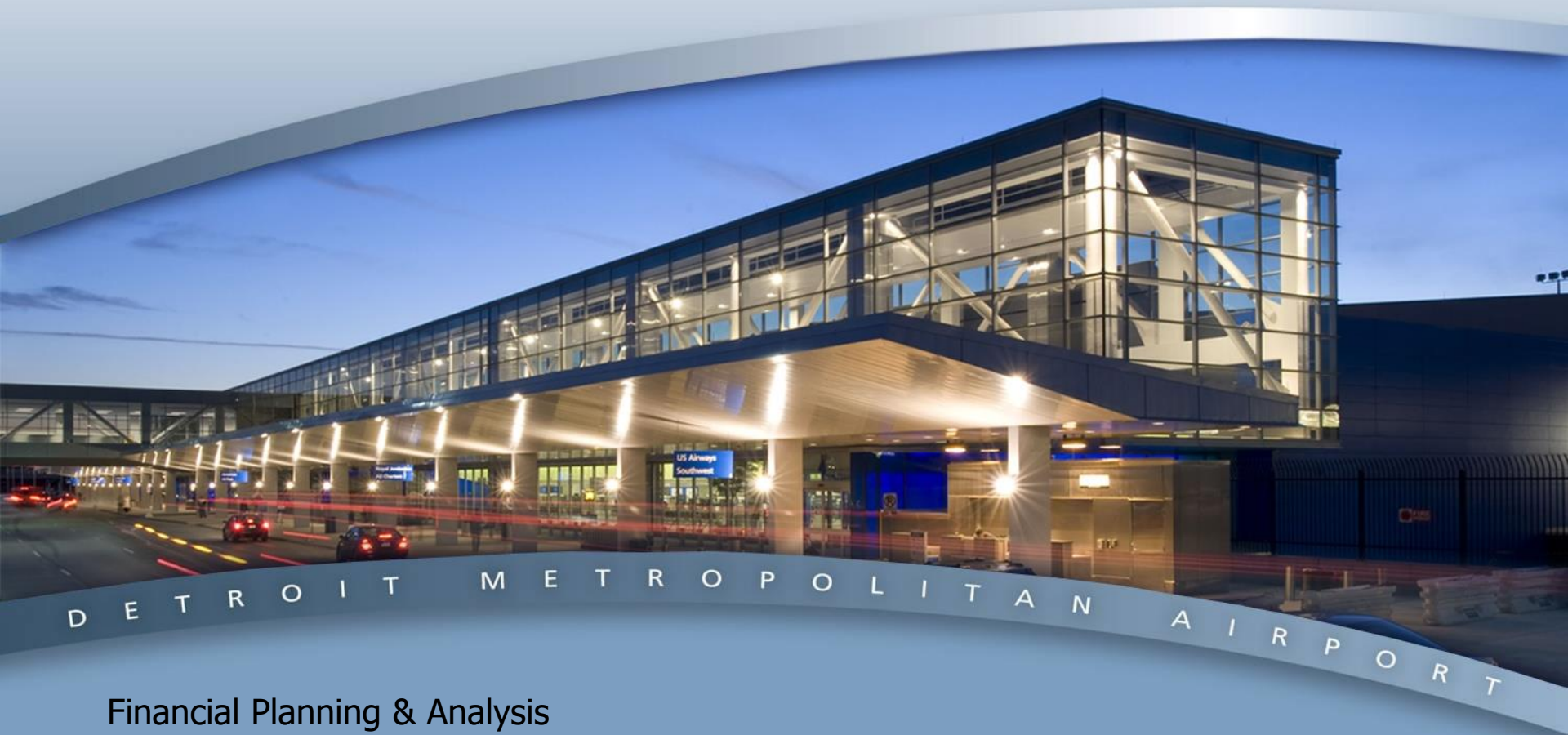




DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY



D E T R O I T M E T R O P O L I T A N A I R P O R T

Financial Planning & Analysis
Wayne County Airport Authority

Preliminary FY 2015 Budget Presentation to the Detroit Airline Airport Affairs Committee

August 13, 2014

Agenda

WCAA Strategic Plan

Modest Growth Expected for Enplanements and Landed Weights

Detroit Metropolitan Airport Preliminary FY 2015 Budget

Preliminary Non-Airline Revenues

Preliminary Operating & Maintenance Expenses

Strategic Approach to the Capital Improvement Plan

Progress and Accomplishments of Current Capital Projects

Preliminary DTW Capital Improvement Plan FY 2015 – FY 2019

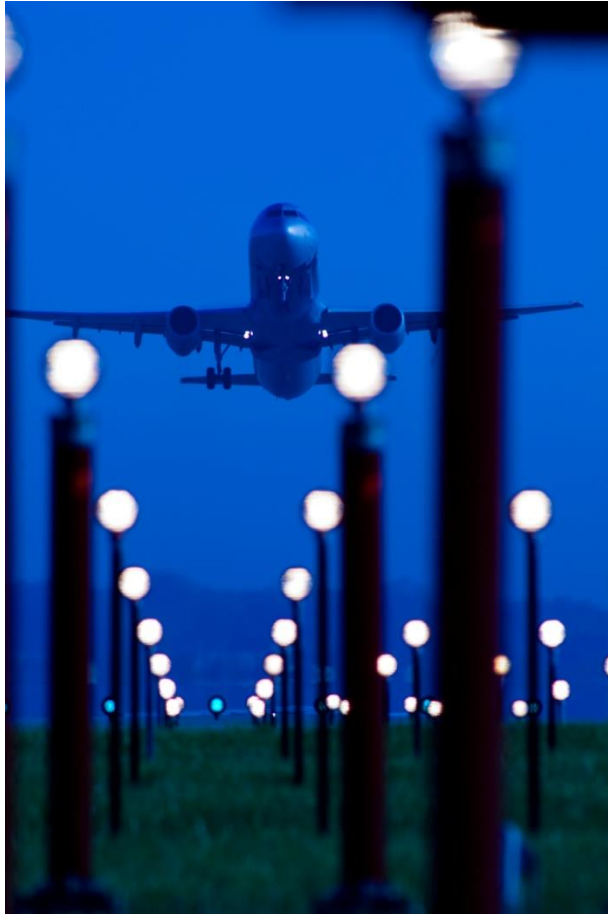
Debt & Preliminary FY 2015 Non-Operating Expenses

Preliminary Airline Revenue

Appendix

WCAA Strategic Plan

Our Mission



To operate safe, secure and dynamic air transportation facilities for our customers, creating economic vitality by providing global travel, cargo and business opportunities.

Strategic Objectives

CUSTOMER SATISFACTION

Provide a world-class passenger experience

Build business partnerships with airlines and tenants

Grow air service

FINANCIAL COMPETITIVENESS & STABILITY

Maintain competitive cost structure

Diversify and grow non-airline revenue

Actively manage airport debt

OPERATIONAL EXCELLENCE

Maximize airfield efficiency and capacity

Operate safe and secure airports

Implement environmentally responsible solutions

Simplify passenger movement and facilitation

PEOPLE

Live our core values

Equip all employees with critical skills

Develop employees for future roles

REGIONAL DEVELOPMENT AND GROWTH

Provide opportunities for development

Support movement of air cargo

Create opportunities for job growth

New Strategic Initiatives: Customer Satisfaction

Customer Satisfaction

- Establish a Cohesive Airport Campus
- Improve Overall Airport Ambience at the North Terminal
- Advance Airport Wayfinding Through Use of Mobile/Digital Means

Financial Competitiveness & Stability

- Actively Manage and Control Employee Pension Plans and Funding Obligations:
 - Establish a System and Plan
 - Complete Agency Service Agreement with Wayne County Employee Retirement System

New Strategic Initiatives: Operational Excellence

Operational Excellence

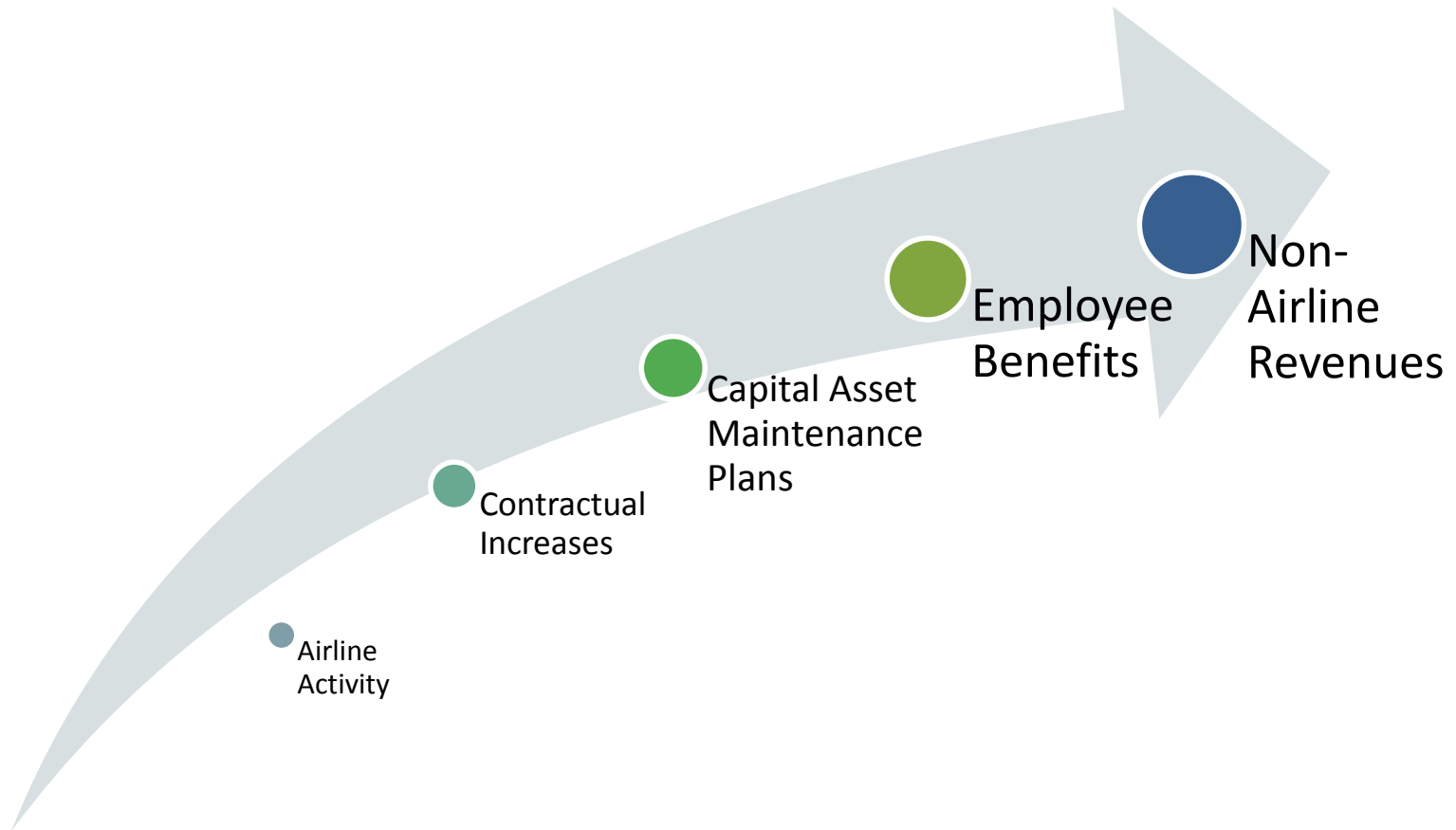
- Create a Geographic Information System (GIS) Platform
- Implement One-Pass Snow Removal Operation
- Reduce Carbon Footprint by 20% within 5 Years

New Strategic Initiatives: People

People

- Commence a Leadership Development Academy
- Initiate an Internship Program

Strategic Objectives are Supported by the FY 2015 Budget



Modest Growth Expected for Enplanements or Landed Weights

As airlines manage capacity demands, the Airport is seeing modest growth in enplanements and landed weights, putting pressure on the ability to increase non-airline revenues and PFC collections (which directly offsets debt service costs).

New Carriers and New Routes Drive FY 2015 Growth

- **Alaska Airlines (New Carrier)**
 - September: Begins non-stop service to Seattle, WA
- **JetBlue (New Carrier)**
 - March: Began service with three daily flights to Boston, MA
- **Delta**
 - September: Begins non-stop daily service to Rochester, MN
- **Frontier**
 - April: Began non-stop service to Wilmington, DE (3 flights per week)
 - September: Begins non-stop service to Washington-Dulles (6 flights per week)
- **Spirit**
 - May: Began non-stop service to Minneapolis, MN
 - August: Begins non-stop service to Kansas City, MO
 - Spirit now providing year-round, non-stop service to Los Angeles, CA



Nonstop competition now exists to each of the Airport's top 20 domestic O&D markets

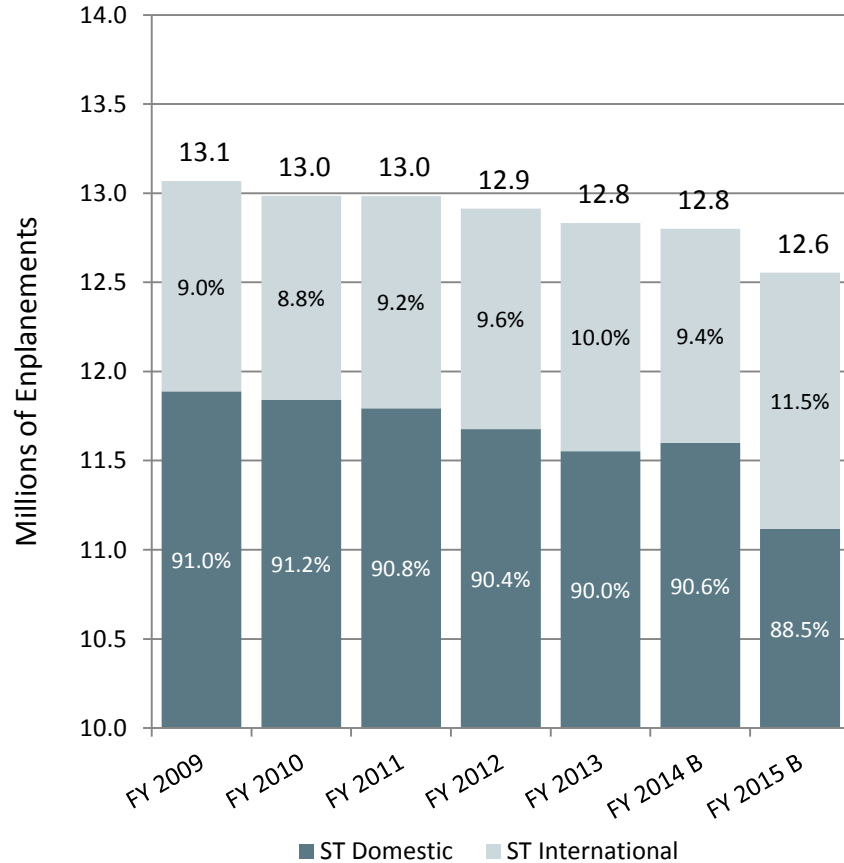
International Enplanements Continue to Grow

