



## Fiscal Year 2023-2024 Proposed Budget

Los Angeles World Airports  
Board of Airport Commissioners,  
June 01, 2023

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This presentation contains forward-looking statements which may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. Actual results could differ materially from those set forth in the forward-looking statements.

# FY2024 LAWA Operating Budget Proposal

(\$ Millions)	Proposed Budget
Revenues	\$2,005
Expenses*	(1,076)
<b>Operating Income</b>	<b>\$929</b>
Net Debt Service**	(424)
<b>Remaining for Capital and Reserves</b>	<b>\$505</b>

  

Key Financial Metrics	
Debt Service Coverage (DSC)	2.2x
O&M Days Cash on Hand (DCOH)	Exceeds 365 days
Airline Cost per Enplanement	28.4

- ✓ FY2024 budget meets all LAX Bond Indenture covenants.
- ✓ Operating income sufficient to cover debt service and fund a portion of FY2024 capital costs.

\* Including \$30 million capitalizable Personnel Expenses.

\*\* Net of \$130 million in Passenger Facility Charge (PFC) revenues.

# FY2024 vs FY2023 LAWA Operating Budget

(\$ Millions)	FY2023 Adopted Budget	FY2024 Proposed Budget	Increase/(Decrease)	
			\$	%
Revenues	\$1,731	\$2,005	\$274	16%
Expenses*	<u>(988)</u>	<u>(1,076)</u>	<u>88</u>	9%
<b>Operating Income</b>	<b>\$743</b>	<b>\$929</b>	<b>\$186</b>	<b>25%</b>
Net Debt Service**	<u>(345)</u>	<u>(424)</u>	<u>79</u>	23%
<b>Remaining for Capital and Reserves</b>	<b>\$398</b>	<b>\$505</b>	<b>\$107</b>	<b>27%</b>
LAX Debt Service Coverage***	2.3x	2.2x	(0.1x)	(4%)

\* Including capitalizable Personnel Expenses.

\*\* Net of Passenger Facility Charge (PFC) revenues.

\*\*\* Calculated in accordance with the LAX Bond Indentures

# FY2024 LAWA Revenues

(\$ Millions)	Proposed Budget	% Total
Terminal Rents	\$889	44%
Landing and Apron Fees	385	19%
Other Airline Revenues	12	1%
<b>Airline Revenues</b>	<b>\$1,286</b>	<b>64%</b>
Land and Building Rents	\$227	11%
Terminal Concessions	166	8%
Parking	170	9%
Ground Transportation (incl TNCs)	64	3%
Rental Cars	83	4%
Other	9	1%
<b>Non-Airline Revenues</b>	<b>\$719</b>	<b>36%</b>
<b>Total Revenues</b>	<b>\$2,005</b>	<b>100%</b>

**75%**  
Revenues are fixed rents or subject to full cost recovery from airlines

**25%**  
are activity-driven

- ✓ Operating revenue forecast is 30%, or \$467 million above the pre-pandemic level as measured by FY2019 actual results, driven by higher airline revenues.

## Key Revenue Assumptions

- 64% of LAWA's revenues are driven by airline rates and charges, based on cost recovery formulas used to calculate terminal rates and landing and apron fees\*.
- Non-aeronautical revenues increase by \$76 million, or 19%, compared to FY2023 Adopted Budget, driven by higher passenger traffic forecast and increased parking capacity, but are expected to be approximately \$28 million, or 4% below FY2019 actual results.

\* Terminal rates and airfield fees are set annually based on eligible costs related to these areas and reconciled at the end of the year to ensure full recovery of the costs that are allocated to be paid by the airlines.

# FY2024 Operating Expenses

(\$ Millions)	Proposed Budget
Personnel Costs*	\$537.5
Non-Personnel Costs	<u>538.9</u>
<b>Total Operating Expenses**</b>	<b>\$1,076.4</b>

- Personnel Costs are \$40 million or 8% higher compared to FY2023 Adopted Budget.
  - Budgeted headcount is 3,662 full and part-time positions.
- Non-Personnel Costs increased by \$47 million or 10% higher compared to FY2023 Adopted Budget, due to increased operations, inflationary pressures, and contractual increases.

\* Include \$30 million Capitalizable Personnel Costs.

\*\* Before Depreciation and Amortization.

# FY2024 Staffing Plan vs. FY2019

	FY2019 Actual	FY2024 Proposed Budget
Total Headcount	3,642	3,662
<b>Key Security and Operational Positions:</b>		
Airport Police Officer I&II	248	266
Security Officer	351	364
Airport Superintendent of Operations I&II	79	93
Custodian	480	512
Electrician	33	35
Elevator Mechanic	10	21
Elevator Mechanic Helper	12	16
Equipment Operator	14	16
Heavy Duty Equipment Mechanic	11	14
Instrument Mechanics	12	15
Maintenance & Construction Helper	<u>14</u>	<u>22</u>
Subtotal:	1,264	1,374

# Expense Risks and Mitigation

Budget Risk	Mitigation
Lower revenues due to lower passenger traffic	<ul style="list-style-type: none"><li>• Operating expenses will be reduced.</li><li>• Airline rates can be adjusted twice throughout the year and are subject to year-end settlement to achieve full cost recovery.</li></ul>
Higher costs/Insufficient staffing and/or level of service due to faster traffic recovery	<ul style="list-style-type: none"><li>• Budget and operations staffing levels will be monitored on a monthly basis and a mid-year adjustments may be made based on traffic and revenue performance.</li></ul>

# Requested Board Actions

- Adopt FY2023-24 Proposed Budget.
- Appropriate funding for operating expenses in the amount of \$1,076,487,000.
- Approve reimbursement of expenses incurred by various departments of the City of Los Angeles for services that provide direct benefit to Los Angeles World Airports.
- Appropriate \$65,000,000 for capital outlays, vehicle and equipment purchases.
- Approval of this item will appropriate funds in the amount of \$20,673,000 for Program Support to cover various service groups supporting the Capital Improvement Plan and authorize the charging of these costs to specific projects.
- Approval of this item will appropriate revolving funds in the amount of \$50,000,000 for preconstruction, planning, initial design and environmental clearance for proposed capital projects to be allocated to such projects and their WBS numbers as needed.
- Appropriate funds to pay principal, interest and financing costs of LAWA-issued debt payable in FY2023-24 in amounts not to exceed \$585,877,000.
- Authorize the use of up to \$130,193,000 Passenger Facility Charge collections to pay eligible debt service.
- Authorize to allocate funds to maintain the designated Maintenance Operations Reserve Funds at \$269,122,000.
- Transmit required reports pursuant to Section 11.28.3 of the City of Los Angeles Administrative Code.

# APPENDIX

# LAX Enplanements – Actual and Forecast

(in Millions)	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Projected	FY2024 Budget
Domestic	31.2	22.4	12.4	24.1	25.7	29.5
International	13.0	9.0	2.2	6.1	10.0	12.0
<b>Total Enplanements*</b>	<b>44.2</b>	<b>31.4</b>	<b>14.6</b>	<b>30.2</b>	<b>35.7</b>	<b>41.5</b>
YOY Change	-	-29%	-54%	+107%	+18%	+16%
vs. FY2019 Actual	-	-29%	-67%	-32%	-19%	-6%

\* Enplanements, or enplaned passengers, are passengers boarding a plane at an airport, and are, on average, equal approximately 50% of total passengers using the airport. It is a common air traffic metric, used to estimate the airport unit cost and unit revenue and forecast passenger-driven revenues.