



DENVER
THE MILE HIGH CITY



DENVER INTERNATIONAL AIRPORT (DEN)

2021 Budget

*“America’s favorite connecting hub, where the
Rocky Mountains meet the world”*

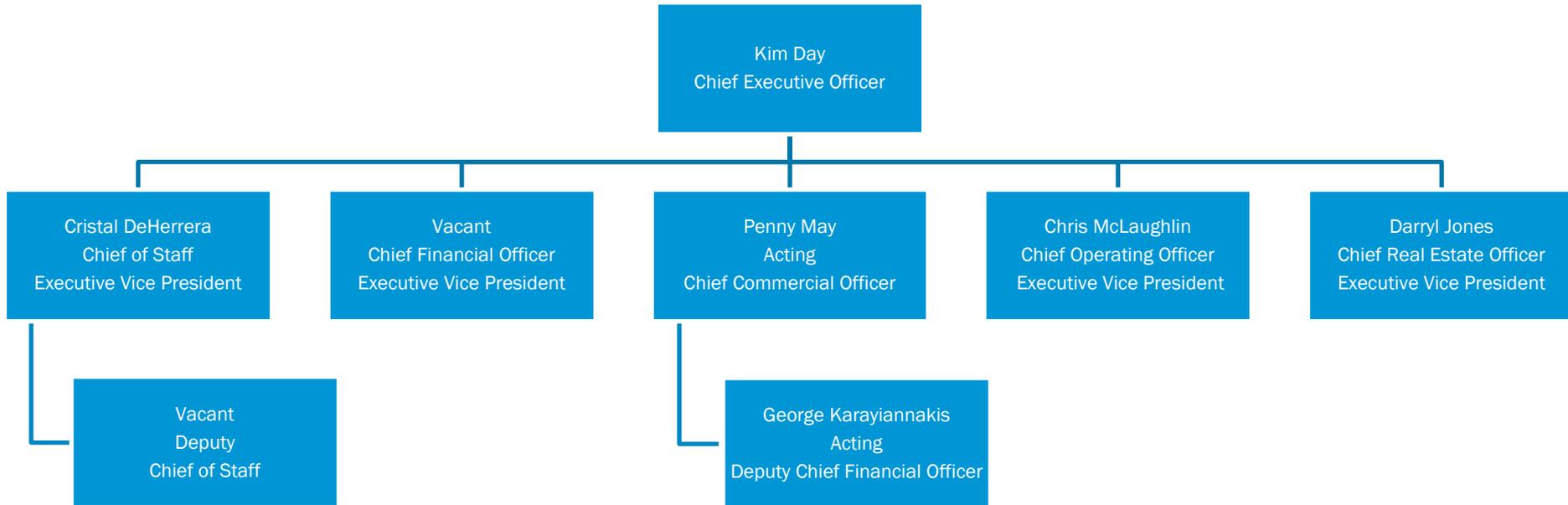
DEN Strategic Overview



DEN Values

- Inclusion
- Sustainability
- Integrity
- Stewardship
- Innovation
- Humanity

DEN Organization Structure



Financial Structure

- Denver International Airport is an Enterprise organization
 - No tax dollars
 - No general fund dollars
 - Issues its own bonds
 - Debt paid by net revenues generated

Operating Revenue Profile

- **Two revenue types: Airline and Non-Airline**
- **Airline revenues**
 - Fees are charged to the Airlines in order to recover costs
 - Includes facility rent and landing fees
 - Governed by Federal Aviation Administration (FAA) policy and Airline Use & Lease Agreement
- **Non-Airline revenues**
 - Includes all other revenue sources such as parking, concessions, hotel, car rentals, aviation fuel taxes, oil and gas and land rentals
 - Provides an additional revenue source for the Airport to reinvest in our facilities
 - Continuing to diversify our sources of non-airline revenues is a key objective
 - Some revenue sources are dedicated to supporting specific objectives

Revenue Use Restrictions

- **FAA restrictions on revenue usage**
 - All airport revenues to be used for aviation related purposes
 - Support ongoing operations and maintenance (O&M)
 - Fund capital improvements
 - Develop additional sources of revenue

- **Airport pays the City for services provided to the Airport (~\$70M per year)**
 - Police
 - Fire
 - Legal Services
 - Auditor
 - Human Resources
 - Division of Small Business Opportunity
 - Indirect Cost Allocation – Costs shared/split amongst City agencies
 - Includes Uniform Services, Finance, Risk Management, Technology Services, General Services, Mayor’s Office & City Council

