

Fiscal Year 2025-2026 Proposed Budget

LOS ANGELES WORLD AIRPORTS

Board of Airport Commissioners,

June 05, 2025

LAWA | LAX VNY

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.

FY2026 LAWA Operating Budget

(\$ Millions)	FY26 Proposed Budget
Revenues	\$2,271
Expenses*	(1,259)
Operating Income	\$1,012
Net Debt Service**	(599)
Remaining for Capital and Reserves	\$413
Key Financial Metrics	
Debt Service Coverage (DSC)	1.9x
O&M Days Cash on Hand (DCOH)	550 days
Airline Cost per Enplanement	\$37.60

✓ FY2026 budget meets all LAX Bond Indenture covenants.

✓ Operating income sufficient to cover debt service and fund a portion of FY2026 capital costs.

* Including \$34 million capitalizable Personnel Expenses

** Net of \$173.8 million Passenger Facility Charge (PFC) applied to Debt Service

All numbers are preliminary, unaudited, subject to change

FY2025 vs FY2026 LAWA Operating Budget

(\$ Millions)	FY2026 Proposed Budget	FY2025 Adopted Budget	Increase/(Decrease)	
			\$	%
Revenues	\$2,271	\$2,124	\$147	7%
Expenses*	<u>(1,259)</u>	<u>(1,195)</u>	<u>64</u>	5%
Operating Income	\$1,012	\$929	\$83	9%
Net Debt Service**	<u>(599)</u>	<u>(557)</u>	<u>42</u>	8%
Remaining for Capital and Reserves	\$413	\$372	\$41	11%
LAX Debt Service Coverage***	1.9x	1.8x	0.1x	6%

* Including capitalizable Personnel Expenses.

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

*** Calculated in accordance with the LAX Bond Indentures

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FY2026 LAWA Revenues

(\$ Millions)	Proposed Budget	% Total	
Terminal Rents	\$1,072	47%	76% Revenues are fixed rents or subject to full cost recovery from airlines
Landing and Apron Fees	401	18%	
Other Airline Revenues	52	2%	
Airline Revenues	\$1,525	67%	
Land and Building Rents	\$250	11%	24% are activity-driven
Terminal Concessions	170	7%	
Parking	163	7%	
Ground Transportation (incl TNCs)	67	3%	
Rental Cars	80	4%	
Other	16	1%	
Non-Airline Revenues	\$746	33%	
Total Revenues	\$2,271	100%	

FY2026 Operating Expenses

(\$ Millions)	Proposed Budget
Personnel Costs*	\$631.7
Non-Personnel Costs	<u>627.6</u>
Total Operating Expenses**	\$1,259.3

- FY2026 Personnel Costs are \$48 million or 8% higher compared to FY2025 Adopted Budget.
 - Budgeted headcount is 3,792 full and part-time positions.
- FY2026 Non-Personnel Costs increased by \$16 million or 3% higher compared to FY2025 Adopted Budget, due to inflationary pressures, contractual increases, and higher utility costs.

* Include \$34 million Capitalizable Personnel Costs.
** Before Depreciation and Amortization.

FY2026 Staffing Plan vs FY2025 Staffing Plan

	FY2026 Proposed Budget (Filled + Vacant)	FY2025 Adopted Budget (Filled + Vacant)	FY2025 as of May 8th Current (Filled)
Total Headcount	3,792	3,772	3,215
Key Security and Operational Positions:			
Airport Police Officer I&II	255	267	228
Security Officer	478	412	362
Airport Superintendent of Operations I&II	84	91	70
Custodian	551	561	528
Electrician	35	35	22
Elevator Mechanic	15	21	14
Elevator Mechanic Helper	7	16	7
Equipment Operator	16	16	14
Heavy Duty Equipment Mechanic	14	14	12
Instrument Mechanics	12	15	10
Maintenance & Construction Helper	<u>16</u>	<u>22</u>	<u>11</u>
Subtotal:	1,483	1,470	1,278

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LAWA Budgeted Vacancies by Bargaining Unit as of May 08, 2025

