
| Transfers to 102          | 28.0              | 24.0                | 52.0                       | 20.0                 | 40.0             | 112.0            |
| <b>Total Capital</b>      | <b>\$268.8</b>    | <b>\$514.9</b>      | <b>\$729.1</b>             | <b>\$752.9</b>       | <b>\$2,150.0</b> | <b>\$3,632.0</b> |

The following table summarizes the airline MII approvals that DFW Airport has received thus far, including those projects in the new Use Agreement.

| MII Approvals Since New Use Agreement                                  |  |                  |
|--|--|------------------|
| Item#  | Project Name   | \$'s in Millions |
| <b>MII funding approvals for Capital Projects:</b>                     |  |                  |
| 1  | TRIP (base scope)  | \$1,922.0        |
| 2  | TRIP (cost/scope increase to base - Term B BHS)          | 17.5             |
| 3  | TRIP Programming Cost Reimbursement                      | 32.0             |
| 4  | TRIP: Terminal A, B, C, & E Window Replacement           | 40.0             |
| 5  | TRIP: Funding of Design costs for add'l Add/Alt projects | 2.0              |
| 6  | TRIP: Natural Gas Lines (Term B, C, & E only)            | 4.0              |
| 7  | \$220M Pre-Approved Capital Projects                     | 220.0            |
| 8  | North Express Parking Expansion (1,000 covered spaces)   | 14.0             |
| 9  | Term D North Extension (B/D Connector - 3 Int'l gates)   | 21.0             |
| 10   | Terminal B North Stinger (10 add'l gates)                | 40.0             |
| 11   | Term D South Extension (4 add'l gates)                   | 60.0             |
| 12   | Aircraft Operation Area (AOA) Snow/Ice Removal Equip     | 10.0             |
| 13   | Skylink Bond Issuance                                    | 1.0              |
| 14   | Terminal A Parking Garage Reconstruction (All sections)  | 176.7            |
| 15   | 1W Parking Expansion for Employee Parking *              | 0.0              |
| 16   | Aircraft Design Group VI Gating Solutions (Design Only)  | 0.5              |
| 17   | FY11 ADE Overhead (JCA non-bond funded)                  | 2.7              |
| 18   | FY11 Natural Gas Reimbursables (JCA non-bond funded)     | 1.7              |
| 19   | FY12 ADE Overhead (JCA non-bond funded)                  | 2.7              |
| 20   | FY12 Natural Gas Reimbursables (JCA non-bond funded)     | 1.5              |
| <b>MII APPROVALS - CAPITAL PROJECTS</b>                                |  | <b>\$2,569.3</b> |
| <b>Other MII funding approvals unrelated to Capital Projects:</b>      |  |                  |
| 21   | RAC/Facility Improvement Corp (FIC) Bond Refunding       | \$112.0          |
| <b>MII APPROVALS - OTHER</b>   |  | <b>\$112.0</b>   |
| <b>TOTAL MII APPROVALS - CAPITAL PROJECTS + OTHER</b>                  |  | <b>\$2,681.3</b> |
| * Funded from savings in \$14M North Express Parking Expansion project |  |                  |

The following table shows cash flow projections, gross of grant reimbursements, for the DFW capital projects. New projects are highlighted in blue and are subject to change.

