



# DEN Capital Improvement Plan (CIP)

Business, Arts, Workforce, & Aviation Services Committee

March 6, 2024

Phil Washington, Chief Executive Officer  
Denver International Airport

Mike Nakornkhet, Chief Financial Officer



# DEN By The Numbers



**25**

Airlines

**200+**

Nonstop destinations

**25+**

International destinations serving

**16**

Countries



Roughly  
**1,200 companies**

working at DEN

Approximately

**40,000+ employees**



Colorado's largest economic engine

**\$36.4 billion annually**

2/10/24

**3RD-BUSIEST** AIRPORT IN NORTH AMERICA | **5TH-BUSIEST** AIRPORT IN THE WORLD (ACI YTD OCT. 2023)

PASSENGERS

**69 million**

2019

**33.7 million**

2020

**58.8 million**

2021

**69.3 million**

2022

**77.8 million**

2023

# Vision 100 and Operation 2045



## Phase I



DEN's strategic plan to effectively serve 100 million passengers

1995  
50 MAP

2032  
100 MAP

2022  
69.3M

2032  
100M\*

\*FAA approved projection

## Phase II



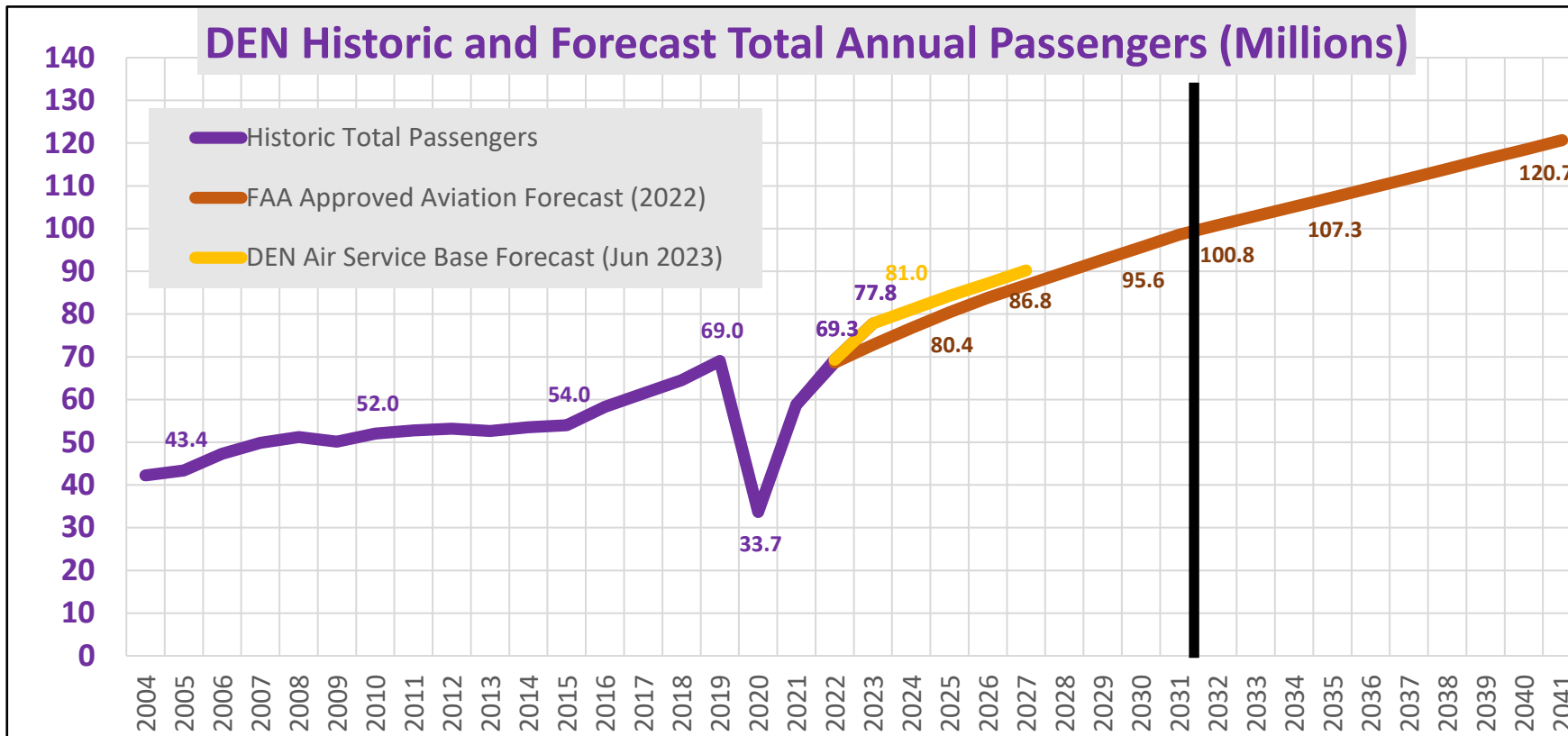
DEN will turn 50 years old requiring an even greater emphasis on maintenance and expanded infrastructure to serve 120+ million passengers