- Delta has expanded operations at the Airport with:
 - Considerable additional international service, such as Incheon, South Korea; Sao Paulo, Brazil; Shanghai, China; and Rome, Italy
 - Additional daily flight to London Heathrow began in June 2014 (two flights total)
- Delta is committed to make DTW its largest Asian gateway
 - DTW-Asia capacity scheduled to increase by 7% annually this winter
 - Shanghai, Seoul, Tokyo-Narita and Nagoya all on Boeing 747's
 - Largest Asia gateway by a wide margin, 30% more daily seats than SEA for the 12-months ending March 2015
 - DTW is Asian gateway for East Coast, Midwest and Southeast regions
 - SEA is focused on West Coast and Pacific Northwest

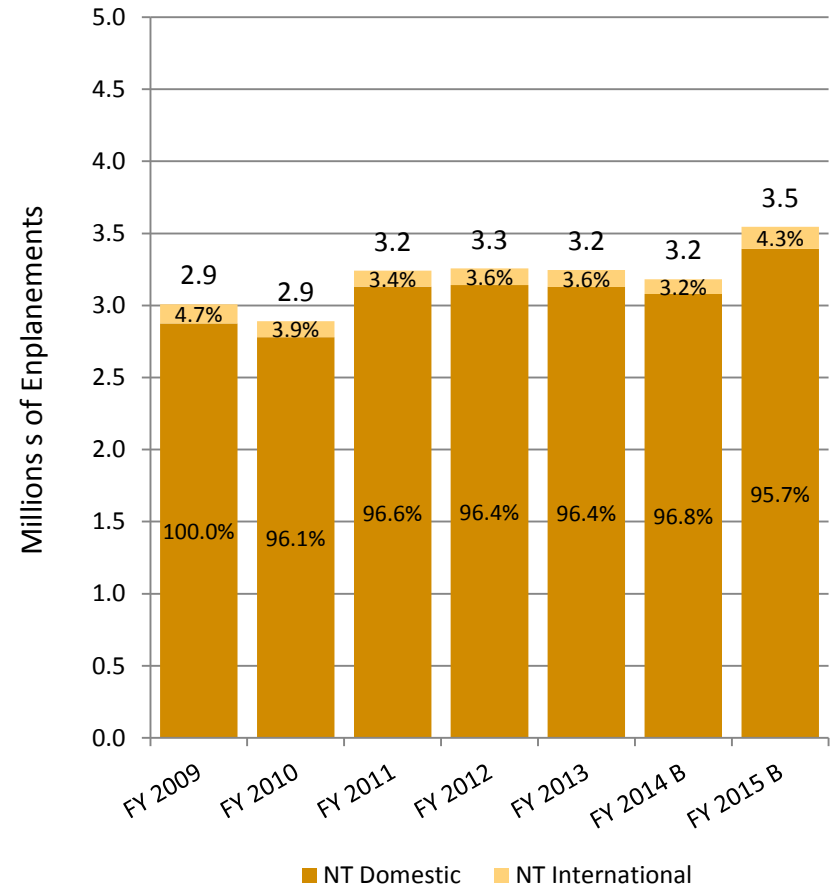
International & Low Cost Carriers Drive Growth

Fiscal Years 2009-2015

South Terminal Enplanements



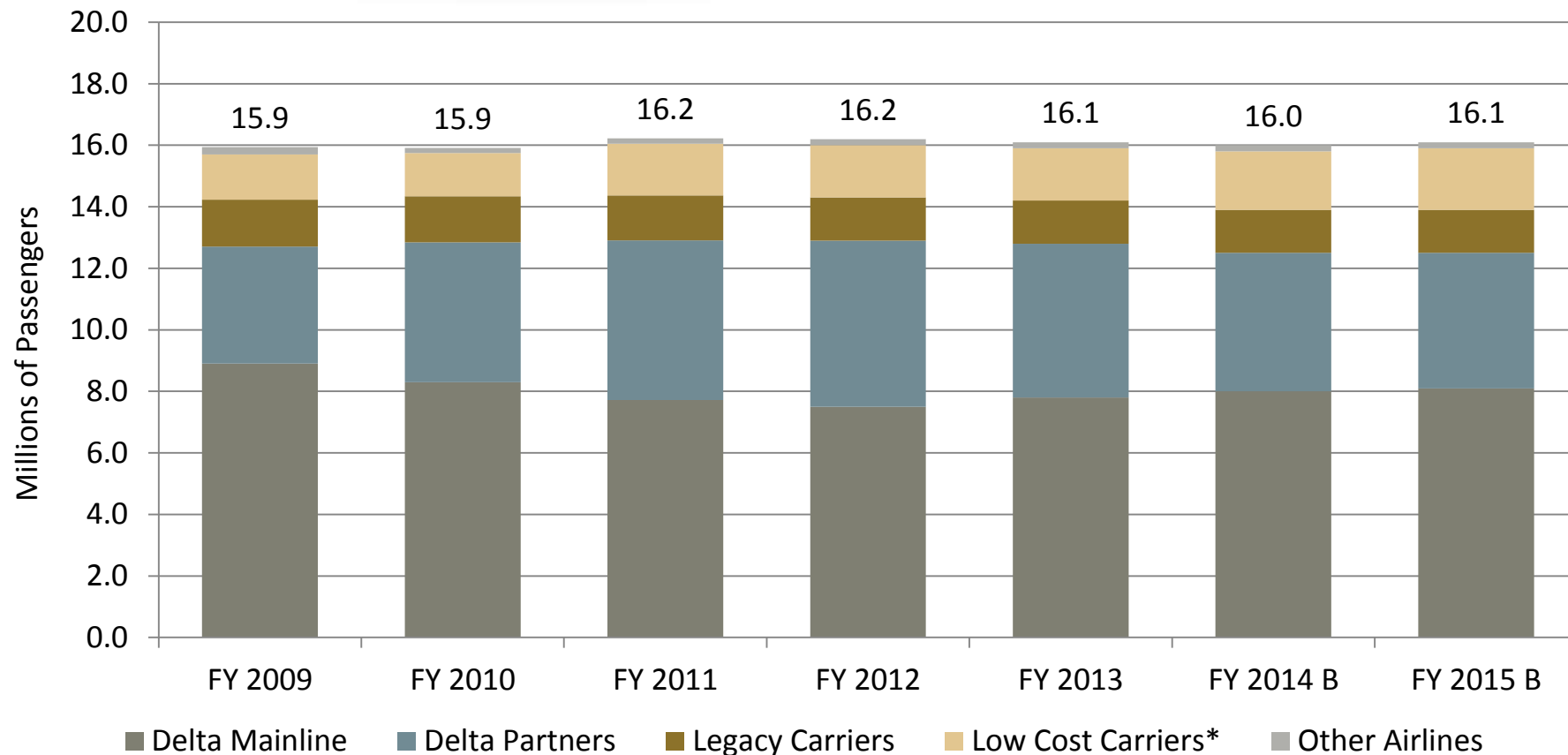
North Terminal Enplanements



Source: Wayne County Airport Authority

DTW Enplanements Estimated to Grow by 1%

Fiscal Years 2009-2015



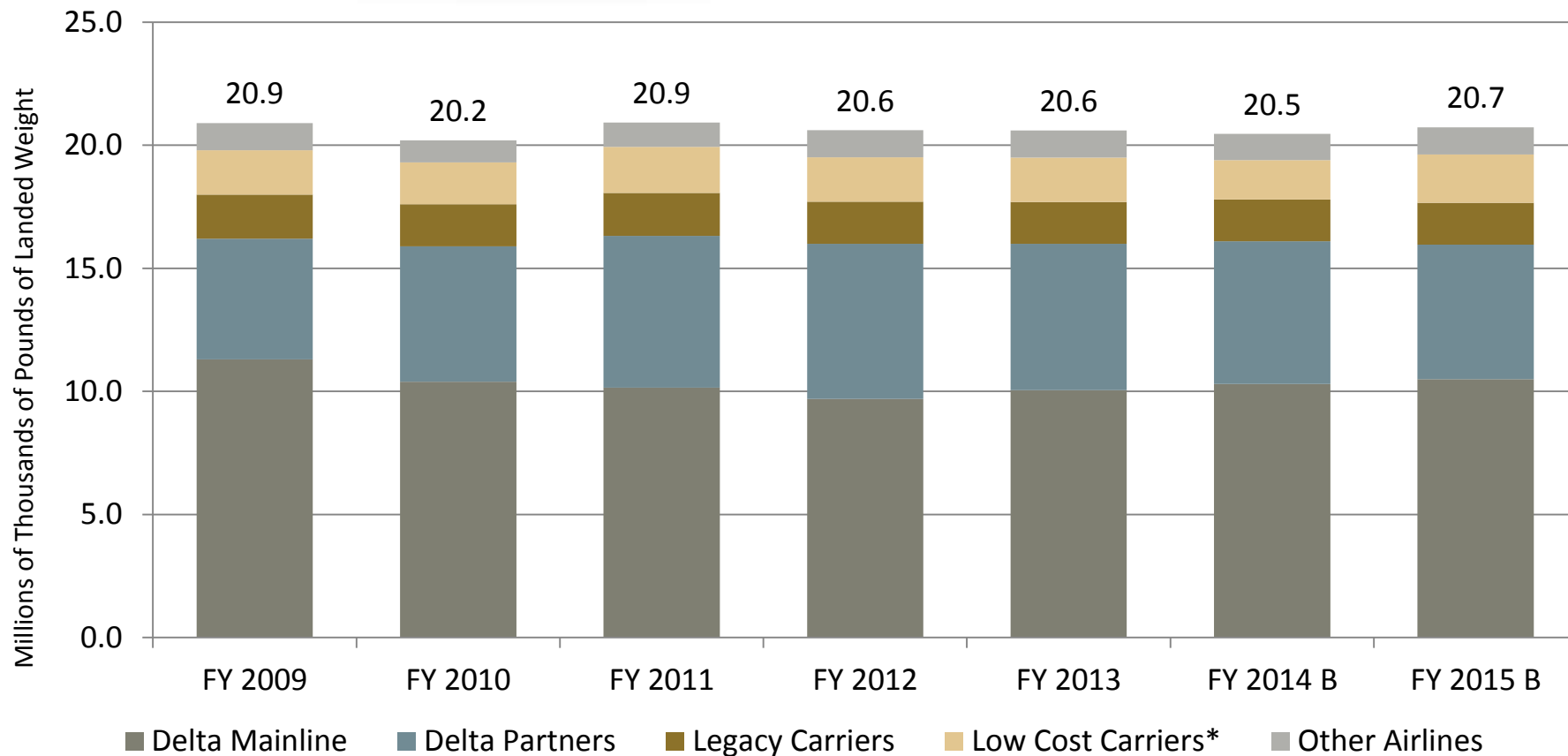
* Low Cost Carriers include Frontier Airlines, JetBlue, Southwest Airlines/AirTran Airways, Spirit Airlines

Note: Based on fiscal year data. Legacy Carriers numbers include their regional affiliates.

Source: Wayne County Airport Authority

DTW Landed Weights to Increase by 1%

Fiscal Years 2009-2015



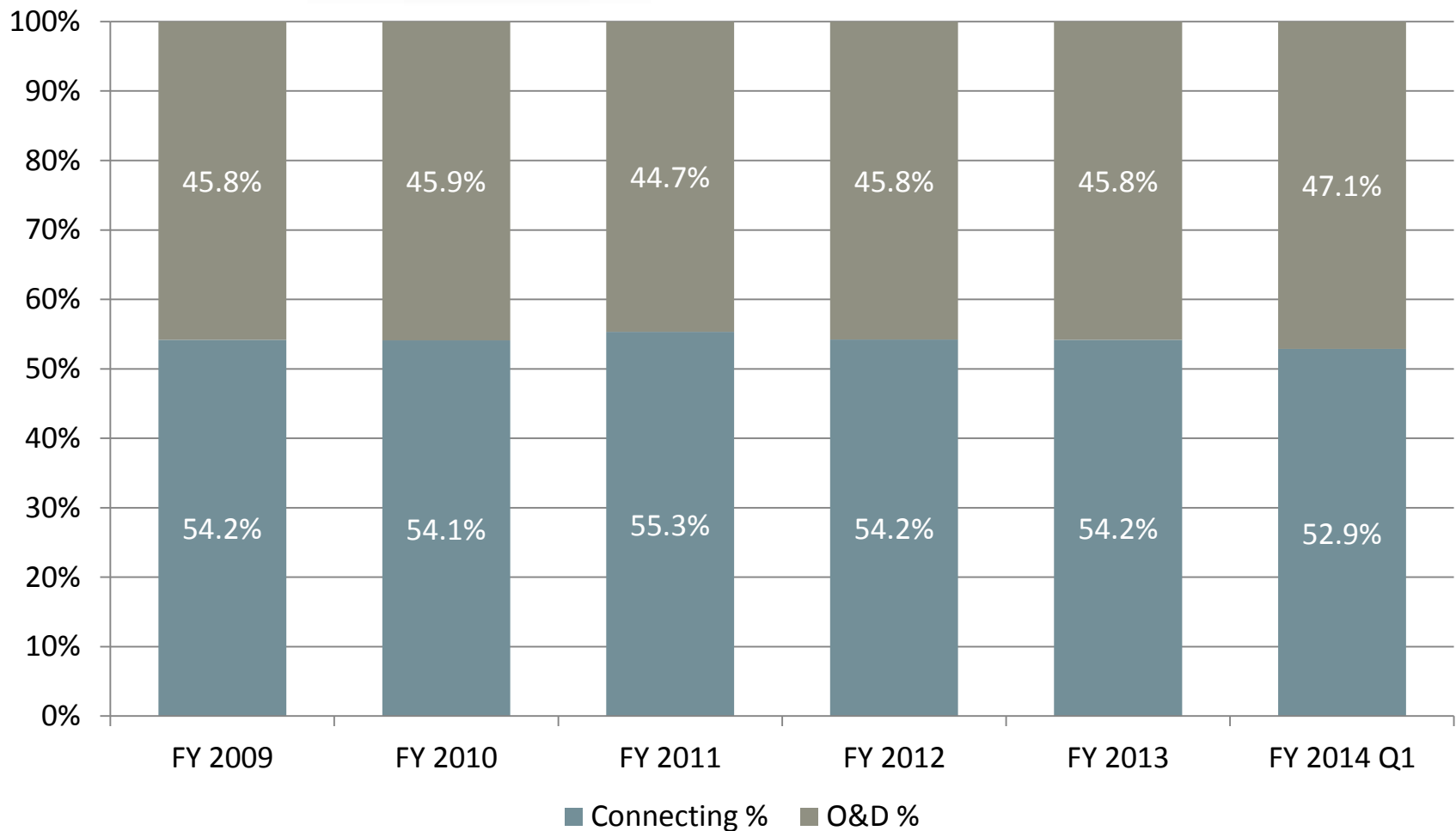
* Low Cost Carriers include Frontier Airlines, JetBlue, Southwest Airlines/AirTran Airways, Spirit Airlines

Note: Based on fiscal year data. Legacy Carriers numbers include their regional affiliates.