Economic Overview

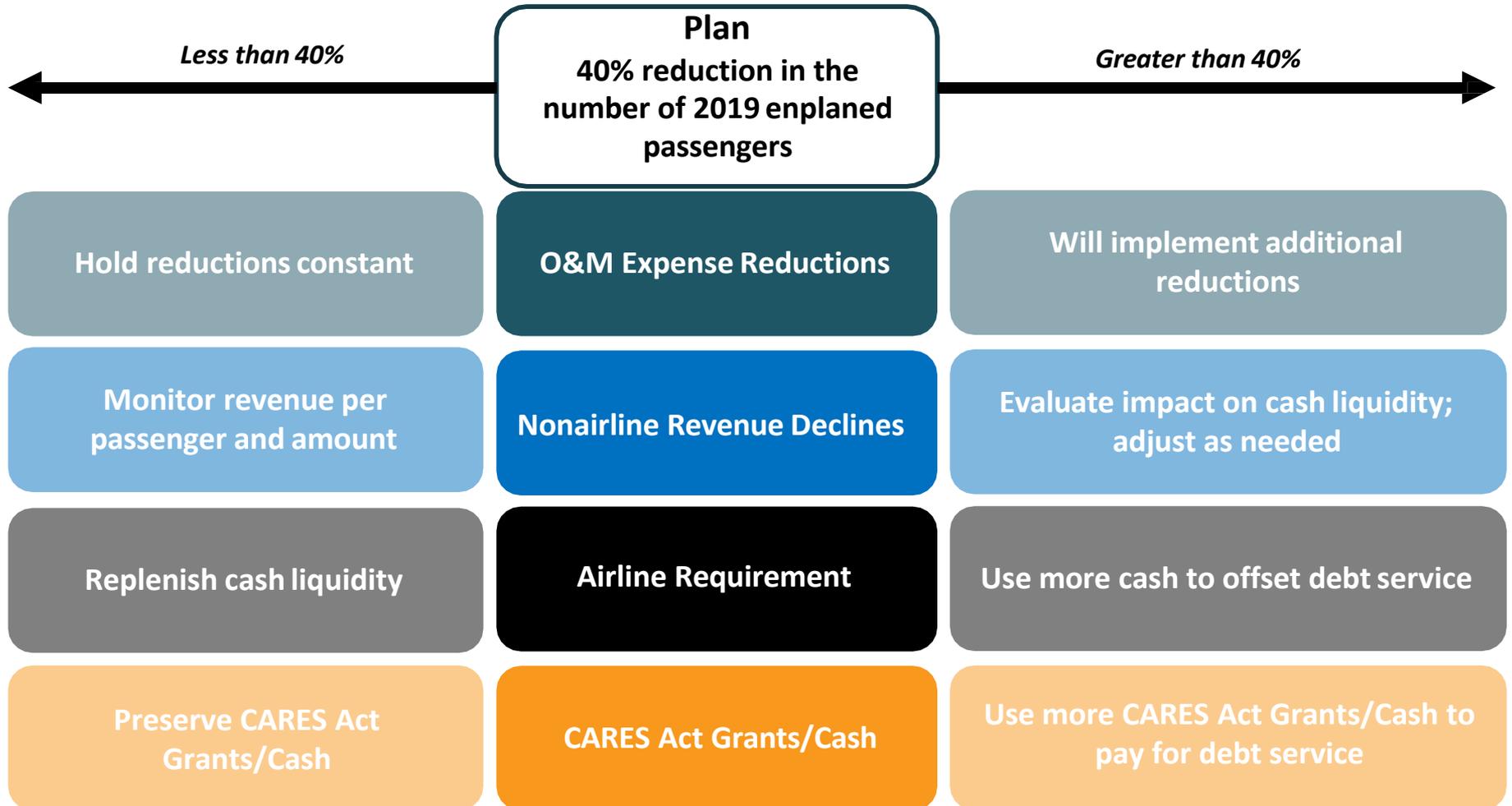
- COVID-19 has had a significant impact on the aviation industry as passengers adhere to the Stay At Home policies recommended by the United States federal government.
- The Airport has also experienced a reduction in passengers and operations as a result of impact of COVID-19 and has proactively implemented a number of measures intended to mitigate operational and financial impacts which included:
 - Assisted DEN airline and nonairline partners
 - Payments deferred for three months
 - Minimum Annual Guarantee (MAG) waived for concessionaires and rental cars
 - Targeted Operations & Maintenance reductions
 - Implemented a hiring freeze and 8 furlough days
 - Offered early retirement
 - Focused on essential expenditures
 - Eliminated nonessential overtime and travel
 - Suspended nonessential procurements/contracts
 - Reviewed all contracts to reset service levels and costs
 - Reprioritized capital projects and programs
 - CARES Act grants to be applied to debt service
 - Ability to prioritize strong cash liquidity and debt service coverage