2032  
100 MAP

2045  
120+ MAP

2045  
120+M

# Record Passenger Traffic Growth



- **Security Wait Times**
  - Excessive wait time during certain periods
  - Staffing needs impacting all checkpoints, including new checkpoints
  - Growth in CLEAR and PreCheck services
- **Automated Guideway Transit System (AGTS) capacity and reliability**
  - New cars (26) being delivered which replace and add to fleet allowing to run more 4-car trains
  - Evaluate train platform extension to add 5<sup>th</sup> or 6<sup>th</sup> car to each train.
  - Assessing power distribution system to support expansion
  - Exploring redundancy options
  - AGTS operating above at 99.5%
- **Capital Improvement Plan (CIP) execution**
  - The need to increase airport capacity, modernize infrastructure and maintain what we have is necessitated by our strong passenger growth and aging facilities
  - DEN continues executing the current CIP, which includes addressing these pressing issues, completing the Great Hall buildout and Baggage Handling System Modernization, and other priority areas



# Environment, Social and Governance Report



In 2023, DEN issued its first Environmental, Social, and Governance (ESG) Report.

## Environmental:

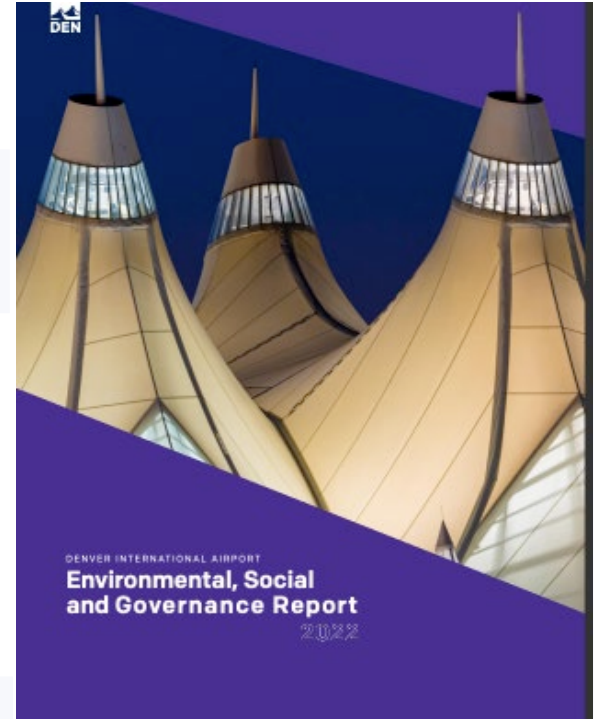
- Commitment to LEED certifications
- PFAS Voluntary Clean-up Program
- Glycol Recycling Plant
- Energy Performance Contract

## Social:

- Equity in Infrastructure Project
- Center of Equity and Excellence in Aviation
  - Business Development, Research and Innovation Lab, Career Pathways

## Governance

- Financial Performance
- Growth & Expansion (Real Estate and CIP)
- Risk Management & Emergency Preparedness
- Cybersecurity & Privacy
- Continuous Improvement (customer service, procurement, etc.)