Source: Wayne County Airport Authority

DTW O&D and Connecting Passengers

Fiscal Years 2010-2014 Q1



Source: U.S. Department of Transportation

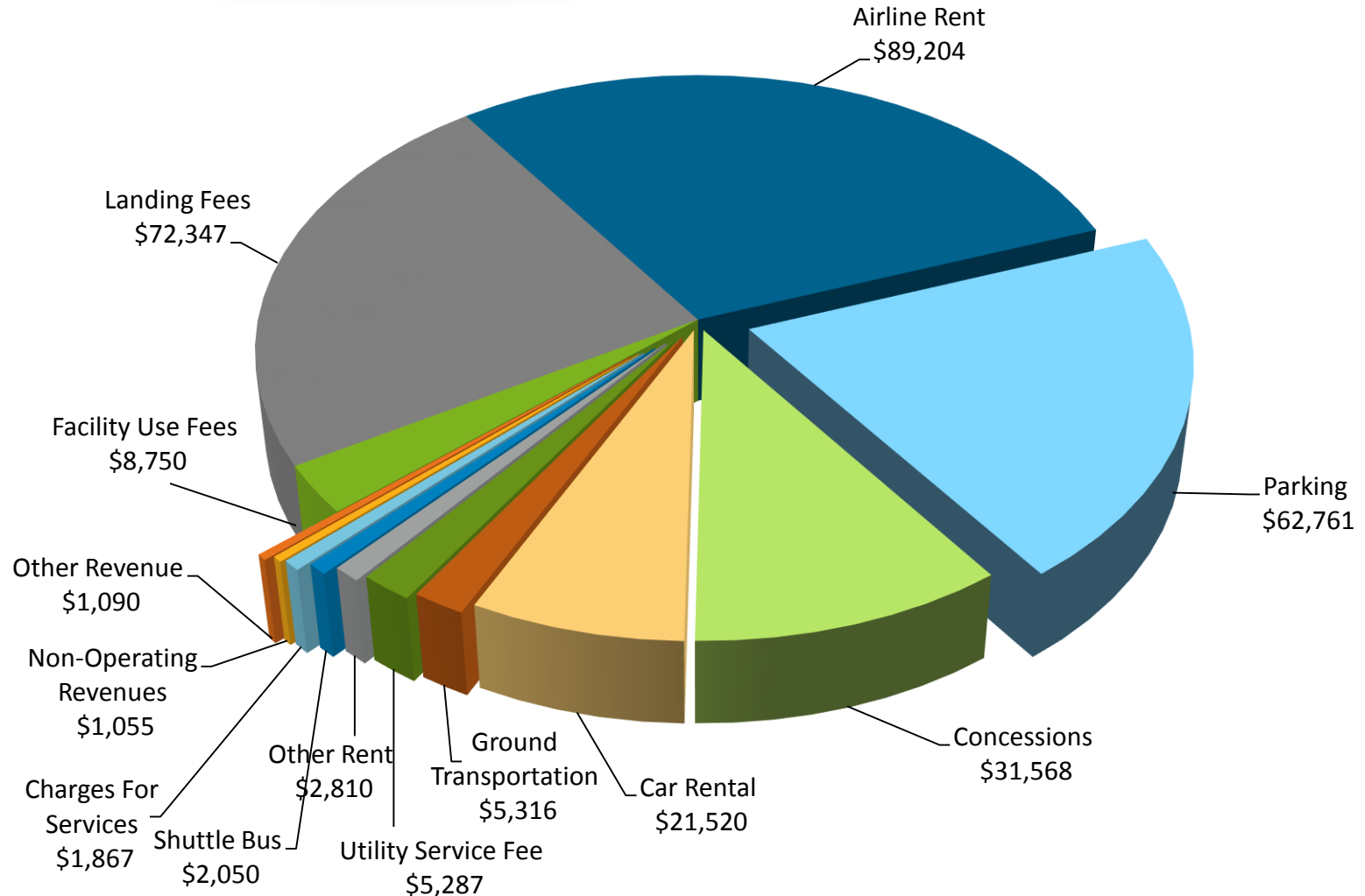
Detroit Metropolitan Airport (DTW) Preliminary FY 2015 Budget

The budget serves as an important management tool to plan for, control and evaluate the Authority's operations. It represents management's best effort to meet the needs and goals of all Authority stakeholders.

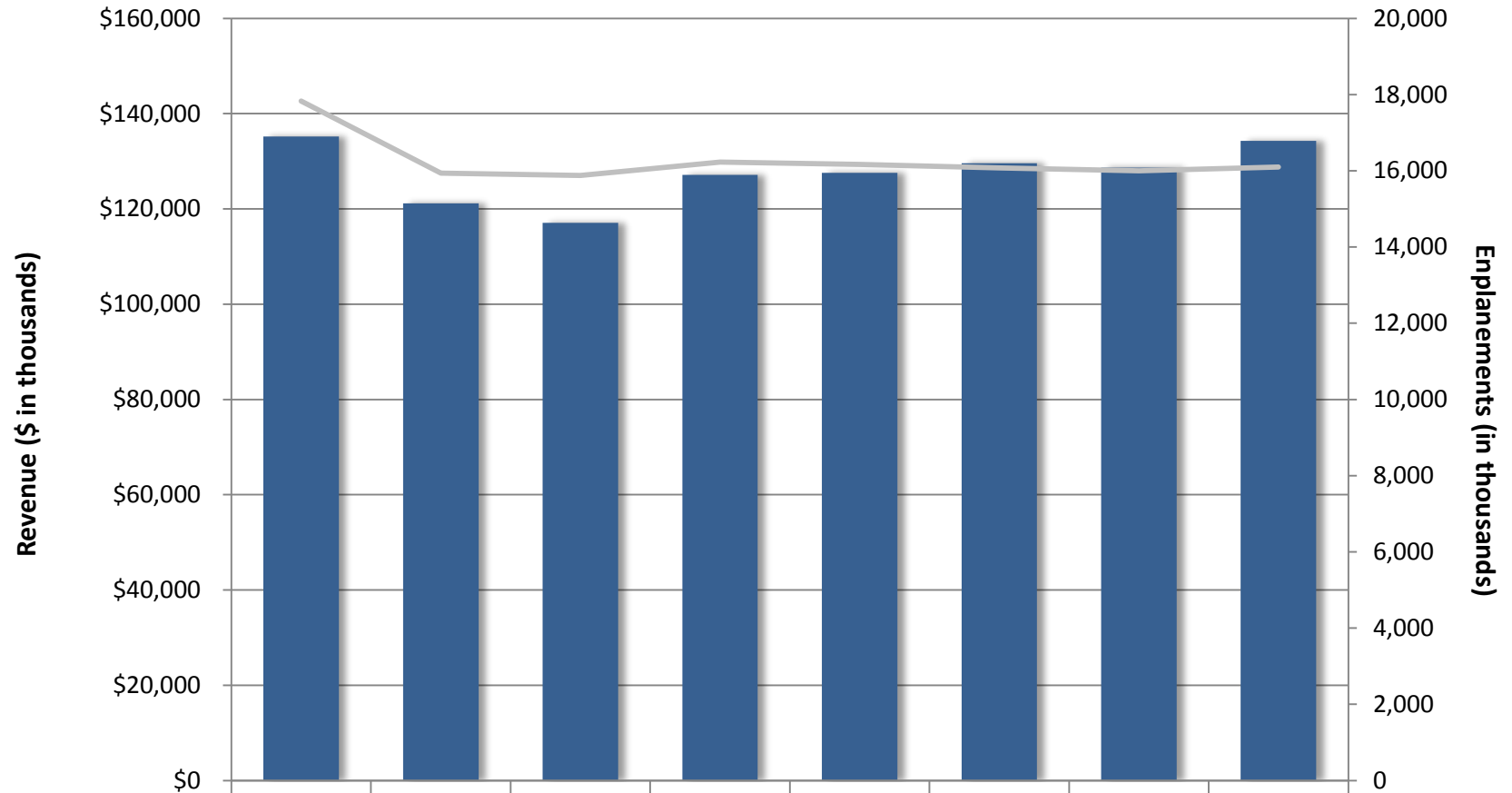
Preliminary Non-Airline Revenues

Where the Money Comes From...

FY 2015 Preliminary Revenue Budget is \$305.6M



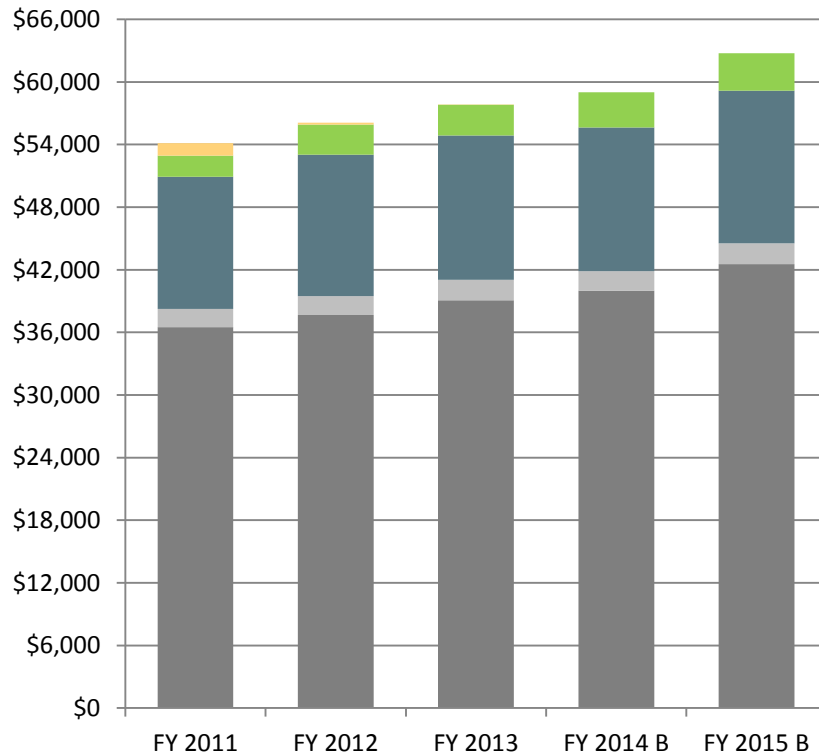
FY 2015 Non-Airline Revenues per Enplanement are at Highest Levels



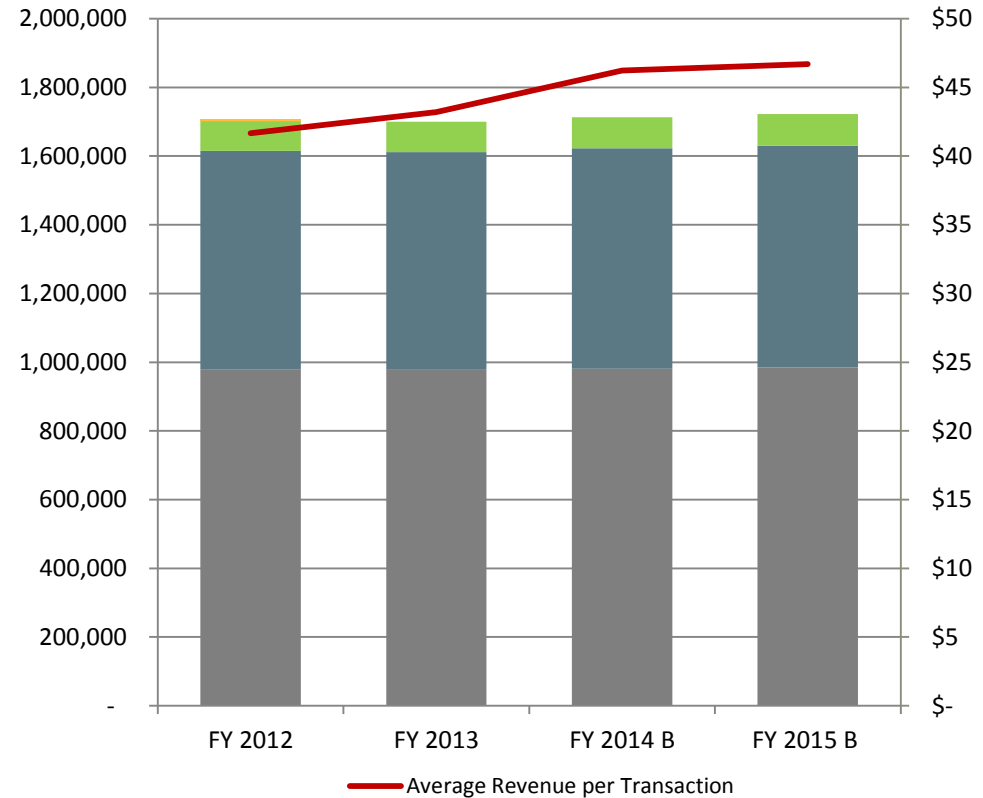
Non-Airline Revenue	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 B	FY 2015 B
Enplanements	17,831	15,941	15,876	16,226	16,170	16,078	16,000	16,100
Revenue Per Enplanement	\$7.58	\$7.60	\$7.37	\$7.84	\$7.89	\$8.06	\$8.04	\$8.34