Financial Overview

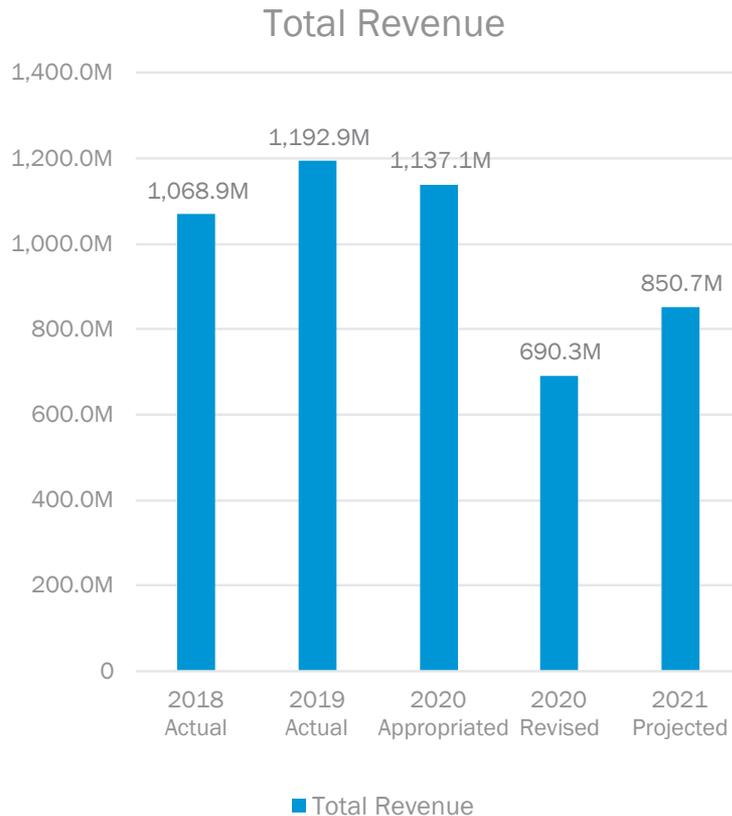
- DEN's goal is to position the airport for a strong recovery
 - DEN entered the 2020 crisis created by COVID-19 in a strong financial position
 - Debt Service Coverage – All Bonds 1.84x
 - Strong Liquidity – +700 Days Cash on Hand
 - Low Airline Costs – \$10.33 Cost Per Enplanement
 - DEN continues to be key focus airport for the airlines based on available seat capacity and destinations

- Requesting budget appropriation for a scalable and flexible plan
 - Plan allows DEN to respond timely to better than anticipated recovery
 - Allows DEN to meet the needs of its stakeholders
 - DEN plans to meet the following financial metrics
 - Debt Service Coverage – All Bonds 1.25x
 - Strong Liquidity – +500 Days Cash on Hand