<https://www.flydenver.com/about-den/governance/environmental-social-and-governance-report/>



**841**  
**DAYS**  
**LIQUIDITY**

(DAYS CASH ON HAND)



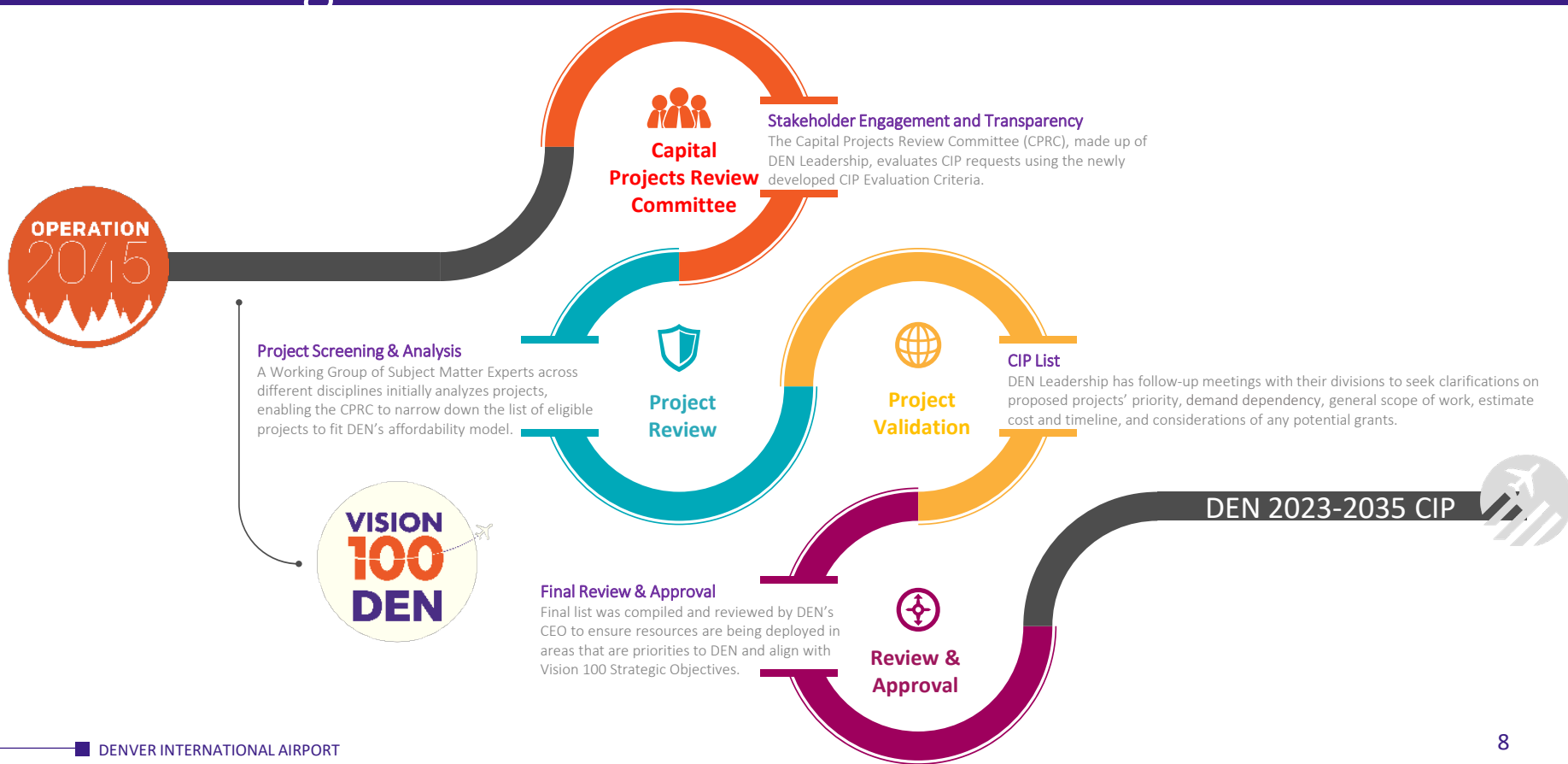
**199%**  
**DEBT SERVICE**  
**COVERAGE**

Based on actual year-end audited financial information.