Parking Revenues are Increasing by \$3.8M, as Parking Strategy is Implemented

Parking Revenue
(\$ in thousands)



Number of Parking Transactions
(\$ in thousands)

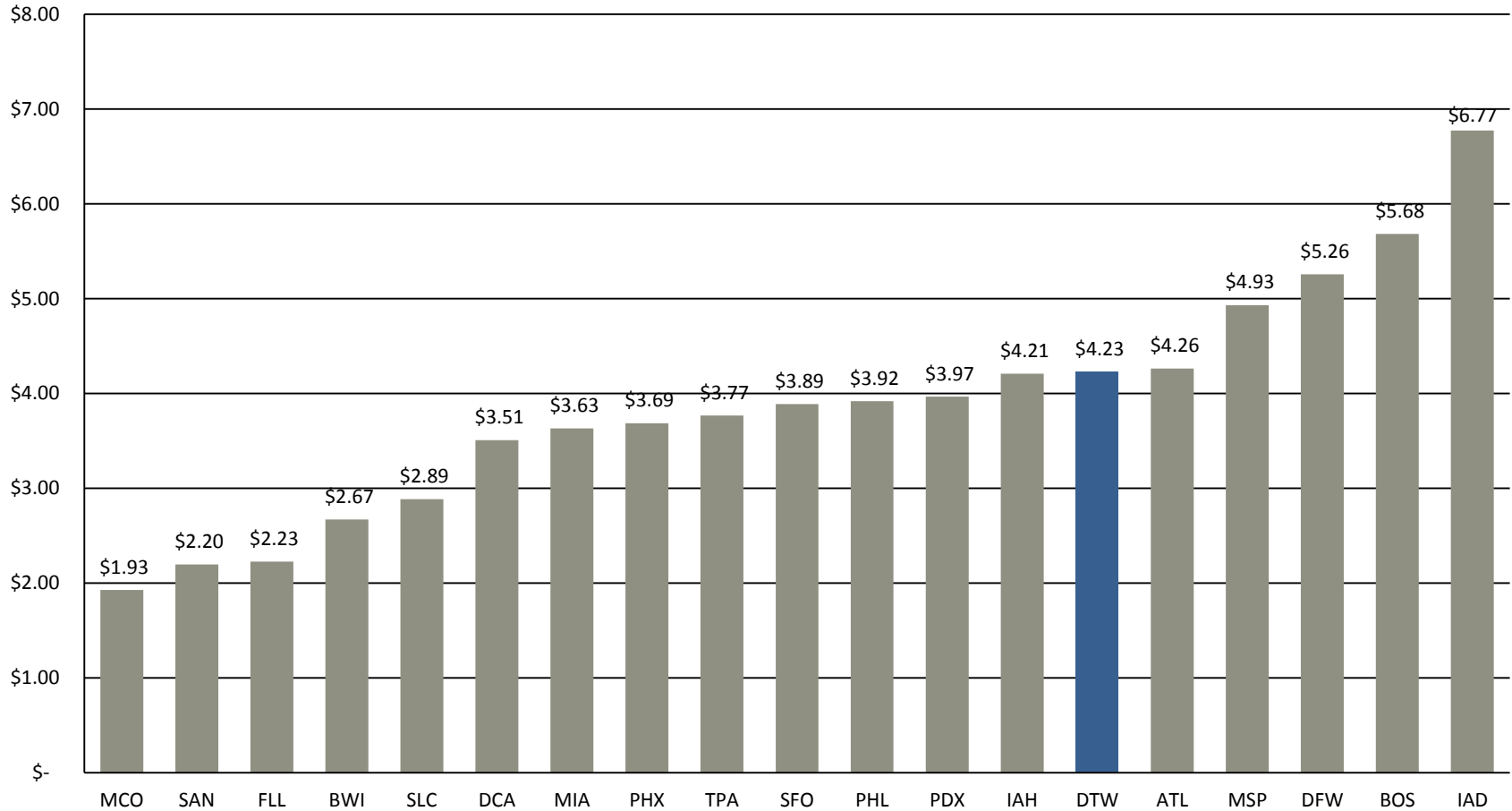


McNamara Deck McNamara Valet Blue Deck Green Lot Yellow Lot

Parking & Ground Transportation Revenues

Peer Airport Comparison Fiscal Year 2013

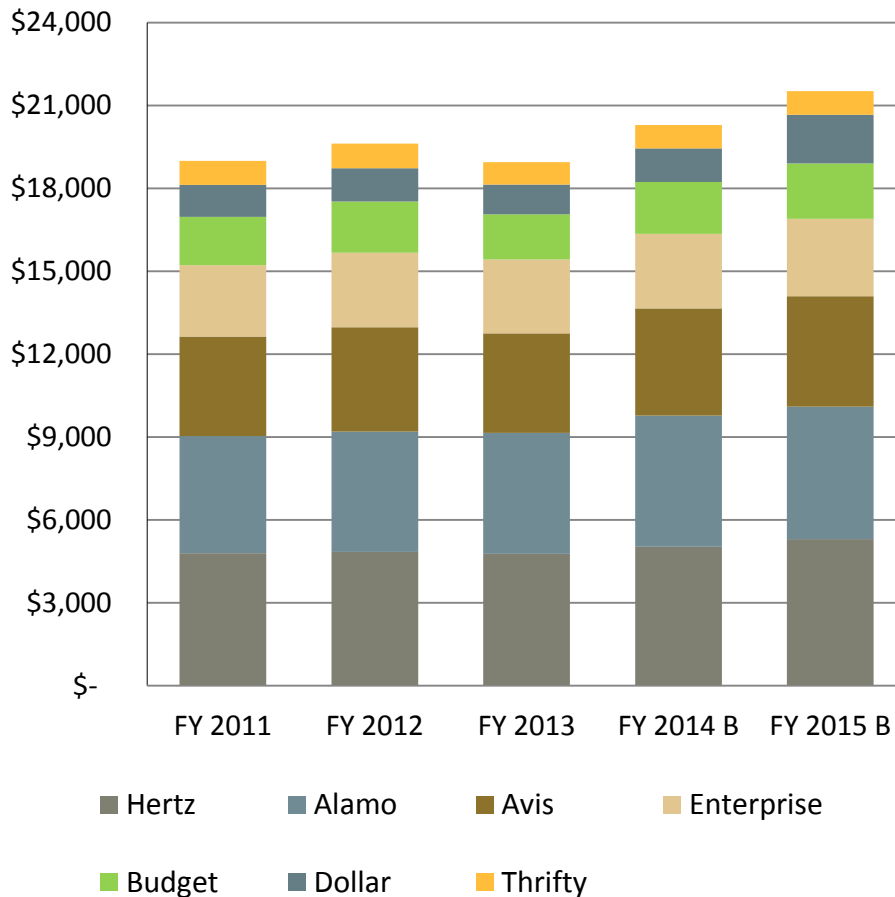
Total Parking & Ground Transportation Revenues per O&D Passenger



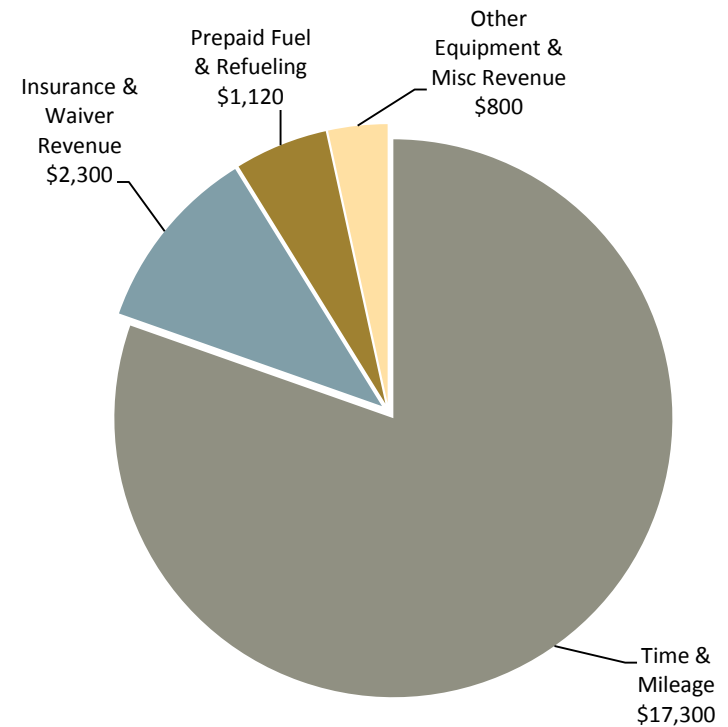
Source: Preliminary FY 2014 ACI Benchmarking Survey

New Car Rental Agreements Drive \$1.1M Budget Increase

Car Rental Revenue by Company
(\$ in thousands)



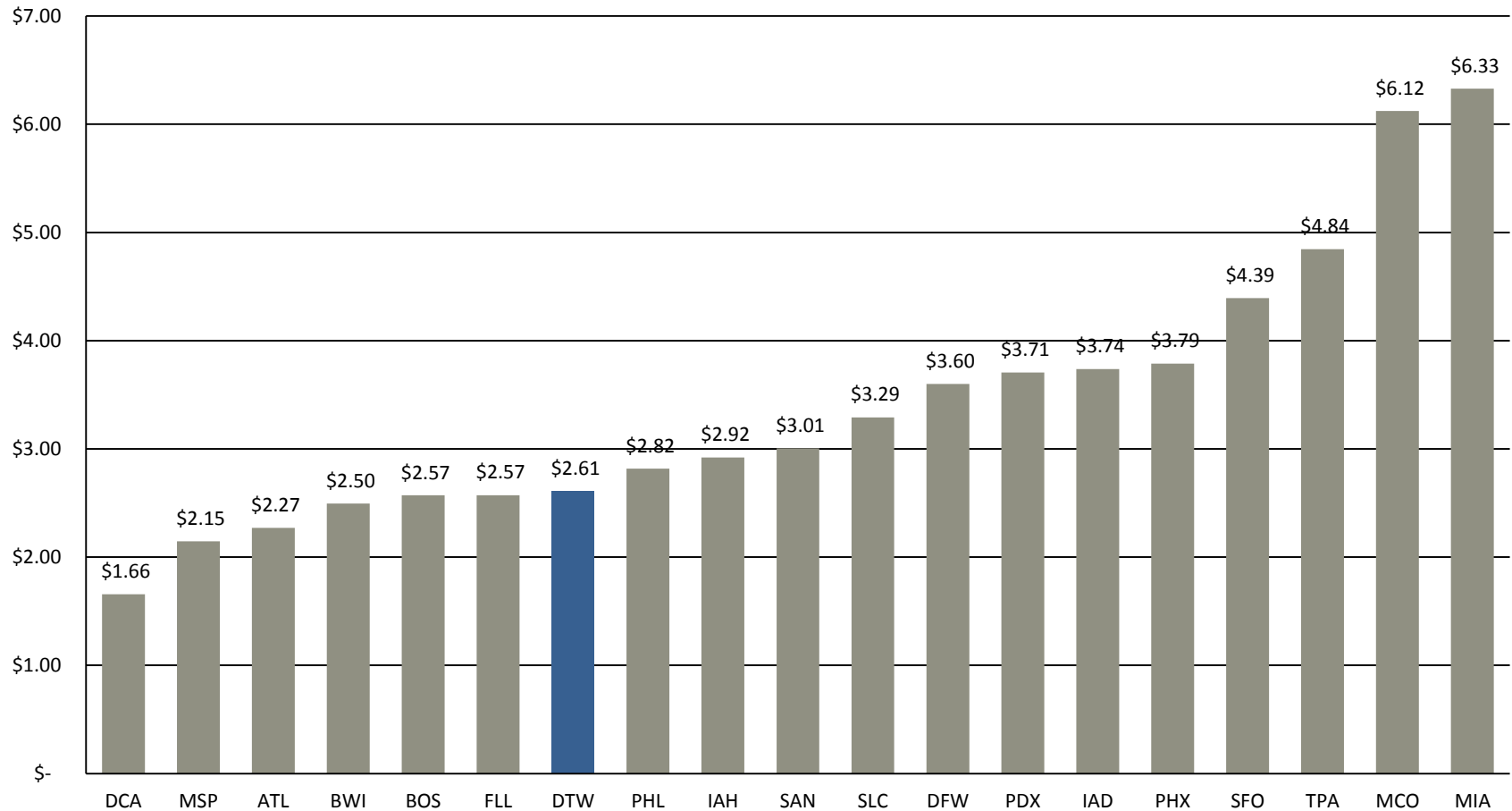
Car Rental Revenue by Category
(\$ in thousands)



Car Rental Revenue per O&D Deplanement

Peer Airport Comparison Fiscal Year 2013

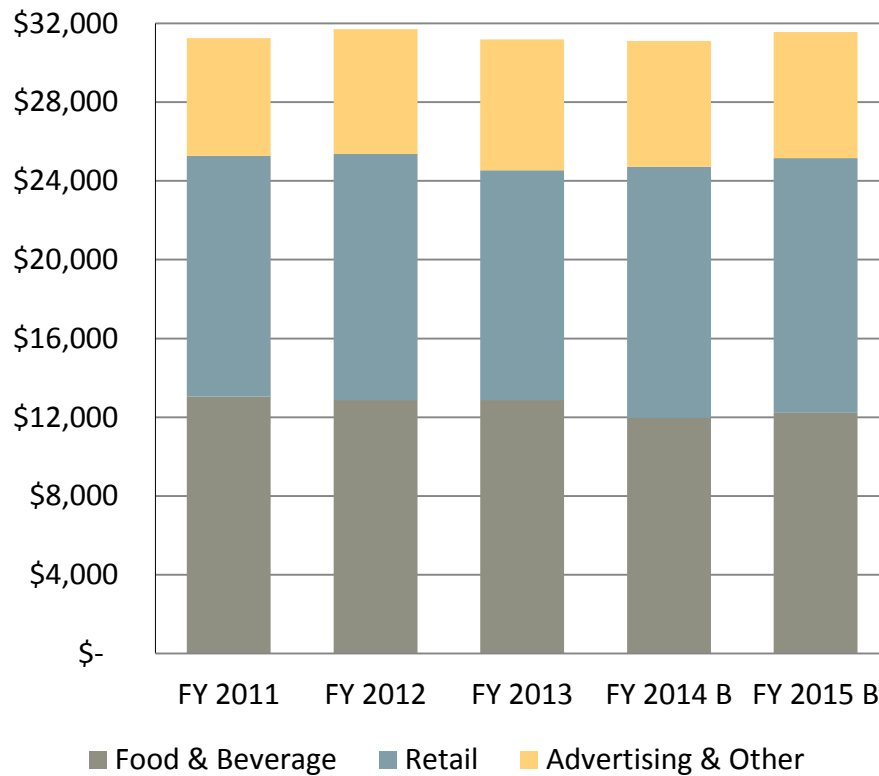
Car Rental Revenue Per Destinating Passenger