Bargaining Unit	Filled	Vacant	Total	Percent Vacant
MOU 00 - Non-Represented	79	31	110	28.18%
MOU 01 - Administrative	320	62	382	16.23%
MOU 02 - Building Trades	151	26	177	14.69%
MOU 03 - Clerical	320	83	403	20.60%
MOU 04 - Equipment Operation and Labor	211	36	247	14.57%
MOU 05 - Inspectors	44	0	44	0.00%
MOU 08 - Professional Engineering and Scientific	71	15	86	17.44%
MOU 09 - Plant Equipment Operation and Repair	34	11	45	24.44%
MOU 10 - Professional Medical	1	0	1	0.00%
MOU 12 - Supervisory Blue Collar	125	28	153	18.30%
MOU 13 - Supervisory Building Trades	15	4	19	21.05%
MOU 14 - Service and Craft	70	14	84	16.67%
MOU 15 - Service Employees	564	28	592	4.73%
MOU 17 - Supervisory Professional Engineering and Scientific	24	2	26	7.69%
MOU 18 - Safety / Security	321	116	437	26.54%
MOU 19 - Supervisory Technical	23	7	30	23.33%
MOU 20 - Supervisory Administrative	143	24	167	14.37%
MOU 21 - Technical	43	11	54	20.37%
MOU 30 - L.A. Airport Peace Officers	363	35	398	8.79%
MOU 35 - Craft Workers/ Hiring Hall	31	3	34	8.82%
MOU 36 - Management Employees	152	27	179	15.08%
MOU 37 - Executive Administrative Assistants	11	3	14	21.43%
MOU 39 - L.A. Airport Supervisory Peace Officers	77	6	83	7.23%
MOU 40 - Airport Police Command Officers	11	1	12	8.33%
MOU 62 - Operating Engineers/ Hiring Hall	4	3	7	42.86%
MOU 63 - Personnel Director	1	0	1	0.00%
MOU 64 - Senior Personnel Analyst	6	1	7	14.29%
Total	3,215	577	3,792	15.22%

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Cost Per Enplaned Passenger* – International Gateways Comparison

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Forecast	FY2026 Forecast
LAX	\$16.52	\$21.19	\$41.86	\$23.27	\$26.94	\$28.03	\$34.00	\$37.60
SFO	\$17.70	\$24.01	\$62.35	\$35.42	\$23.77	\$22.58	\$23.80	\$29.94
ORD	\$18.35	\$41.58	\$29.77	\$27.72	\$29.03	\$28.43 Estimated	\$29.07	\$29.21
JFK	\$27.40	\$59.29	\$43.85	\$34.04	\$33.65	\$36.01	N/A	\$90-100
EWR	\$26.39	\$66.46	\$46.92	\$30.69	\$30.60	\$31.67	N/A	N/A
MIA	\$19.23	\$21.74	\$24.73	\$19.44	\$18.41	\$17.09	\$17.45	\$19.60

LAX and SFO – Fiscal Year ended June 30.
ORD, JFK, and EWR – Fiscal Year ended December 31.
MIA – Fiscal Year ended September 30.

Note: Sources include Annual Reports, Official Statements, FAA CATS and Airport projections.
1) Source: ORD 2023 ACFR.
2) JFK New Terminal One FY 2026 CPE projected to be \$90 to \$100 excluding landing fees, per NYTDC Series 2024 OS.

* 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.

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Budget Risks and Mitigation

Budget Risk	Mitigation
Lower revenues due to lower passenger traffic	<ul style="list-style-type: none">• Operating expenses will be reduced.• Airline rates can be adjusted twice throughout the year and are subject to year-end settlement to achieve full cost recovery.
Higher costs/Insufficient staffing and/or level of service due to faster traffic recovery	<ul style="list-style-type: none">• 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.

FY 2025-26 Proposed – Costs Not in the Budget

Operating Expenses (\$ in millions)	FY 2026 Unfunded
<u>Not in the Budget</u>	
LAMP/APM Non-Personnel ¹ (assuming April 1, 2026 activation)	\$10
LAMP/APM Personnel ²	4
Transfer LACERS Benefit Service to LAFPP Tier 6	56
Total	\$70

¹Excludes Capitalized Portion of Expenses

²Non-Security Personnel

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Requested Board Actions

- Adopt FY2025-26 Proposed Budget.
- Appropriate funding for operating expenses in the amount of \$1,259,306,000.
- 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.
- Appropriate funds in the amount of \$26,800,000 for Program Support to cover various service groups supporting the Capital Improvement Plan and authorize the charging of these costs to specific projects.
- 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 FY2025-26 in amounts not to exceed \$817,391,000.
- Authorize the use of up to \$173,800,000 Passenger Facility Charge collections to pay eligible debt service.
- Authorize to allocate funds to maintain the designated Maintenance Operations Reserve Funds at \$322,728,000.
- Transmit required reports pursuant to Section 11.28.3 of the City of Los Angeles Administrative Code.

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