



**Los Angeles World Airports  
Operating Budget Update  
February 2010**

- **FY2010-11 is the first year LAX will have significant debt service coming on-line**
- **Debt service is paid from Net Operating Income (NOI)**  
**Revenues – Expenses = NOI**
- **Staff is focused on meeting the NOI targets communicated to investors and Bond Rating Agencies as part of our 2009 bond issuance**
- **Budget targets at VNY and ONT set to reduce airline costs or eliminate deficits**

## LAX Operating Projections

	<u>Proj. FY10*</u>	<u>FY11*</u>	<u>% Incr.</u>
<b>Est Revenue</b>	<b>\$664.0</b>	<b>\$721.0</b>	<b>8.6</b>
<b>Personnel</b>	<b>(\$305.8)</b>	<b>(\$313.0)</b>	<b>2.3</b>
<b>Non-personnel</b>	<b>(\$261.8)</b>	<b>(\$261.0)</b>	<b>0.0</b>
<b>Admin Fee Offset</b>	<b><u>\$ 12.8</u></b>	<b><u>\$ 12.0</u></b>	
<b>Total</b>	<b>(\$554.8)</b>	<b>(\$562.0)</b>	<b>1.3</b>
<b>Net Operating Inc.</b>	<b>\$109.2</b>	<b>\$159.0</b>	
<b>Interest Income</b>	<b><u>\$ 21.7</u></b>	<b><u>\$ 20.0</u></b>	
<b>Rev Pledged to DS</b>	<b>\$130.9</b>	<b>\$179.0</b>	