**\$10.65**  
**AIRLINE COST**  
**PER ENPLANED**  
**PASSENGER**

# Capital Improvement Plan (CIP) Planning Process







# Current Capital Improvement Plan (2023 – 2027)



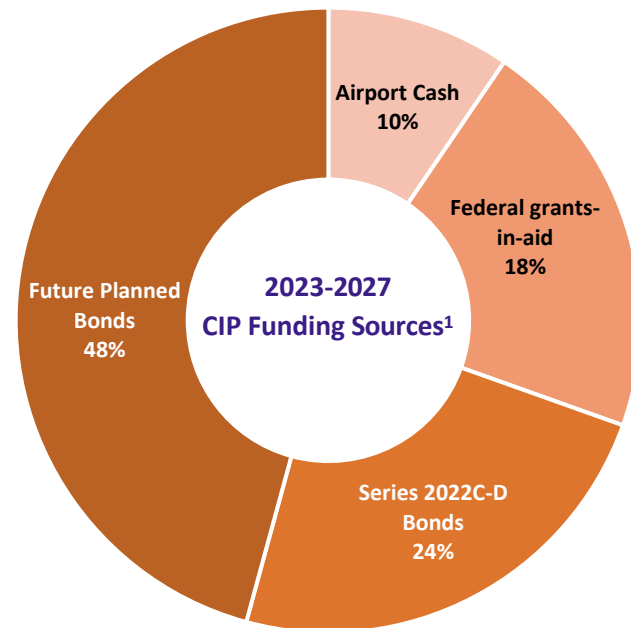
# 2023-2027 CIP Funding Sources

Jeppesen Terminal	Concourse A, B, C
<b>Early Phases</b> <ul style="list-style-type: none"> <li>• Baggage modernization</li> <li>• Technology infrastructure</li> </ul> <b>Late Phases</b> <ul style="list-style-type: none"> <li>• \$1.1 billion Completion Phase of Great Hall</li> </ul>	<b>Early Phases</b> <ul style="list-style-type: none"> <li>• Concourse renewal including restrooms</li> <li>• Automated Guideway Transit System (AGTS) cars replacement (train cars 17- 31)</li> <li>• Technology infrastructure improvements</li> <li>• Passenger conveyance modernization</li> </ul>