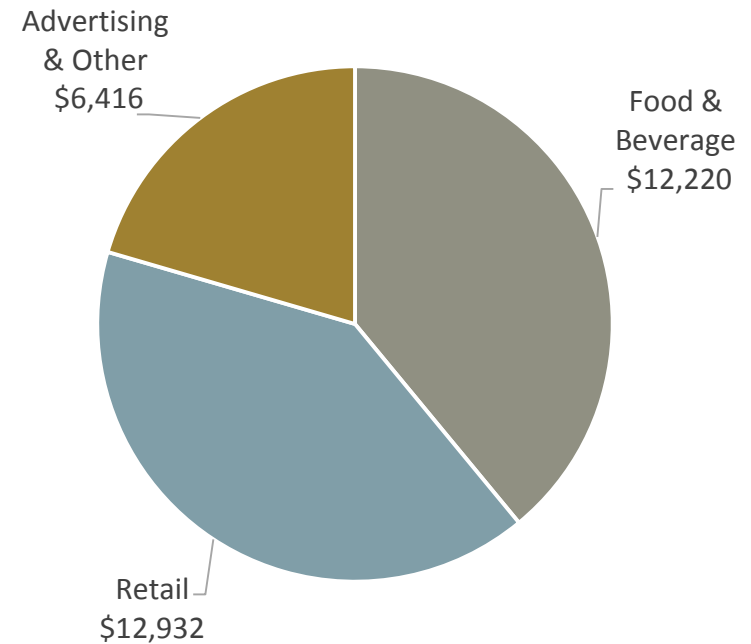
Source: Preliminary FY 2014 ACI Benchmarking Survey

Concessions Revenues Grow by \$453K Due to Strong New Retail Concepts

Concessions Revenues
(\$ in thousands)

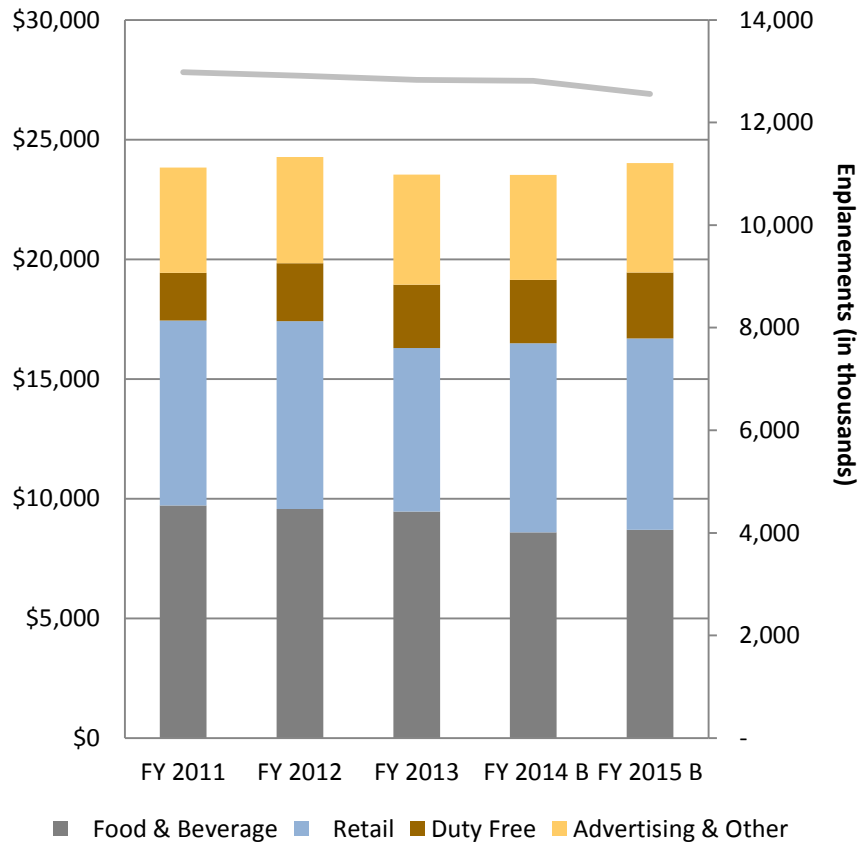


Concessions Revenues by Category
(\$ in thousands)

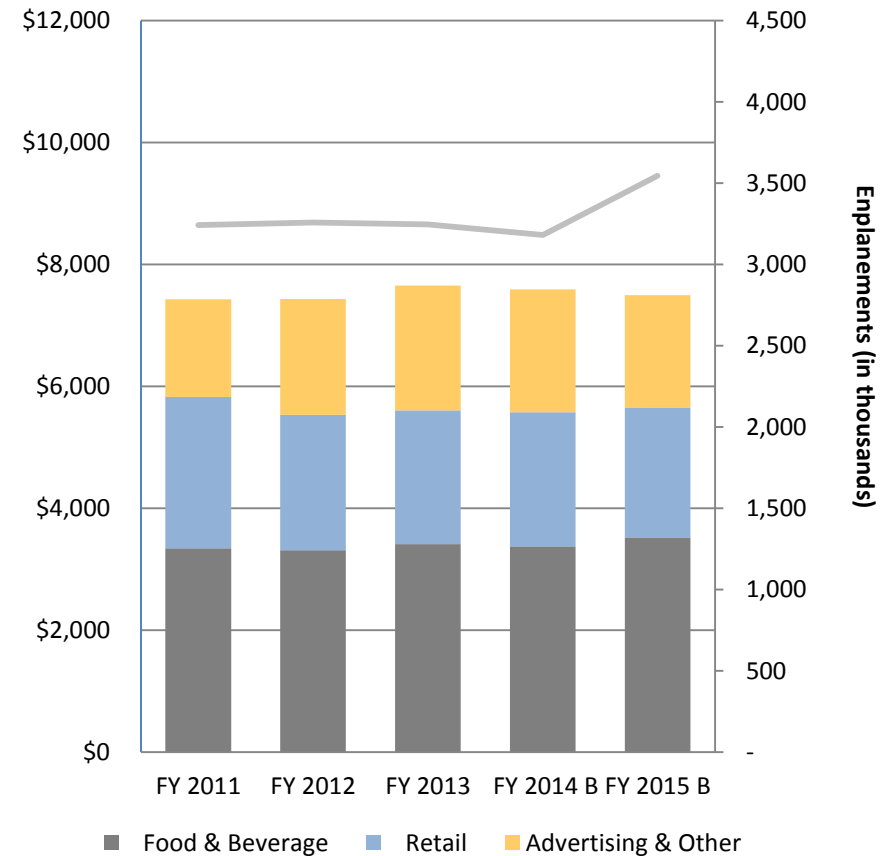


Concessions Revenue to the Authority by Terminal

**South Terminal
Concessions Revenues**
(\$ in thousands)

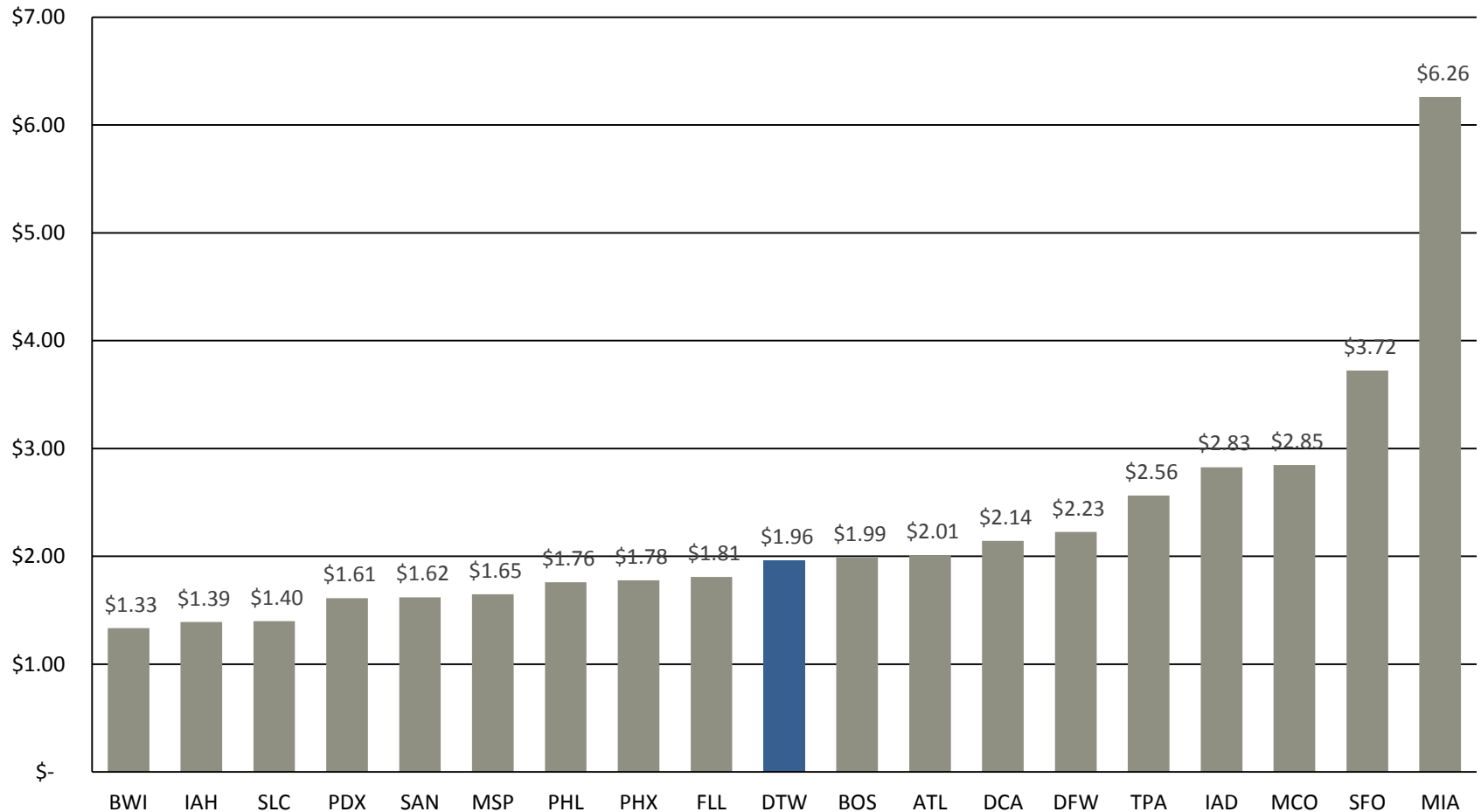


**North Terminal
Concessions Revenues**
(\$ in thousands)



Terminal Concession Revenue per Enplanement

Peer Airport Comparison Fiscal Year 2013



Source: Preliminary FY 2013 ACI Benchmarking Survey

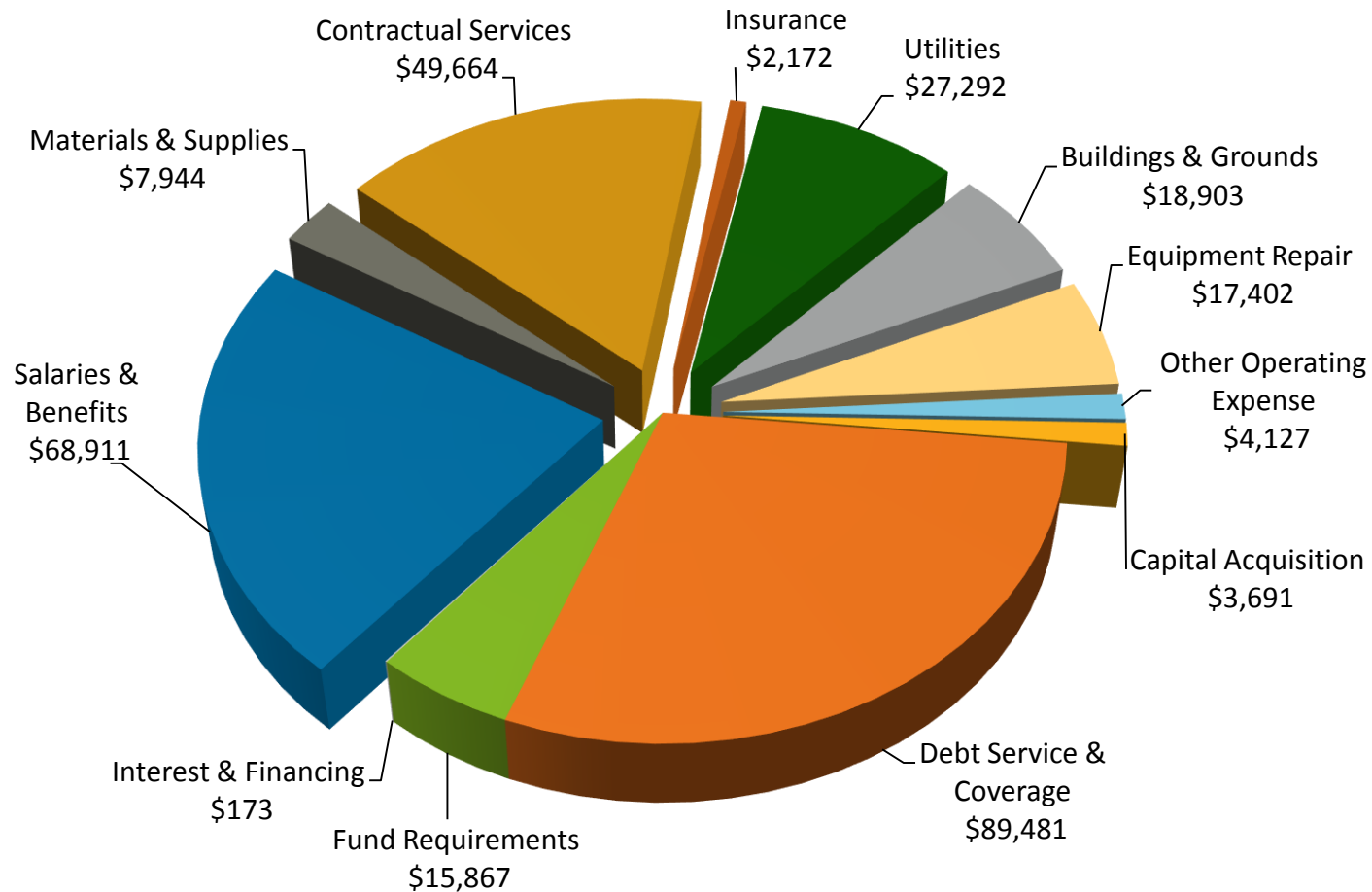
FY 2015 Preliminary Non-Airline Revenues Increase 4.4%

(\$ in thousands)	FY 2013		FY 2014		FY 2015		FY 2015 to FY 2014 Change	
	Actual		Budget		Budget		\$	%
Non-Airline Revenues								
Parking	\$	57,829	\$	59,000	\$	62,761	\$ 3,761	6.4%
Car Rental		20,160		20,400		21,520	1,120	5.5%
Concessions		31,187		31,115		31,568	453	1.5%
Ground Transportation		5,095		5,115		5,316	201	3.9%
Shuttle Bus		2,502		2,050		2,050	-	0.0%
Utility Service Fee		5,152		5,180		5,287	107	2.1%
Rent		2,612		2,710		2,810	99	3.7%
Other Non-Airline Revenue		2,952		1,063		1,090	27	2.5%
Charges For Services		2,095		2,023		1,867	(156)	-7.7%
Total Non-Airline Revenues	\$	129,583	\$	128,656	\$	134,268	\$ 5,612	4.4%

Preliminary Operating & Maintenance Expenses

Where the Money Goes...