| <b>DFW CAPITAL ACCOUNT</b>                                   | Prior          |                | Future         |
|--|----------------|----------------|----------------|
| Project Name   | Years          | FY13           | Years          |
| Air Service Incentive Plan (ASIP) & Marketing Rebates        | \$19.2         | \$11.0         | \$34.2         |
| Rehabilitate Airfield Pavements FY13                         | .2             | 8.4            | 6.5            |
| AA Training & Conf Center                                    | .0             | 8.0            | 42.0           |
| AA Hangars   | .0             | 6.5            | 6.5            |
| Rehabilitate Airfield Pavements FY11                         | 9.7            | 5.5            | 1.6            |
| ARFF Truck Replacement                                       | .0             | 5.2            | 6.4            |
| Rehabilitate Airfield Lighting Systems FY12                  | .2             | 5.0            | 3.0            |
| Other Discretionary (Annual)                                 | .0             | 5.0            | 100.0          |
| Replace Remote Buses   | .7             | 4.6            | 31.1           |
| Rehabilitate Airfield Pavements FY12                         | .0             | 4.5            | 8.4            |
| TGIF Leasehold Buyout (Terminal A only)                      | .0             | 3.8            | .0             |
| Rehabilitate Airfield Lighting Systems FY13                  | .0             | 3.6            | 3.8            |
| Structural Fire Truck Replacement                            | .0             | 3.4            | 10.8           |
| Employee Bus Replacement FY12                                | .0             | 2.8            | .0             |
| ITS System Operations FY12 Refresh                           | 1.3            | 2.7            | .0             |
| Coppell Industrial (Phase I & II)                            | .0             | 2.6            | 17.0           |
| TSA Checked Baggage Resolution Area-Inspection Sys           | .3             | 2.5            | 4.1            |
| Replace Employee Buses FY13                                  | .0             | 2.5            | 17.1           |
| Business Continuity Program Mgmt Svcs                        | .0             | 2.5            | 7.7            |
| Replace Terminal Link Vans                                   | .3             | 2.4            | 9.1            |
| Roof Replacement/Repair                                      | .0             | 2.4            | 21.2           |
| Rehab Deicing Sys Large Storage Areas                        | .0             | 2.3            | 2.0            |
| North Entertainment (Phases I - 5)                           | .0             | 2.2            | 19.4           |
| Term D Public Address/Voice Evac (PA/VE) System              | .0             | 2.1            | .9             |
| Southgate Plaza Ph I & II                                    | .2             | 2.0            | 1.4            |
| Founders' Plaza Ph I & II                                    | .0             | 2.0            | 6.9            |
| Rehabilitate Airfield Lighting Systems FY14                  | .0             | 1.9            | 2.0            |
| Rehabilitate Airfield Pavements FY14                         | .0             | 1.7            | 20.1           |
| NW Logistics (Phase I & II)                                  | .0             | 1.7            | 18.3           |
| Mid-Cities Bridge  | .2             | 1.6            | 1.9            |
| Facility Renewal (Annual)                                    | .0             | 1.5            | 12.0           |
| Replace Potable Water Revenue Meters                         | .1             | 1.5            | .0             |
| Pax Amenities Removal, Relocation & Storage                  | .4             | 1.4            | 1.3            |
| Rehabilitate Airfield Lighting Systems FY11                  | 2.7            | 1.4            | .0             |
| Replace Express Vans   | 2.6            | 1.3            | 17.3           |
| Rehabilitate Parking Lots                                    | .0             | 1.3            | 3.2            |
| Coppell Freeway Commercial                                   | .0             | 1.2            | 5.3            |
| Replace Rapid Intervention Vehicles (RIV)                    | .0             | 1.2            | .0             |
| IT Bus Solutions: Business Intelligence                      | .0             | 1.1            | .9             |
| Reclaimed Water System Phase I                               | 16.7           | 1.1            | .0             |
| Natural Gas Lines to Term A                                  | .3             | 1.0            | .9             |
| Renewal/replacement Skylink Systems, Facilities, & Guideways | .0             | 1.0            | 22.6           |
| Rehabilitate Industrial Wastewater (IW) System               | .0             | 1.0            | .5             |
| <b>Projects &lt;1M</b>                                       | <b>63.9</b>    | <b>27.7</b>    | <b>85.2</b>    |
| <b>TOTAL DFW CAPITAL ACCOUNT</b>                             | <b>\$119.0</b> | <b>\$156.2</b> | <b>\$552.4</b> |

The following projects will be funded from the Joint Capital Account during FY 2013. Spend amounts are gross of grant reimbursements.