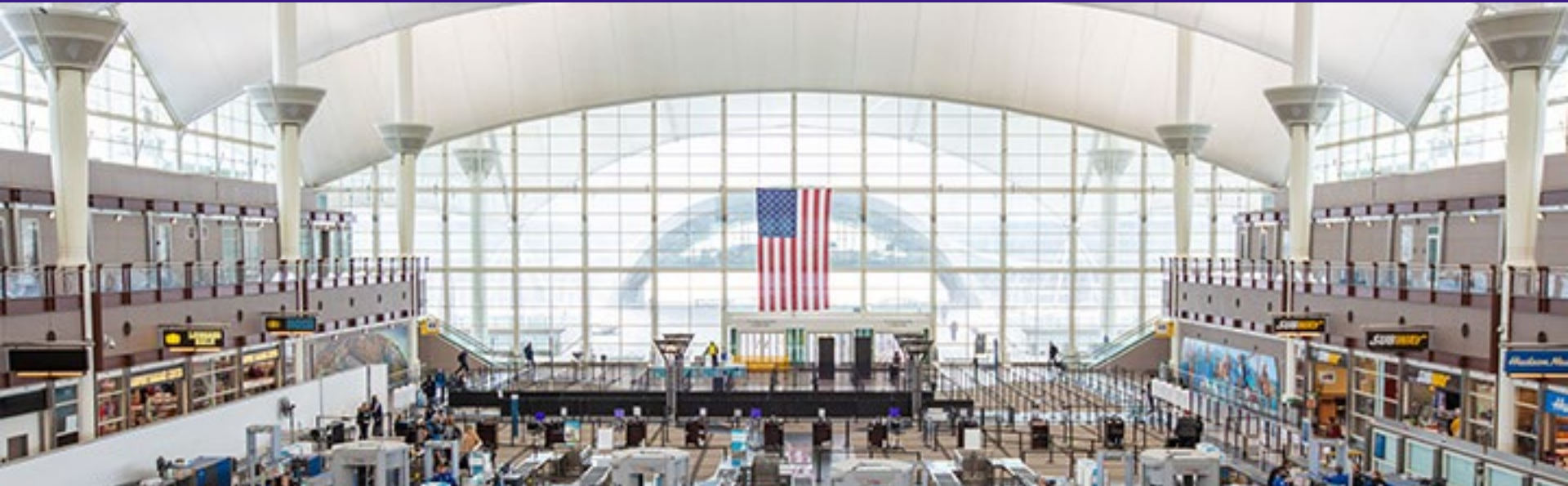
Airside	Landside
<b>Early Phases</b> <ul style="list-style-type: none"> <li>• Runway rehabilitation</li> <li>• 7th Runway planning studies and design</li> <li>• De-icing capacity program</li> <li>• Gate Apron rehabilitation</li> </ul> <b>Late Phases</b> <ul style="list-style-type: none"> <li>• Taxiway Delta Sierra East expansion</li> </ul>	<b>Early Phases</b> <ul style="list-style-type: none"> <li>• Pena Boulevard expansion and rehabilitation (Phase 2-4 studies)</li> <li>• DEN Real Estate development areas</li> <li>• Remote parking areas</li> </ul> <b>Late Phases</b> <ul style="list-style-type: none"> <li>• Annual landside pavement rehabilitation</li> </ul>

Sources of Funds <sup>1</sup>	(In millions)
Airport Cash	\$280
Federal Grants-In-Aid	\$520
Series 2022C-D Bonds	\$700
Future Planned Bonds	<u>\$1,443</u>
<b>Total Next CIP</b>	<b>\$2,943</b>

## \$2.9B Airport Capital Program



Sources: Letter Report of the Airport Consultant: *Estimated Project Costs And Sources of Funds Next Capital Program (2023-2027)*. Note: (1) Funding sources may be adjusted over the life of the 2023-2027 CIP.