FY 2015 Preliminary Expense Budget is \$305.6M



Total Operating Expenses are \$200.1M

Airport
\$136.5M

Administration Public Safety

North Power Plant Ground Transportation Cargo & Hangar

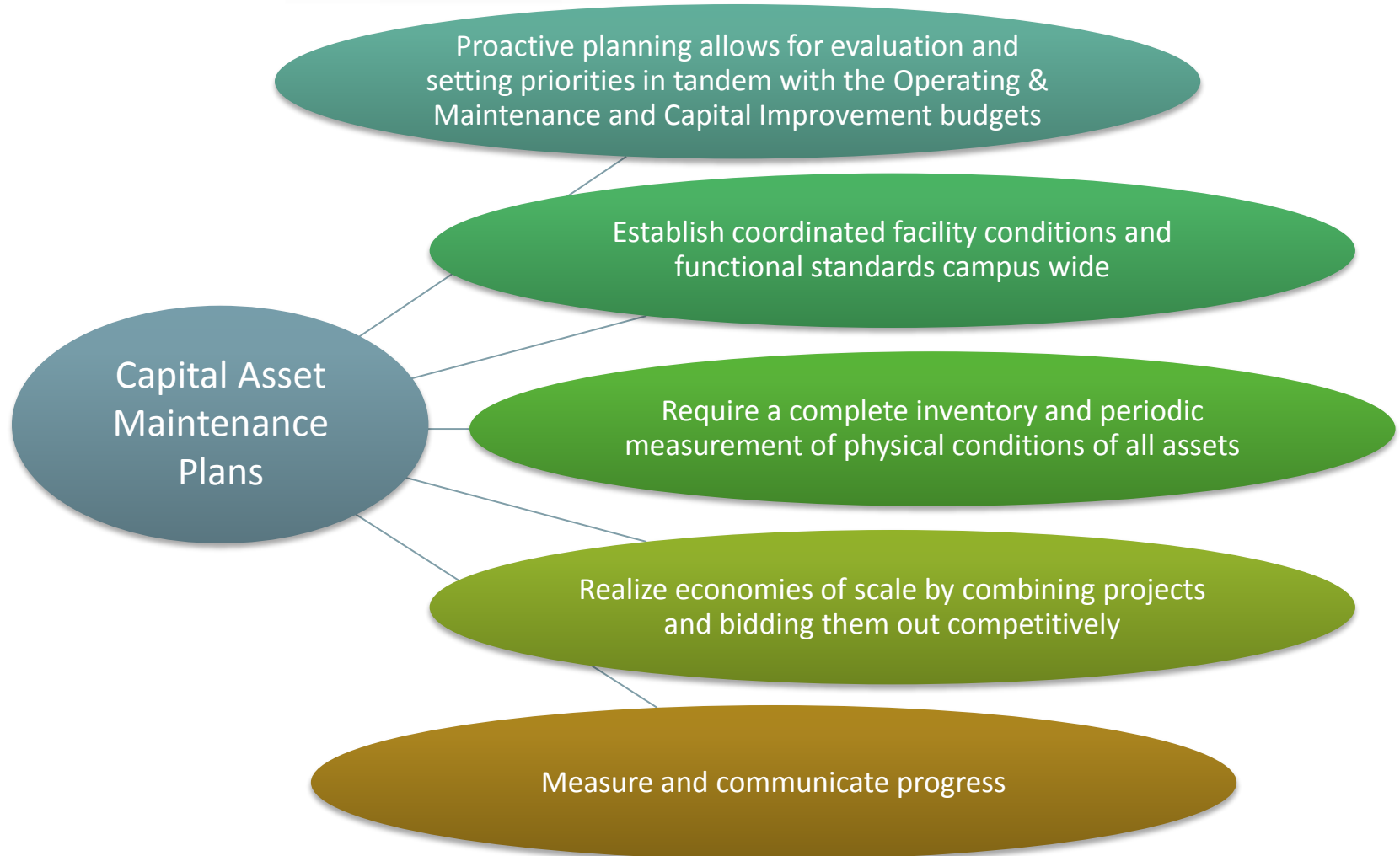
Facilities & Maintenance Airfield

Fire & EMS

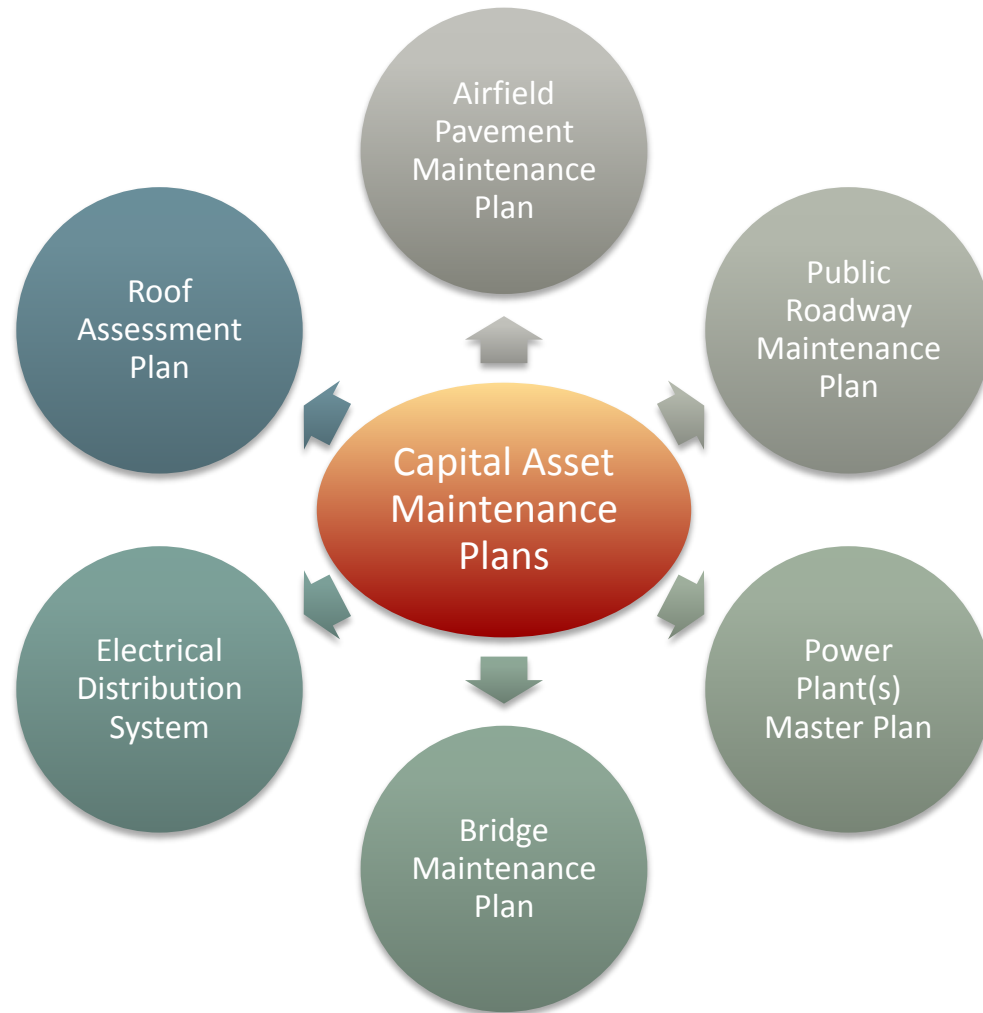
South Terminal
\$48.4M

North Terminal
\$15.3M

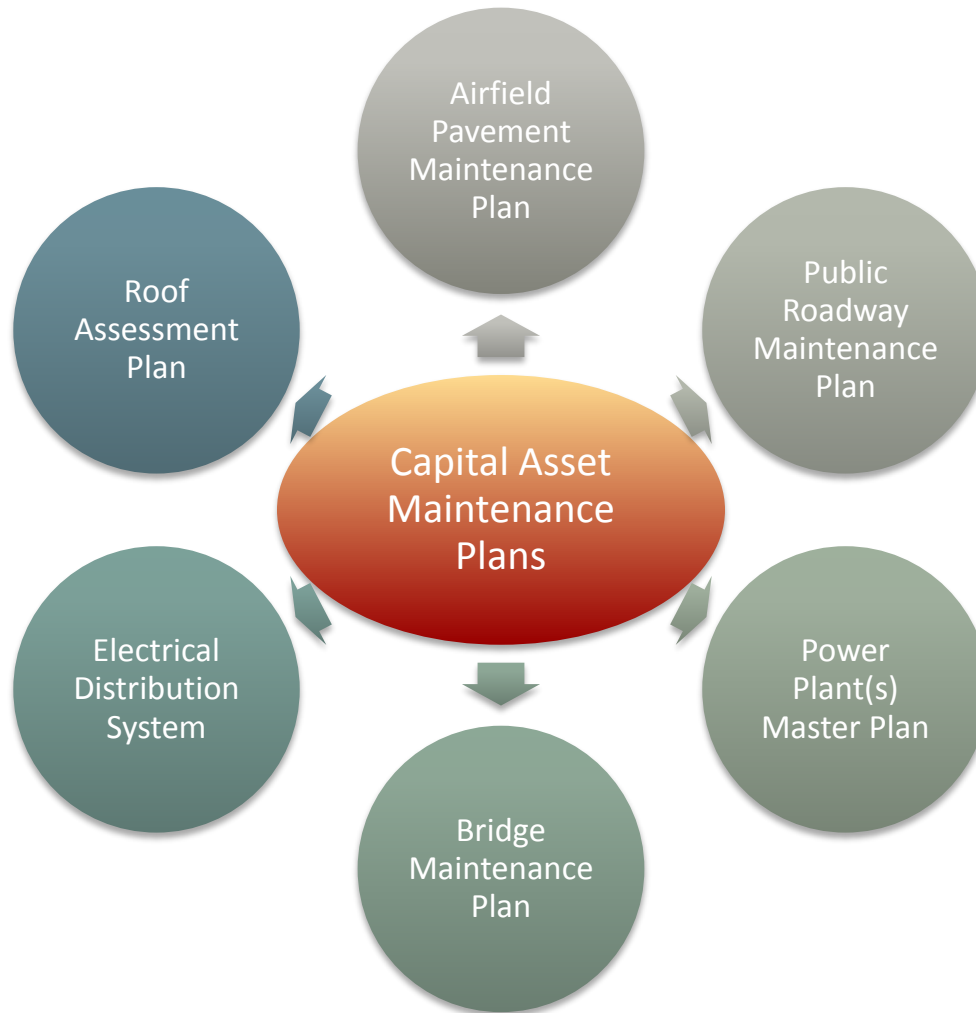
Capital Asset Maintenance Planning Allows the Authority to...



5, 10 and 20 Year Completed Capital Asset Maintenance Plans

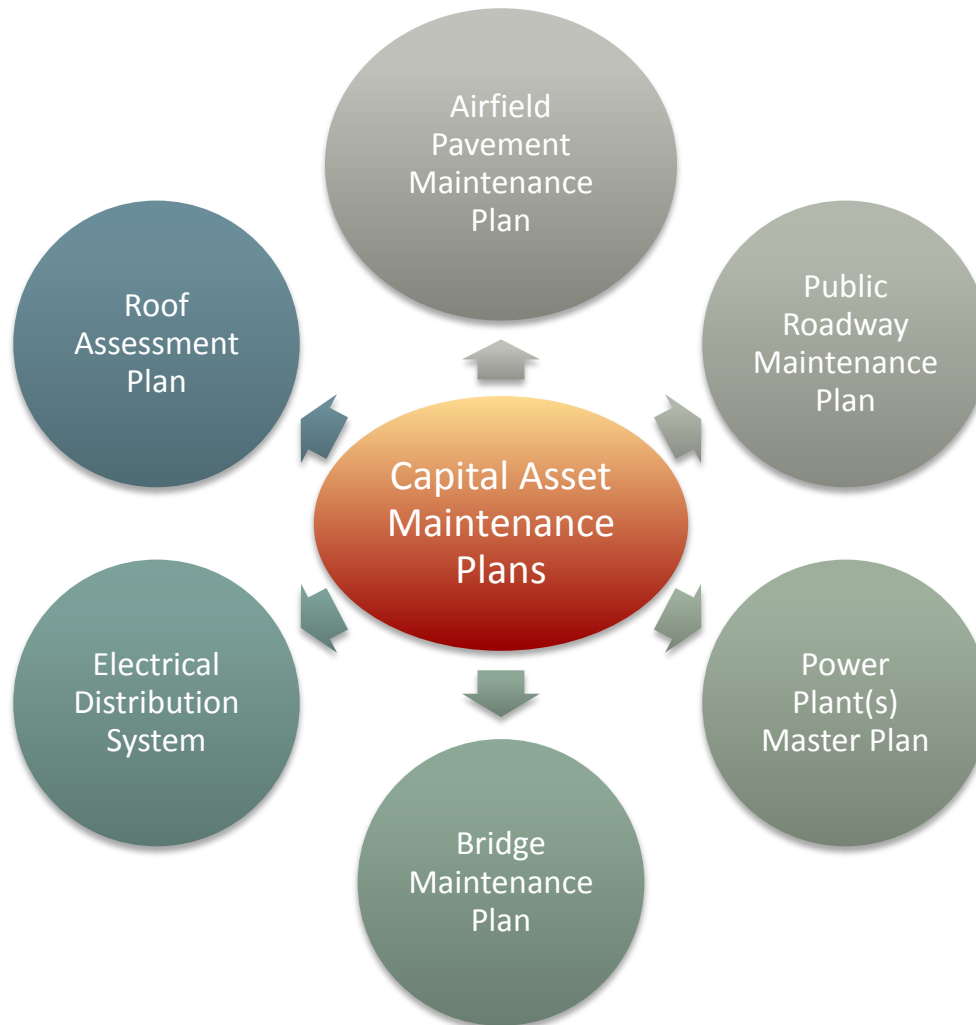


5, 10 and 20 Year Completed Capital Asset Maintenance Plans



- Plans identify and evaluate existing WCAA assets
- Provide near term and long range repair and replacement strategies