Financial Overview 2021

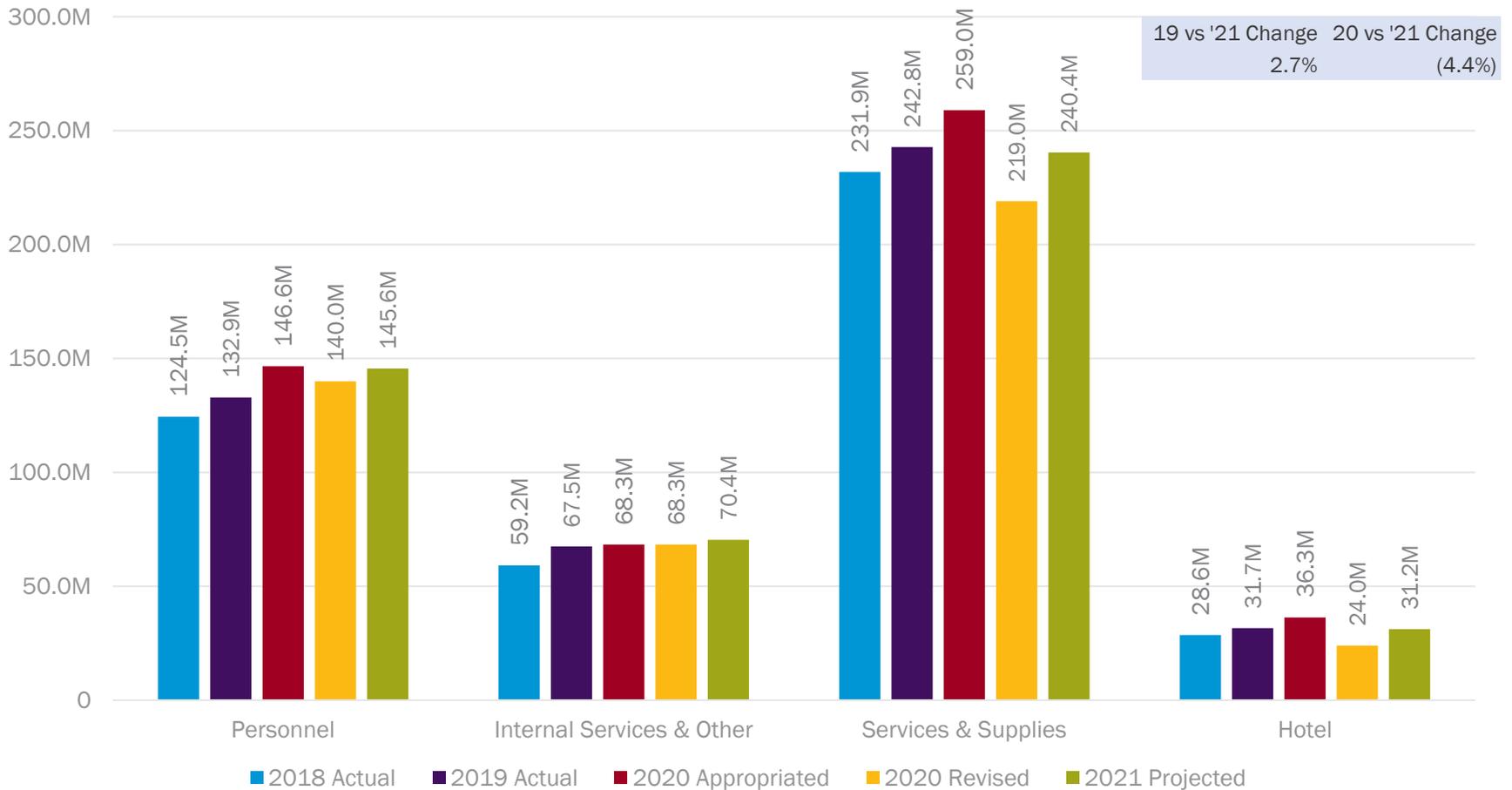


Year-Over-Year Revenue Change

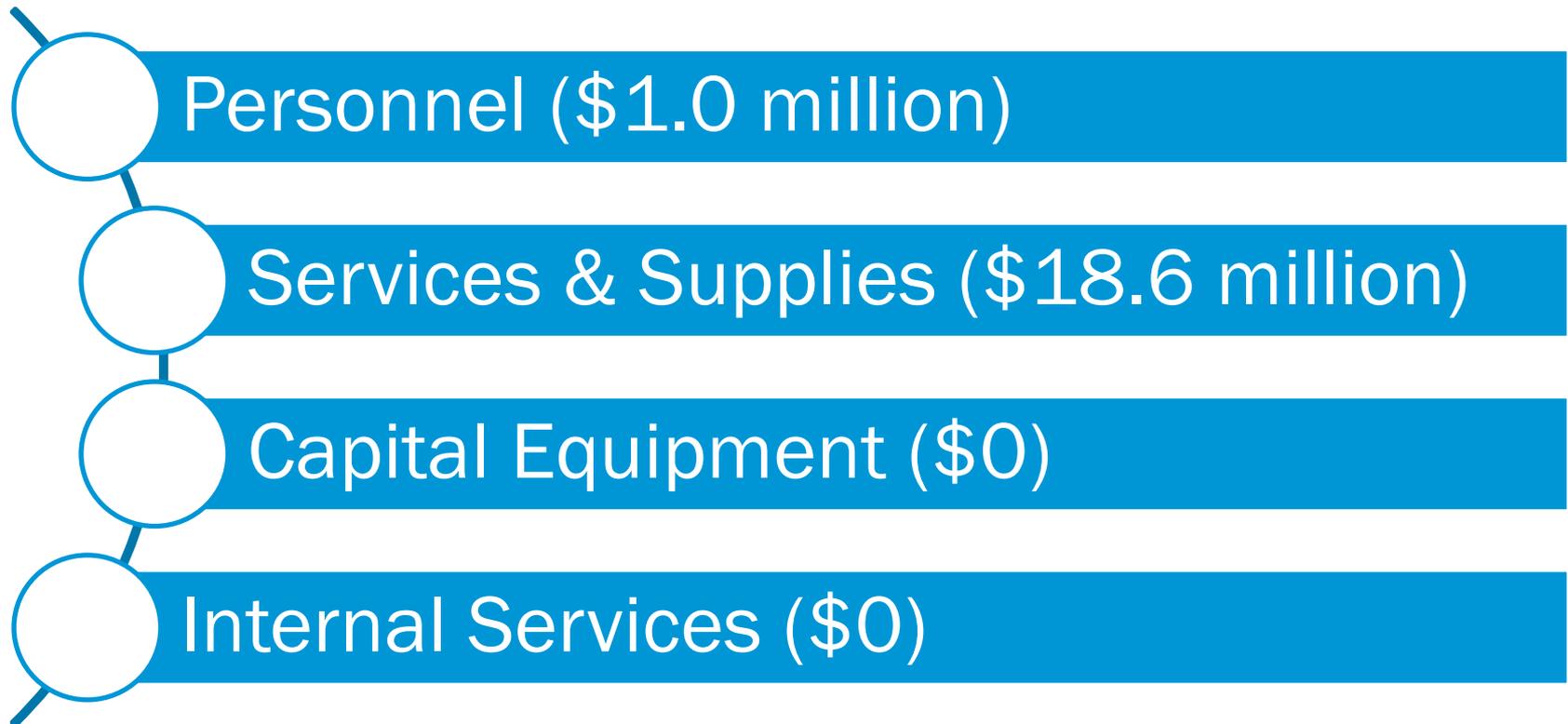


- Revenue projection assumes 41.4 million total passengers, which represents a 40% decline compared to 2019 actuals.
- Airline revenues projected to increase 4.5% vs. 2020 appropriated budget. Airline revenues represent recovery of cost and are therefore less sensitive to fluctuations in passenger volume.
- Non-airline revenues projected to decrease 44.9% vs. 2020 appropriated budget. Non-airline revenues are driven by passenger spending and are highly correlated with passenger volume.