## Expanded Capital Improvement Plan (2023 – 2035)



# Expanded CIP | 2023-2035

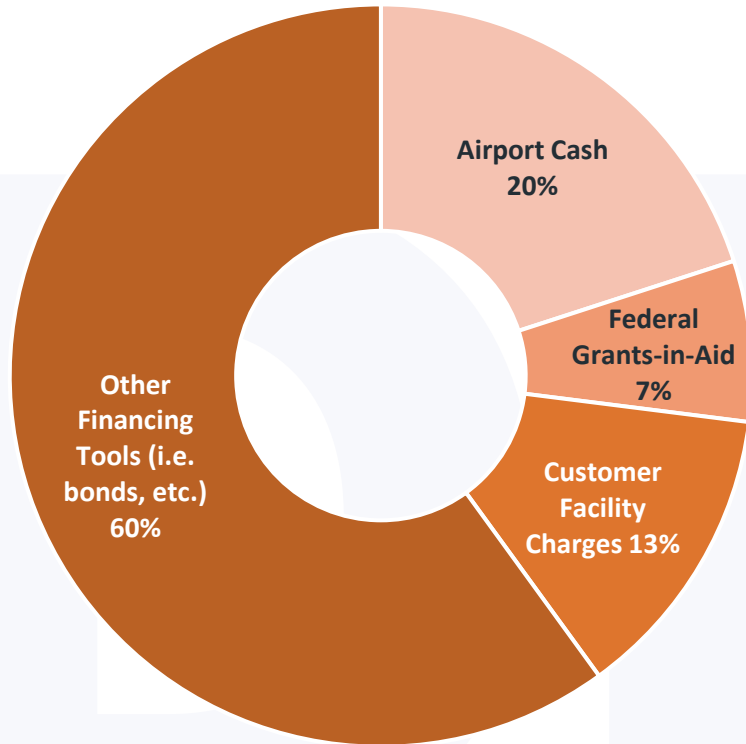


To actualize Vision 100 and Operation 2045, DEN is **expanding** and **extending** the existing CIP to be approximately \$12.8B through 2035<sup>(1)</sup>. Incorporating capacity and operational needs while addressing existing asset needs, while staying true to our Vision 100 guiding principles and pillars.

SELECT LISTING OF CIP PROJECTS	FACILITY LOCATION	MAINTAINING WHAT WE HAVE	MODERNIZATION	GROWING OUR INFRASTRUCTURE
Concourse C West Expansion (11 New Gates)	Concourse	X	X	X
Concourse Renewal (Including Restroom Refresh)	Concourse	X	X	
New Passenger Processing Capabilities at the Terminal	Terminal			X
Baggage Modernization	Terminal & Concourse	X	X	
Baggage Spine System	Terminal & Concourse			X
Conveyance Modernization	All	X	X	
Consolidated Rental Car Facilities and Automated People Mover	Landside		X	X
Great Hall Completion	Terminal		X	X
Automated Guideway Transit System (AGTS) Expansion	All	X	X	X
Continuous Asset Management Funding	All	X		
Terminal Tent Replacement	Terminal	X		
Annual Runway Complex Pavement	Airside	X		

(1) Preliminary funding sources are estimated to be \$850 million in Federal grants and the remaining amount from airport funds and financing considerations. These estimates are subject to change.

## Preliminary Funding Sources\*

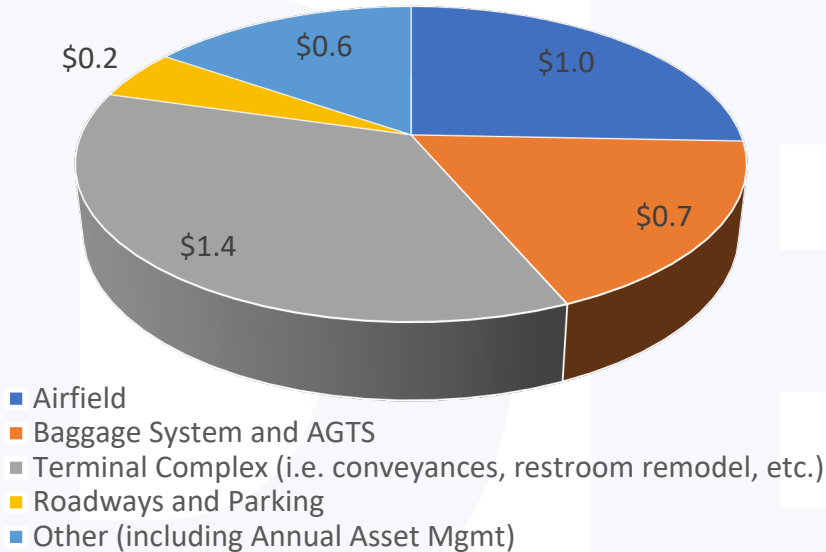


- DEN will continue to leverage a combination of funding sources to afford the expanded CIP, while remaining completely self-sufficient
- Due to our strong passenger growth and generation of both airline and non-airline revenues, our financial strength will continue to remain industry-leading, with over 500 days cash on hand, strong debt service coverage, and moderate Cost Per Enplaned passenger.