| <b>JOINT CAPITAL ACCOUNT</b>                         | Prior          |                | Future           |
|--|----------------|----------------|------------------|
| Project Name   | Years          | FY13           | Years            |
| Terminal Renewal/Improvement Program (TRIP)          | \$444.1        | \$374.6        | \$1,160.8        |
| <b>TOTAL JOINT CAPITAL ACCOUNT (TRIP)</b>            | <b>\$444.1</b> | <b>\$374.6</b> | <b>\$1,160.8</b> |
| <b>Non-TRIP:</b>                                     |                |                |                  |
| Term B North Stinger                                 | \$5.0          | \$22.7         | \$14.6           |
| DART Rail Station @ Term A                           | 6.9            | 20.2           | 8.0              |
| Term A Garage Reconstruction (section A)             | 37.2           | 20.0           | 0.0              |
| Term A Garage Reconstruction (section B)             | 0.0            | 17.2           | 40.1             |
| T/W "Lima" Reconstruct Airfield Taxiway              | 1.4            | 16.8           | 32.9             |
| North/South Toll Plaza & Parking Admin Bldg          | 10.9           | 16.0           | 0.8              |
| Term D North Ext                                     | 3.5            | 14.9           | 3.0              |
| Parking Control System (PCS)                         | 10.6           | 13.8           | 0.6              |
| N. Express (1W) Expansion (1,100 covered spaces)     | 3.4            | 11.5           | 0.0              |
| W. Airfield Dr & Mid-Cities Rd                       | 0.5            | 10.9           | 6.5              |
| Elevated Water Tower (2.5 MG)                        | 0.8            | 5.2            | 5.5              |
| Fire Training Center Rehab                           | 21.3           | 4.5            | 0.0              |
| ITS Radio System Expansion                           | 0.2            | 3.6            | 8.9              |
| ADG VI Term D South Gating: A-380 Jetbridge @ D15/16 | 0.3            | 3.3            | 0.8              |
| ADE Overhead (Annual)                                | 0.0            | 2.8            | 26.8             |
| Rehabilitate Spent Aircraft Deicing Fluid System     | 0.0            | 2.3            | 3.6              |
| Term B North FIS                                     | 0.0            | 1.3            | 25.3             |
| NE/NW Cargo VCP Remediation                          | 0.4            | 1.3            | 3.4              |
| Oil and Gas Lease Reimbursables (Annual)             | 0.0            | 1.0            | 10.0             |
| ADG VI Term D South Gating: Expand Deicing Infrastr  | 0.0            | 1.0            | 12.0             |
| 5E Employee Parking Expansion (~850 spaces)          | 0.3            | 1.0            | 0.0              |
| Parking Guidance System (PGS) - Term D               | 0.0            | 1.0            | 3.5              |
| <b>Projects &lt;1M</b>                               | <b>11.3</b>    | <b>9.7</b>     | <b>190.8</b>     |
| <b>TOTAL JOINT CAPITAL ACCOUNT (NON-TRIP)</b>        | <b>\$114.0</b> | <b>\$202.1</b> | <b>\$396.8</b>   |
| <b>TOTAL JOINT CAPITAL ACCOUNT</b>                   | <b>\$558.1</b> | <b>\$576.7</b> | <b>\$1,557.6</b> |
| <b>TOTAL JOINT + DFW CAPITAL ACCOUNT</b>             | <b>\$677.1</b> | <b>\$732.9</b> | <b>\$2,110.0</b> |

### Capital Project Approval Process

In FY 2010, DFW management developed a 10-year capital plan as the basis for negotiating the Use Agreement. The FY 2013 projects from the list on the prior page were derived from that plan. Most of the new projects are officially in a “planning status.” When the project manager is ready to initiate the project, they prepare a detailed capital worksheet including alternatives and present this to the Capital Committee for review and approval. Executive Management approval is required for projects over a certain limit. Projects on this list may be modified or eliminated if planning assumptions on costs and benefits do not materialize upon more detailed analysis. It is possible that new projects may arise during the fiscal year due to the dynamic nature of an airport. This “just-in-time” capital planning process provides flexibility to manage the process most effectively. From a process standpoint, the Board of Directors does not approve an overall capital budget. Instead, the Board reviews projects to be funded with bond proceeds before the bonds are sold and reviews individual capital projects as contracts for those projects are brought to the Board for approval.

### Major Capital Project Descriptions

There are several major capital initiatives included in the FY 2013 Capital Budget including:

- Terminal Renewal and Improvement Program (TRIP) – As DFW’s domestic terminals approach end of useful life, a major rehabilitation/redevelopment program is underway for Terminals A, B, C and E. The current budget is \$1.98 billion (inflated dollars). Construction is currently underway for the first phase of Terminal A. Total program completion is scheduled for 2017. Approximately \$374.6 million is anticipated to be spent during FY 2013.



- Parking Expansion – Parking capacity at Terminal A will be expanded by approximately 52% through the reconstruction of a new more efficient parking facility with approximately 7,700 spaces to replace the prior parking structure. Additional parking expansion projects include: 1,100 new covered parking spaces at the North Express parking lot scheduled to be open by November 2012, in addition to the 1,000 spaces opened in this same parking lot in November 2011. Approximately \$50.7 million is anticipated to be spent during FY 2013 on these new parking projects.