5, 10 and 20 Year Completed Capital Asset Maintenance Plans



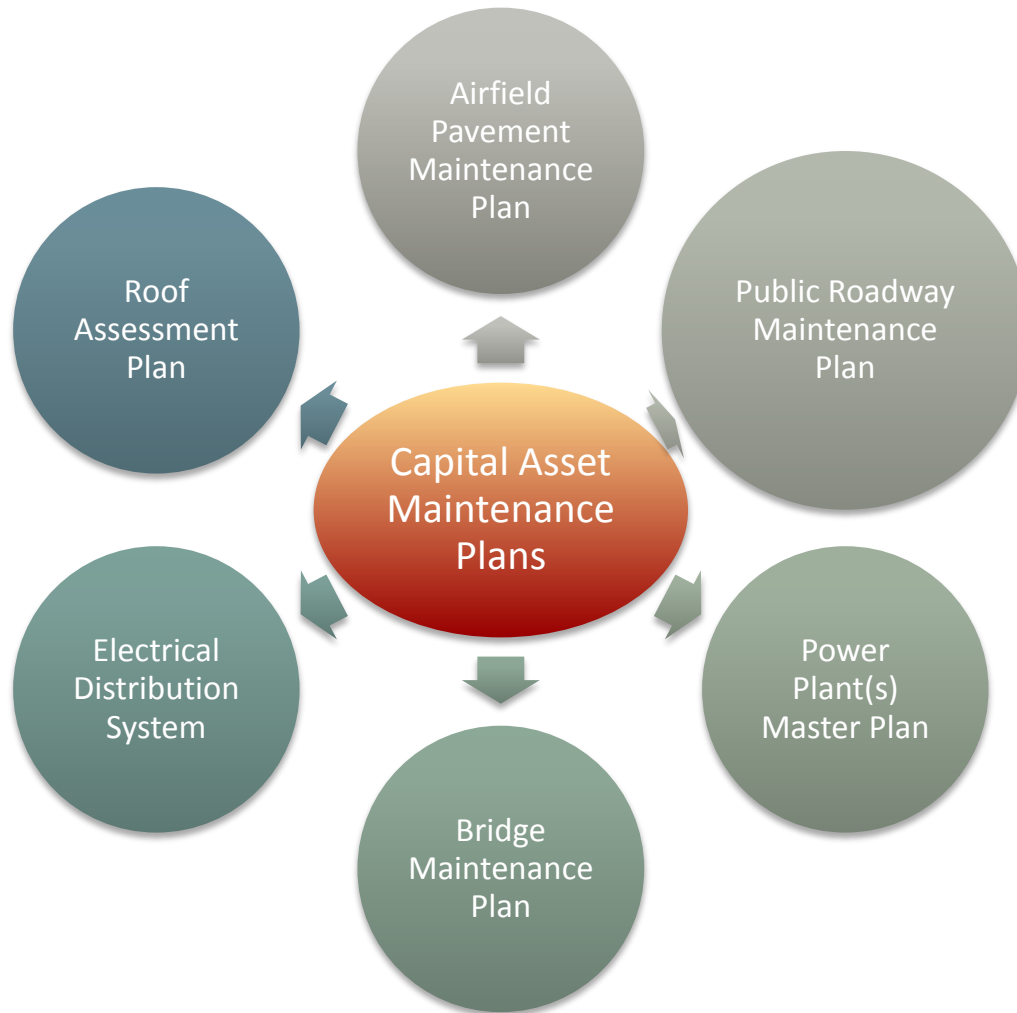
Preventative Maintenance

- Sweeping
- Drainage
- Clearing/Drainage Structure Repair
- Overburden Removal and Grading
- Isolated Patching
- Crack Sealing
- Joint Sealant Replacement

Corrective Maintenance

- Concrete Slab Replacement
- Structural Asphalt Overlay
- Thin Asphalt Overlay of Shoulders
- Partial or Full Depth Joint Repairs

5, 10 and 20 Year Completed Capital Asset Maintenance Plans



Plan based on PASER (Pavement Surface Evaluation and Rating System)

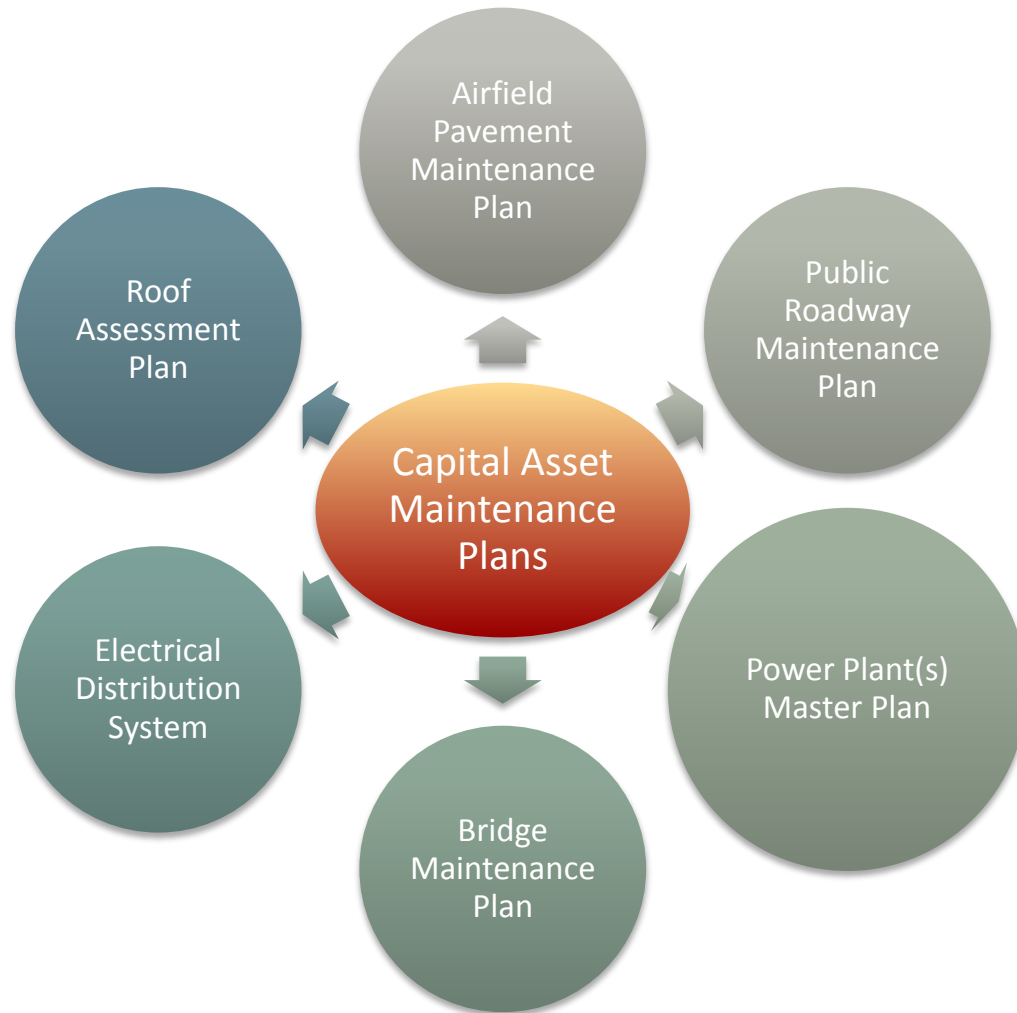
Preventative Maintenance

- Street Sweeping
- Drainage Clearing/Structure repair
- Shoulder Grading
- Crack Sealing
- Joint Sealant Replacement

Corrective Maintenance

- Concrete Slab replacement
- Concrete Curb Replacement
- Structural Asphalt Overlay
- Thin Asphalt Overlay
- Complete Roadway Joint Replacement

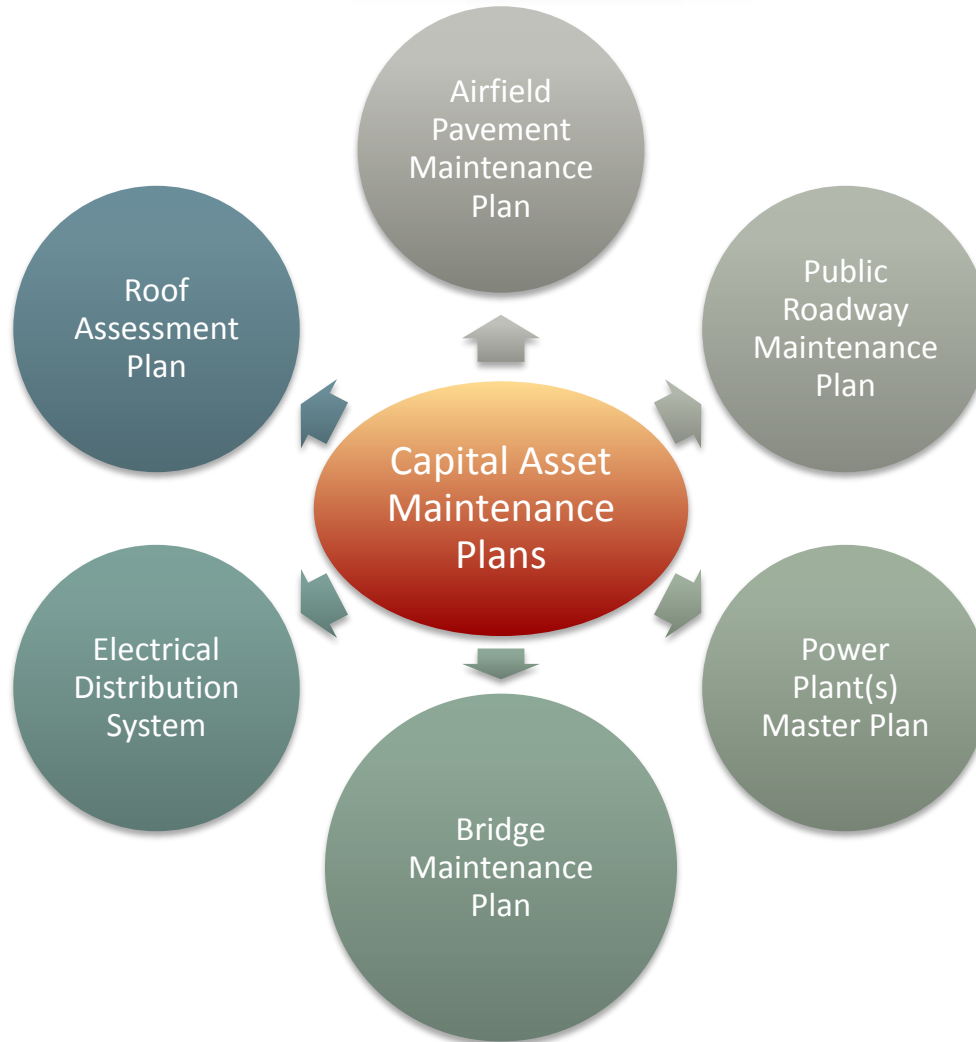
5, 10 and 20 Year Completed Capital Asset Maintenance Plans



Plan includes complete inventory of equipment with condition assessments and estimated replacement costs

- Heating
- Steam Distribution
- Cooling Systems
- HVAC
- Cooling Towers
- Air Compressors
- Building

5, 10 and 20 Year Completed Capital Asset Maintenance Plans



Plan includes all 22 roadway bridges

- State of Michigan (MDOT and the Federal Highway Administration (FHWA) require bi-annual inspection

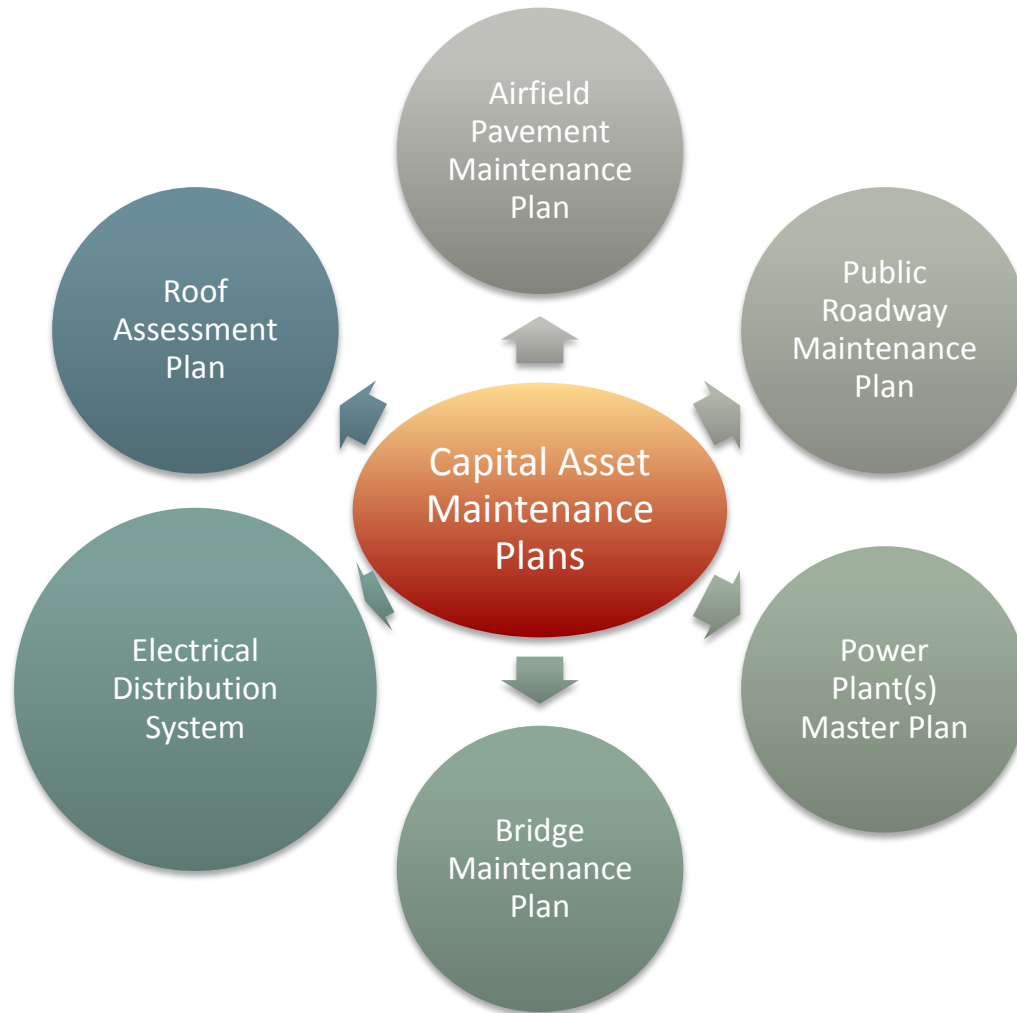
Preventative maintenance

- Power Washing
- Clear Debris from Culvert Inlets/Outlets
- Spot Painting
- Pavement Joint Replacement
- Concrete Patching
- Bridge Deck Surface Repair
- Bolt Tightening