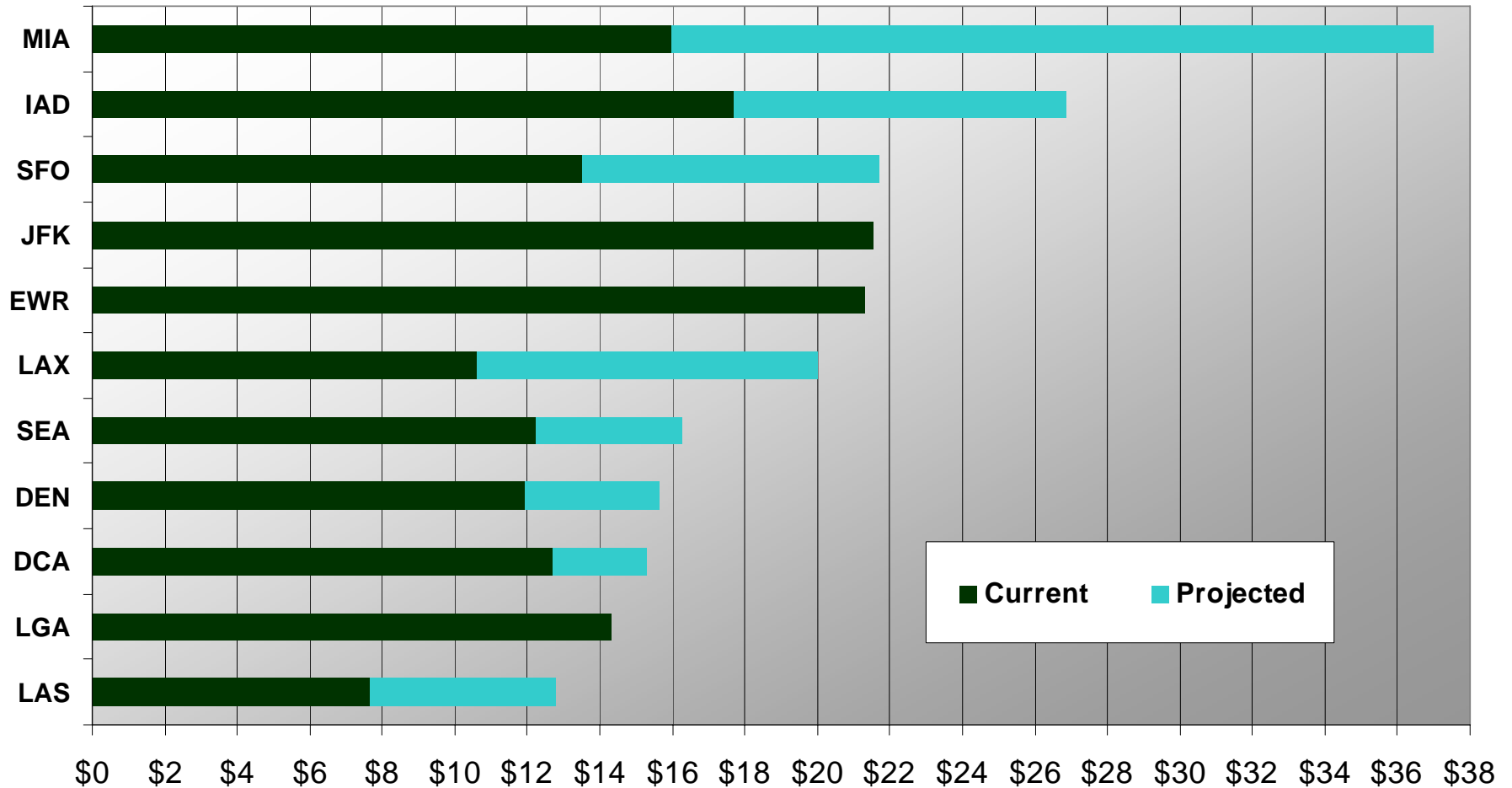
\*Dollars in millions

## Projected LAX Debt Service Coverage

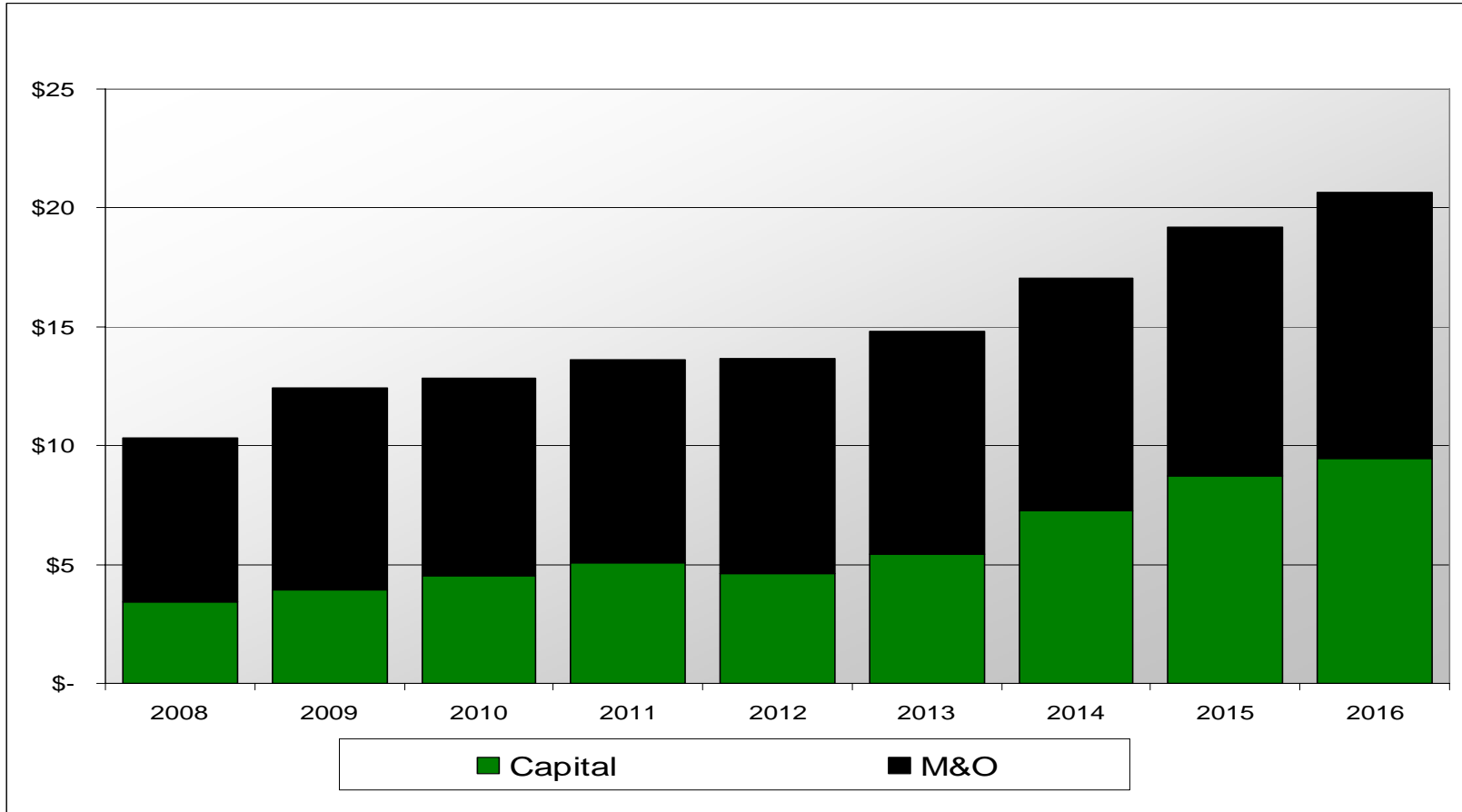
	<u>Proj. FY10*</u>	<u>FY11*</u>
<b>Pledged Revenue</b>	<b>\$130.9</b>	<b>\$179.0</b>
<b>Gross Debt Svc</b>	<b>(\$49.1)</b>	<b>(\$117.0)</b>
<b>Est PFC Offsets</b>	<b><u>\$ 0.0</u></b>	<b><u>\$ 37.0</u></b>
<b>Net Debt Service</b>	<b>(\$49.1)</b>	<b>(\$ 80.0)</b>
<b>Total Debt Service Coverage:</b>	<b>2.9x</b>	<b>2.2x</b>
<b>2009 Feasibility Coverage:</b>	<b>3.0x</b>	<b>2.2x</b>