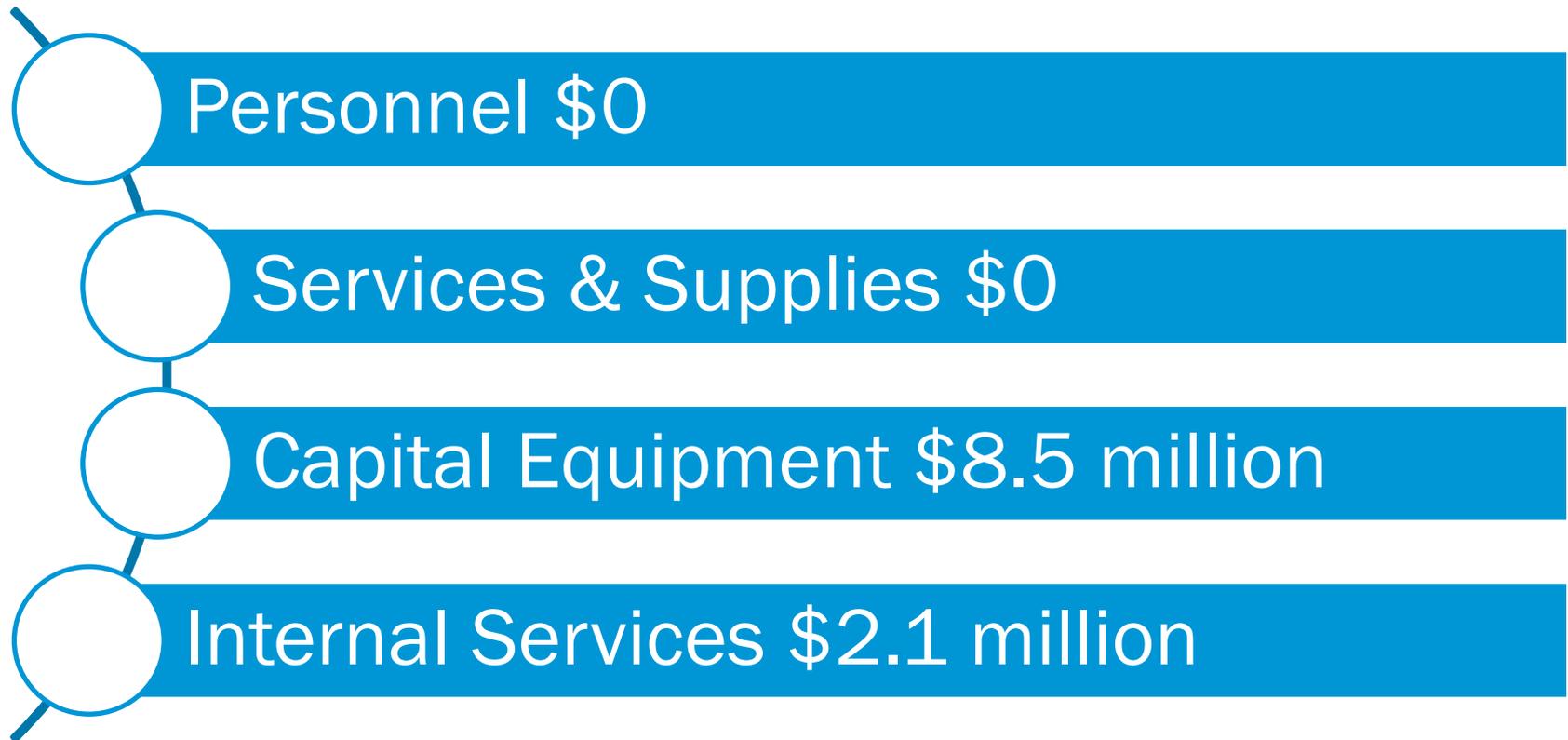
Year-Over-Year Budget Change



AGENCY TOTAL REDUCTIONS



AGENCY TOTAL EXPANSIONS



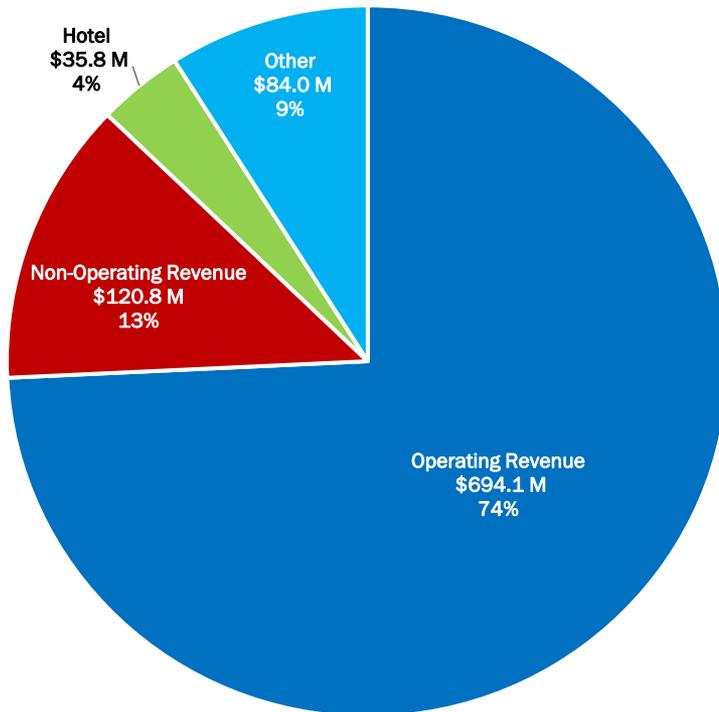
Budgeted Payments by Agency

Agency	2020 Budget	2021 Budget
Denver Police Department	\$ 20.0	\$ 20.4
Denver Fire Department	\$ 20.7	\$ 20.2
City Attorney's Office	\$ 3.3	\$ 3.3
Division of Small Business Opportunity	\$ 1.4	\$ 1.4
Office of Human Resources	\$ 1.3	\$ 1.4
Auditor's Office	\$ 1.3	\$ 1.3
Other	\$ 2.4	\$ 2.3
Subtotal	\$ 50.5	\$ 50.4
Indirect Cost Allocation	\$ 17.8	\$ 20.0
Total	\$ 68.3	\$ 70.4

Amounts are in Millions

2021 Sources of Revenue

2021 DEN Revenue Sources \$934.7M



Explanation of Revenue Budget Sources

Operating Revenues

- **Airline Revenues:** Facility Rentals & Landing Fees
- **Non-Airline Operating Revenues:** Concessions, Parking, Car Rental, Ground Transportation, Aviation Fuel Tax & Other

Non-Operating Revenues

- **Passenger Facility Charges (PFCs):** \$4.50 collected per enplaned passenger to fund Federal Aviation Administration (FAA) approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition
- **Customer Facility Charges (CFCs):** Daily fee charged on rental car contracts used for capital and major maintenance projects related to Rental Car operations
- **Other Non-Operating Revenue:** Includes investment income, insurance recoveries, grant income and other miscellaneous non-operating revenues