\*These percentages and related funding sources are based on preliminary estimates and subject to change

**DEN is committed to monitoring and replacing existing assets.**

Maintaining What We Have (in billions)\*



## ASSET MANAGEMENT

The systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost-effective lifecycle management of assets

### Strategic Asset Management Plan

- 1 Enhance Existing Processes
- 2 Shift to Risk Based Asset Mgmt.
- 3 Advance to Predictability

\*Maintaining What We Have is approximately \$4.0 billion or 30% of the \$12.8 CIP



## **DEN continues to maintain a strong relationship with our airline partners**

- Airlines have made a long-term commitment to the City and DEN
  - United, Southwest, and Delta have airline agreements through February 2035 and Frontier has an airline agreement 10 years from the Date of Beneficial Occupancy (DBO) of the new ground load facility.
- Ongoing communication of projects within the expanded CIP, which contains projects that facilitate airline growth at DEN.

# Economic Impact

DEN is a major economic engine and central transportation hub for the City as well as the Rocky Mountain Region. Undergoing this CIP to achieve DEN's vision of 100 million passengers provide for business revenues and job opportunities.

## 2021 Economic Impact



### Jobs

130,999

89,729

**220,728**



### Business Revenues

\$18,790,363,000

\$17,648,919,000

**\$36.44 Billion**

Direct  
Impacts

Multiplier  
Impacts



## Economic Impact



### Jobs

275,828

171,558

**447,386**



### Business Revenues

\$37,674,699,000

\$33,605,222,000

**\$71.28 Billion**

Direct  
Impacts

Multiplier  
Impacts

# Commitment to Providing Updates



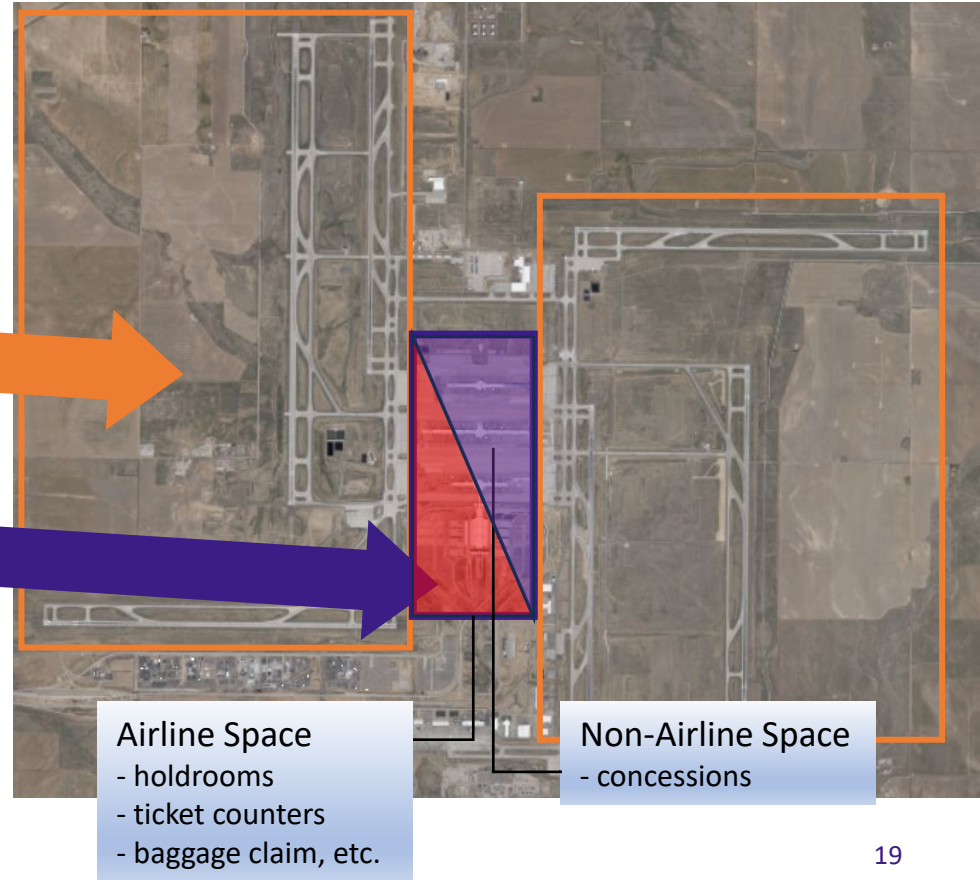
- DEN is committed to providing annual updates to Biz Committee on the status of the CIP.
- Continue to work with the City's Department of Finance to identify the most efficient and economical financing opportunities.
- DEN will seek approval from City Council for contracts associated with CIP projects.