- Parking Control System and Parking Infrastructure Renewal – As DFW’s current parking system, toll booths and related infrastructure reach end of useful life and has surpassed its original design capacity, a major renewal is planned to design and install a new Parking Control System which will be capable of accommodating emerging business requirements and enhanced functionality. Additionally, the current north and south parking toll plazas and administration buildings will be renovated. Approximately \$29.8 million is anticipated to be



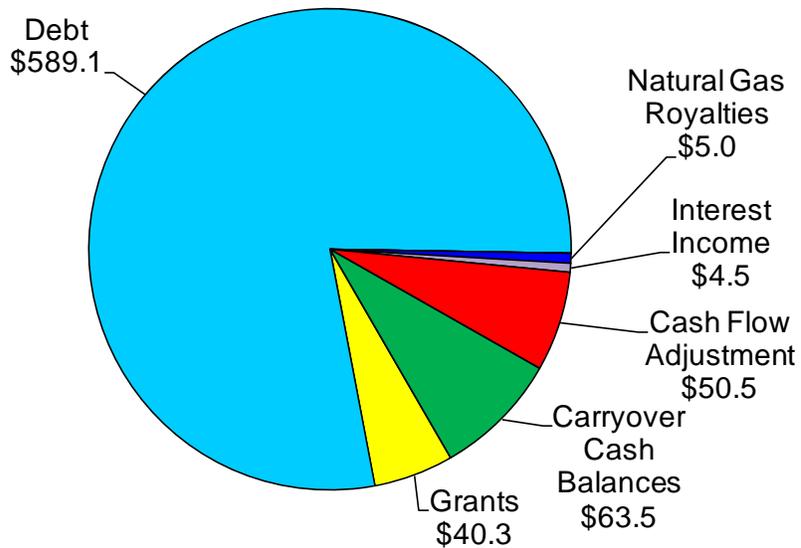
spent during FY 2013.

- Terminal Gate Expansion and Conversion – Additional gate capacity is planned in Terminal D and B due to increased demand. Projects include the conversion of 3 domestic gates between Terminals D and B to accommodate international flights, construction of a new 10-gate terminal extension on the north side of Terminal B, and construction of gates in a terminal extension south of Terminal D. These projects were pre-approved in the Use Agreement. The Terminal B North Expansion and B/D Connector are currently in design. The Terminal D South Extension projects are in preliminary Programming and Schematic Design phase.
- DART Rail Station – A rail station is being constructed between Terminals A and B to accommodate DART’s rail line coming into the north end of DFW Airport. This project is timed to be finished in advance of DART’s plan to complete the rail construction to DFW Airport in 2014. Approximately \$20.2 million is anticipated to be spent during FY 2013.

**Capital Projects - Sources of Cash**

DFW’s capital programs are funded from a variety of sources as shown in the following chart.

FY 2013 Capital Sources of Cash  
\$752.9 Million



The following table highlights the walkforward of DFW's capital funds.

| Airport Capital Funds Walkforward<br>(In Millions) |                  |                |         |
|--|------------------|----------------|---------|
| Capital Walkforward                                | Joint<br>Capital | DFW<br>Capital | Total   |
| Beginning Cash (10/1/12)                           | \$539.0          | \$65.9         | \$604.9 |
| Sources of Funds:                                  |                  |                |         |
| Grants   | \$14.0           | 26.3           | 40.3    |
| Debt   | 558.9            | 30.2           | 589.1   |
| Debt (reimbursement)                               | .0               | .0             | .0      |
| Natural Gas Royalties                              | 5.0              | -              | 5.0     |
| Interest Income                                    | 3.7              | .8             | 4.5     |
| Total Sources                                      | \$581.6          | \$57.3         | \$638.9 |
| Less:  |                  |                |         |
| Capital Uses                                       | (\$576.7)        | (156.2)        | (732.9) |
| Cash Flow Adjustment                               | \$50.5           | .0             | 50.5    |
| Joint Capital Account Transfer to 102              | (20.0)           | -              | (20.0)  |
| Total Uses   | (546.2)          | (156.2)        | (702.4) |
| Total Ending Cash Balance                          | \$574.4          | (\$32.9)       | \$541.4 |
| Add: Cash From DFW Cost Center *                   | .0               | 63.5           | 63.5    |
| Ending Cash (9/30/13)                              | \$574.4          | \$30.5         | \$604.9 |

\* FY12 O&M DFW Cost Center Outlook to be received in DFW Capital Acct in first Quarter FY13