\*Dollars in millions

# Comparative Airport CPE Projections



## Projected LAX CPE Breakdown



**M&O expenses drive the majority of airline costs at LAX. Controlling budgeted M&O growth can minimize future CPE growth**

## ONT Operating Projection

	<u>Proj.</u> <u>FY10*</u>	<u>FY11*</u>	<u>%</u> <u>Incr.</u>
<b>Est Revenue</b>	<b>\$80.6</b>	<b>\$78.6</b>	<b>(2.5)</b>
<b>Personnel</b>	<b>(\$35.0)</b>	<b>(\$36.0)</b>	<b>2.9</b>
<b>Non-personnel</b>	<b>(\$28.6)</b>	<b>(\$26.0)</b>	<b>(9.1)</b>
<b>Admin Fee</b>	<b>(\$ 9.6)</b>	<b>(\$ 9.5)</b>	
<b>Total</b>	<b>(\$73.2)</b>	<b>(\$71.5)</b>	<b>(2.3)</b>
<b>Interest Income</b>	<b>\$ 2.4</b>	<b>\$ 2.0</b>	
<b>NOI</b>	<b>\$ 9.8</b>	<b>\$ 9.1</b>	
<b>Debt Service</b>	<b>(\$ 7.0)</b>	<b>(\$ 7.0)</b>	
<b>Debt Service Coverage</b>	<b>1.4x</b>	<b>1.3x</b>	

\*Dollars in millions

## VNY Operating Projection

	<u>Proj.</u> <u>FY10*</u>	<u>FY11*</u>	<u>%</u> <u>Incr.</u>
<b>Est Revenue</b>	<b>\$16.8</b>	<b>\$16.9</b>	<b>0.6</b>
<b>Personnel</b>	<b>(\$ 7.2)</b>	<b>(\$ 7.2)</b>	<b>0.0</b>
<b>Non-personnel</b>	<b>(\$ 9.1)</b>	<b>(\$ 7.5)</b>	<b>(17.6)</b>
<b>Admin Fee</b>	<b>(\$ 2.3)</b>	<b>(\$ 2.2)</b>	
<b>Total</b>	<b>(\$18.6)</b>	<b>(\$16.9)</b>	<b>(9.1)</b>
<b>Interest Income</b>	<b>\$ 0.0</b>	<b>\$ 0.0</b>	
<b>NOI</b>	<b>(\$ 1.9)</b>	<b>\$ 0.0</b>	
<b>Depreciation/Amort</b>	<b>(\$ 2.4)</b>	<b>(\$ 2.4)</b>	
<b>Asset Coverage</b>	<b>Neg</b>	<b>Neg</b>	

\*Dollars in millions

### Challenges:

- **Potential fallout from City budget crisis**
- **Impact of “Super-Living Wage” on airport costs**

### Budget TimeLine:

- **Management will conduct reviews and adjust the budget according to priorities**
- **Preliminary budget figures will be submitted to the Mayor’s office for the Blue Book in March**
- **Staff will present updated budget figures to the BOAC for review and comment in April**
- **Staff will present the final budget for BOAC approval in May**



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