# Thank You! Questions?



# Appendix: DEN Airline Rates & Charges

- DEN's Airline fees (i.e., "Rates & Charges") are governed by Use and Lease Agreements between the Airlines and DEN
- DEN uses a "hybrid compensatory" methodology to assess fees
- Airfield Rates are set to fully recover costs
  - Rate per 1000 lb per landed weight
- Terminal and Concourse areas are split into two main categories
  - Airline space – Annual Rate per sq. ft.
  - Non-Airline space (i.e., concessions)
- DEN follows the FAA Rates & Charges guidance



# Appendix: DEN Revenue Use is Restricted by the Federal Aviation Administration (FAA)



- The various acts governing revenue diversion and the use of airport funds detail what airport revenues can be used for as well as sanctions if revenues are not used properly.
- Airport will get audited from time to time to ensure compliance

## What can Airport revenues be used for?

- Airport revenues must be used for capital and operating costs of:
  - The airport
  - The local airport system
  - Other facilities owned and operated by the sponsor that are directly related to the **air transportation** of passengers or property
  - Any use of Airport Revenues outside of these categories would be considered **Revenue Diversion** by the FAA

## What can Airport revenues NOT be used for?

- Pay municipal projects or salaries unrelated to the airport that should be funded from the General Fund
- Overpaying for services or facilities of the Airport utilities or undercharging for use of its property and/or services.
- Charity and community purposes that are not directly and substantially related to the operation of the Airport
- Use Airport property for community purposes without charges fair market value, unless approved on a case-by-case basis by the FAA.

Note: The **FAA Authorization Act of 1994** is the long-standing federal prohibition against revenue diversion. The Act specifically prohibits airport payments for city services unrelated to the operation of the airport, imposed new reporting requirements on airports, and authorizes civil penalties of up to \$50,000.



## **Airport pays the City for services provided to the Airport (~\$79 million in 2023 budget)**

- Police
- Fire
- City Attorney's Office
- Auditor's Office
- Office of Human Resources
- Division of Small Business Opportunity
- Division of Workforce Development
- General Services Purchasing
- Indirect Cost Allocation – Costs shared/split amongst City agencies
  - Uniform Services
  - Finance & Risk Management
  - Technology Services
  - General Services
  - Mayor's Office & City Council

## A

### Project Criteria

- Regulatory compliance
- Safety, Security and Health
- Financial Impacts
- Airport Operational Impacts
- Expected Project Duration
- Guest, Customer and Stakeholder Experiences
- Risk Abatement
- Sustainability
- Equity, Diversity, Inclusion, and Accessibility
- Current Asset Condition
- Guiding Principle and Priority Alignment
- Residual Economic Impact
- Project Interfaces, Dependencies and Deliverability

## B

### Project Scoring

- Stakeholder Impact
- Project Leadership
- Vision 100 Alignment
- Current Status
- Financing and Funding
- Interfaces
- Economic Impact
- Cost
- Compliance
- Key Topics Addressed
- Execution Duration
- Financial Risk
- Dependencies
- Externality Risk

# Appendix: Economic Impact Study Region

- 26 Counties that reflect DEN's catchment area was developed in concert with DEN staff and considered where employees live and where most passengers travel to and from to use DEN as an arrival and departure airport (as opposed to connecting passengers).