Hotel:

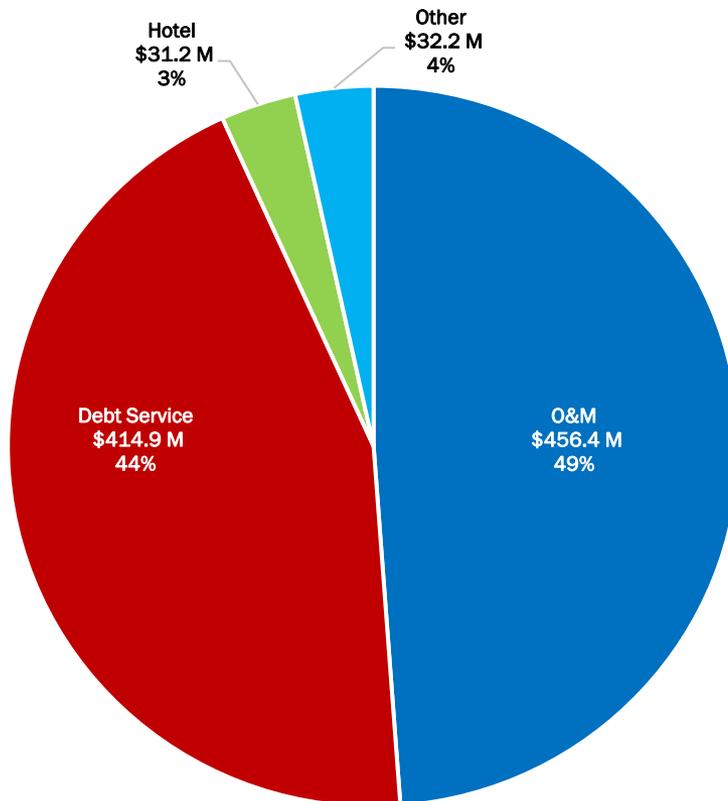
- Operating revenues for the Westin Hotel

Other:

- CARES Act/Grants/Capital Fund contributions

2021 Uses of Revenue

2021 DEN Revenue Uses \$934.7M



Explanation of Revenue Budget Uses

O&M Expenses:

- Includes personnel, services and supplies, and internal billings

Debt Service:

- Interest and principal payments on all outstanding debt due in 2021

Hotel:

- Operating and capital reserve expenses for the Westin Hotel

Other:

- Rental Car:** Future capital and major maintenance projects related to Rental Car operations
- Airport Share of Revenues:** Remaining net revenues available for capital equipment, capital improvements and all other lawful airport needs

Aviation Financial Overview

Revenue:

Category	2018 Actual	2019 Actual	2020 Budget	2021 Projected	\$ Variance 2021 vs. 2020	% Variance 2021 vs. 2020
Operating Revenue	\$808,359,831	\$867,793,100	\$932,767,267	\$729,944,153	(\$202,823,114)	(21.7%)
Non-Operating Revenue	260,574,424	325,104,492	204,373,086	120,786,439	(83,586,647)	(40.9%)
Total Revenue	\$1,068,934,255	\$1,192,897,592	\$1,137,140,353	\$850,730,592	(\$286,409,761)	(25.2%)

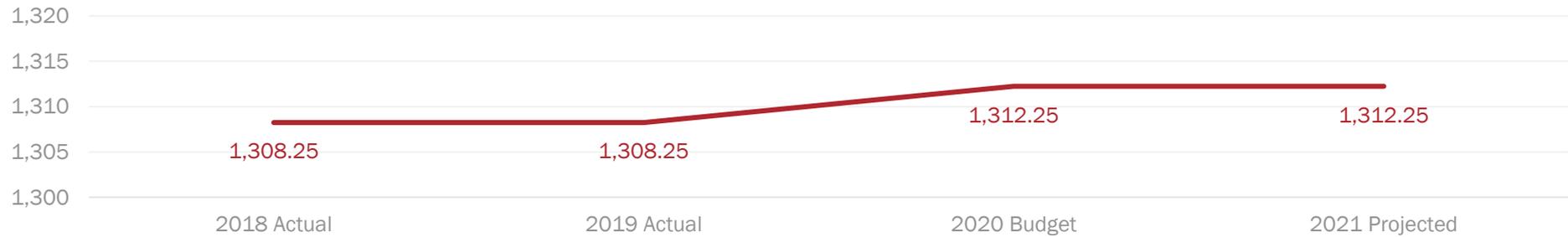
Operating Budget:

Operating Expense Category	2018 Actual	2019 Actual	2020 Budget	2021 Projected	\$ Variance 2021 vs. 2020	% Variance 2021 vs. 2020
Personnel	\$124,476,793	\$132,850,238	\$146,579,146	\$145,582,407	(\$996,739)	(0.7%)
Internal Services & Other	59,165,865	67,484,387	68,334,646	70,384,685	2,050,039	3.0%
Services & Supplies	231,881,272	242,789,556	258,995,106	240,444,861	(\$18,550,245)	(7.2%)
Hotel ⁽¹⁾	28,615,910	31,676,839	36,344,246	31,200,000	(\$5,144,246)	(14.2%)
Total O&M Expense	\$444,139,840	\$474,801,020	\$510,253,144	\$487,611,953	(\$22,641,191)	(4.4%)

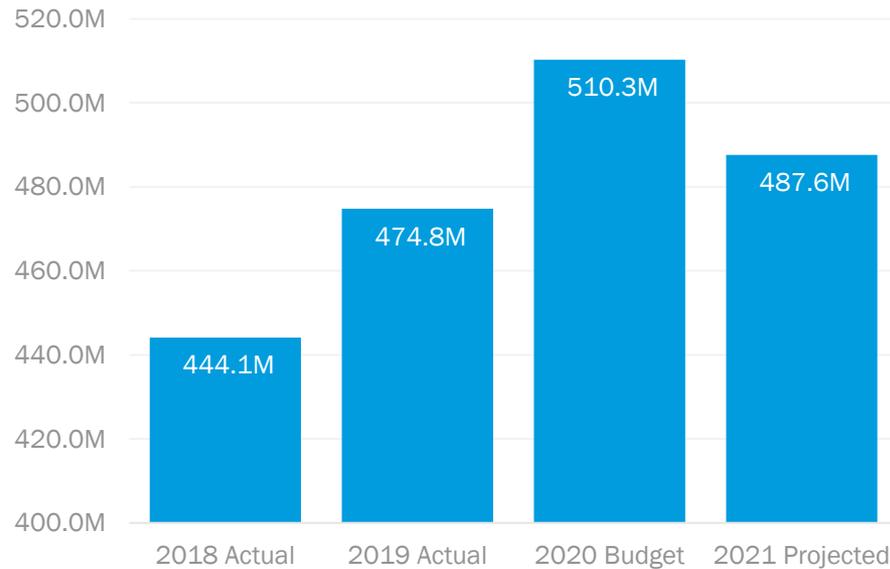
Note: ⁽¹⁾ Includes capital reserves for appropriation purposes

Expenditures & FTE Changes

Total FTE



Total Expenses



Aviation Personnel Overview

Career Service Authority (CSA) Employees	2018 Actual	2019 Actual	2020 Budget	2021 Projected	Variance 2021 vs. 2020	% Variance 2021 vs. 2020
Total Personnel Services	\$124,476,793	\$132,850,238	\$146,579,146	\$145,582,407	(\$996,739)	(0.7%)
Total Direct City Personnel	\$41,053,232	\$44,238,910	\$48,752,906	\$48,768,743	\$15,837	0.0%
FTEs Overview						
Budgeted DEN FTEs	1,308.25	1,308.25	1,312.25	1,312.25	0.00	0.0%
Budgeted Uniform FTEs	250	250	266	243	(23.00)	(8.7%)
Budgeted City FTEs*	41.5	49.5	54.5	54.5	0.00	0.0%
Total Budgeted FTEs*	1,599.75	1,607.75	1,632.75	1,609.75	(23.00)	(1.4%)

Race & Social Justice

Budget Investment Strategy	Impacts
RSJ Education & Awareness	Investing in building cultural competency resources
Employee Talent Recruitment & Retention	Sourcing more diverse applicants, building more diverse hiring panels, & RSJ training with decision-makers
Customer Experience	Reviewing operational policies, practices and experiences of our passengers through equity lens
Community Partnerships	Improving policy & procurement practices, offering technical assistance, networking opportunities, increasing certified firms' participation and capacity building

Aviation Accomplishments

- Ended 2019 with record traffic of over 69 million passengers and won numerous awards in 2020 including Skytrax World Airport Awards
- Terminated the Great Hall Partners (GHP) in August 2019
- Gate Expansion Program – 39 gate expansion
- COVID-19 Response
- In August 2020, the rating agency S&P affirmed DEN credit ratings at A+ for senior bonds and at A for subordinate bonds

Denver International Airport