Corrective maintenance

- Expansion Joint Replacement
- Bridge Deck Wearing Surface (Concrete) Overlay
- Painting of Steel Beams

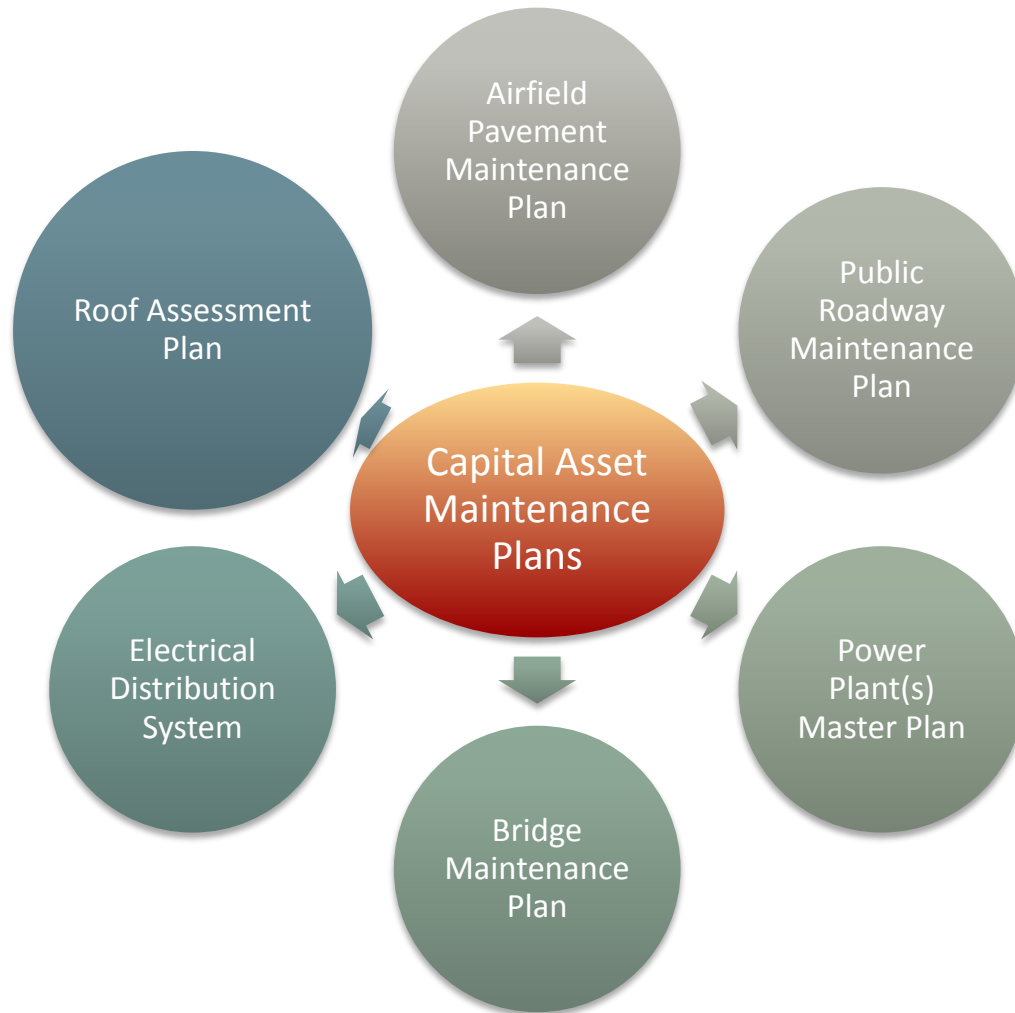
5, 10 and 20 Year Completed Capital Asset Maintenance Plans



Plan includes Operation and maintenance of medium voltage electrical distribution system throughout the campus

- Primary Voltage Breakers
- 4,800 Volt Load Break Switches
- Service Transformers
- Integrated Switchgear
- Primary Cable
- Street Lighting

5, 10 and 20 Year Completed Capital Asset Maintenance Plans



Plan includes comprehensive review of 60 sites

- Remaining useful life of the roof system
- Estimated cost of repairs to extend useful life
- Capital cost estimate for replacement

North Terminal Cost Center

(\$ in thousands, except where noted)

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2015 to FY 2014 Change	
				\$	%
Operating Expenses					
Janitorial Service & Supplies	\$ 3,123	\$ 3,184	\$ 3,281	\$ 97	3.0%
Security	-	430	-	(430)	-100.0%
Professional & Contractual Services	3,647	3,702	3,575	(127)	-3.4%
Insurance	316	291	241	(50)	-17.2%
Utilities	3,852	3,438	3,438	-	0.0%
Buildings & Grounds Repair & Maintenance	1,159	831	1,930	1,099	>100%
Equipment Repair & Maintenance	2,635	2,710	2,762	52	1.9%
Other Operating Expense	(88)	46	31	(14)	-31.4%
Capital Acquisition	6	-	-	-	n/a
Total Operating Expenses	\$ 14,650	\$ 14,631	\$ 15,258	\$ 627	4.3%

KEY FINANCIAL METRICS (\$ are whole)

Operating Expenses per Terminal EPAX	\$ 4.51	\$ 4.60	\$ 4.30	\$ (0.29)	-6.4%
Operating Expenses per Square Foot	\$ 17.21	\$ 17.19	\$ 17.93	\$ 0.74	4.3%

Customer Satisfaction

Improve overall Airport ambience at the North Terminal

Advance Airport Wayfinding through use of mobile/digital means

Animal Relief Area Installation

Implement Passenger Assistive Listening System (ALS)

(\$ in thousands, except where noted)

KEY FINANCIAL METRICS (\$ are whole)

DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY

South Terminal Cost Center

(\$ in thousands, except where noted)

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2015 to FY 2014 Change	
				\$	%
Operating Expenses					
Janitorial Service & Supplies	\$ 9,428	\$ 9,450	\$ 10,073	\$ 623	6.6%
Security	-	515	-	(515)	-100.0%
Professional & Contractual Services	4,148	4,221	4,276	55	1.3%
Insurance	664	670	500	(170)	-25.4%
Utilities	15,253	16,375	16,375	-	0.0%
Buildings & Grounds Repair & Maintenance	5,736	5,453	5,021	(433)	-7.9%
Equipment Repair & Maintenance	9,050	9,741	9,947	206	2.1%
Other Operating Expense	156	162	165	3	1.6%
Capital Acquisition	564	1,931	2,014	83	4.3%
Total Operating Expenses	\$ 44,998	\$ 48,519	\$ 48,371	\$ (148)	-0.3%
KEY FINANCIAL METRICS (\$ are whole)					
Operating Expenses per Terminal EPAX	\$ 3.51	\$ 3.79	\$ 3.85	\$ 0.07	1.8%
Operating Expenses per Square Foot	\$ 18.54	\$ 19.99	\$ 19.93	\$ (0.06)	-0.3%

Customer Satisfaction

Installation of
Automated Passport
Control

Enhance overall
customer satisfaction
through new food &
beverage offerings

Advance Airport
wayfinding through
use of mobile/digital
means

Implement Passenger
Assistive Listening
System (ALS)

South Terminal Cost Center

(\$ in thousands, except where noted)

Operating Expenses

Janitorial Service & Supplies			
Security			
Professional & Contractual Services			
Insurance			
Utilities			
Buildings & Grounds Repair & Maintenance			
Equipment Repair & Maintenance			
Other Operating Expense			
Capital Acquisition			

				FY 2015 to FY Change
				\$
Reconsideration of TSA Exit Lane mandate				\$ 623
	-	515	-	(515)
Change in Insurance due to contract renewal savings				55
				(170)
				-
				(433)
	9,050	9,741	9,947	206
	156	162	165	3
	564	1,931	2,014	83
Total Operating Expenses	\$ 44,998	\$ 48,519	\$ 48,371	\$ (148)

KEY FINANCIAL METRICS (\$ are whole)

Operating Expenses per Terminal EPAX	\$ 3.51	\$ 3.79	\$ 3.85	\$ 0.07	1.8%
Operating Expenses per Square Foot	\$ 18.54	\$ 19.99	\$ 19.93	\$ (0.06)	-0.3%

Customer

Reduction in ELS (Luggage Handling) and Linc building maintenance contract amount

Increase in elevator and escalator contract

through new food & beverage offerings

Replacing all 50" LCD Video Equipment

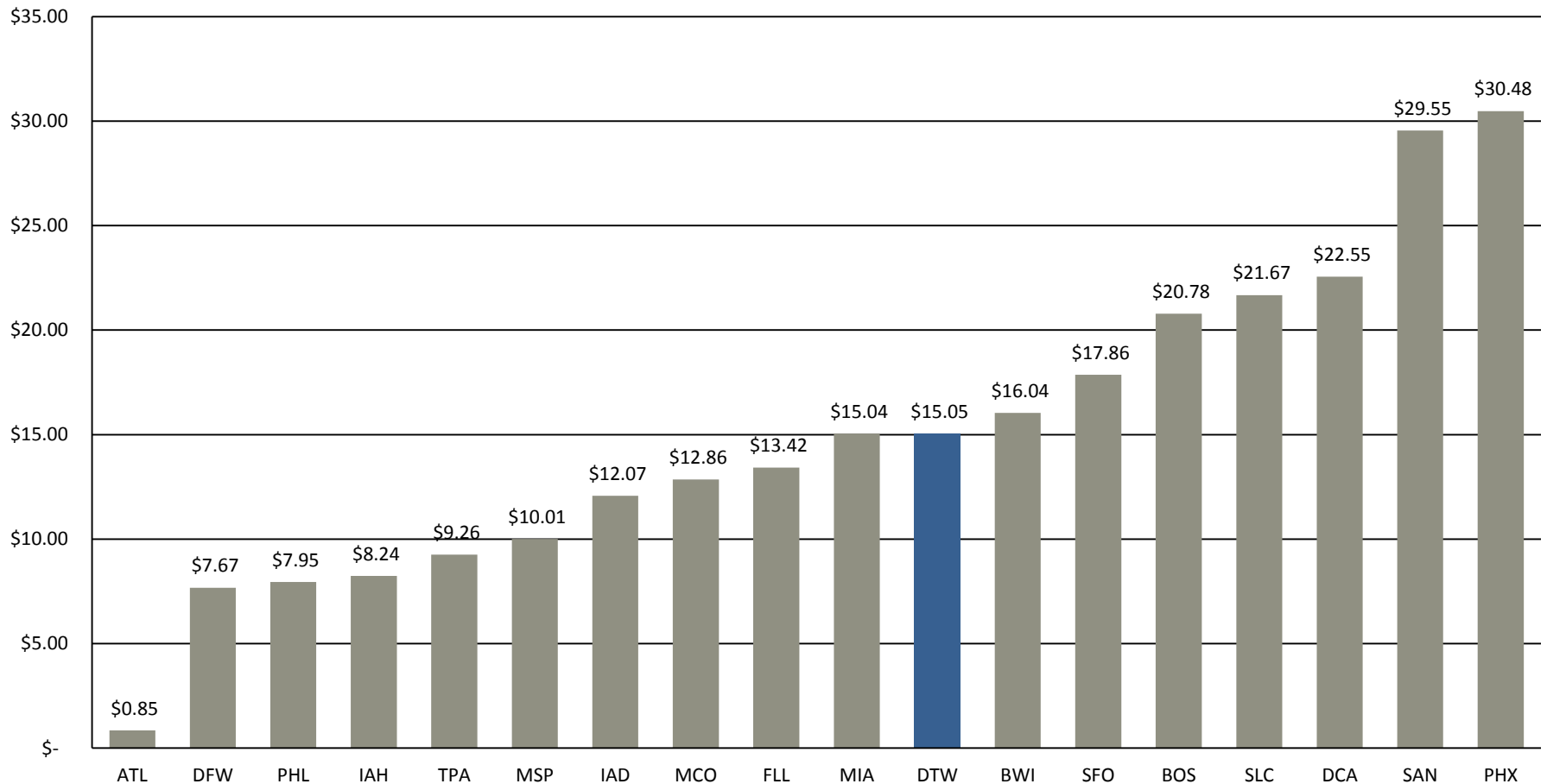
means

Implement Passenger Assistive Listening System (ALS)

Terminal Maintenance Cost per Square Foot

Peer Airport Comparison Fiscal Year 2013

Total Terminal Maintenance, Custodial & Utilities Costs Per Square Foot



Source: Preliminary FY 2014 ACI Benchmarking Survey

Airport Cost Centers

(\$ in thousands, except where noted)

Operating Expenses

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2015 to FY 2014 Change	
				\$	%
Salaries & Wages	\$ 41,974	\$ 41,708	\$ 43,289	\$ 1,581	3.8%
Employee Benefits	25,512	23,600	25,622	2,022	8.6%
Materials and Supplies	5,391	5,531	5,875	344	6.2%
Parking Management	6,280	6,560	7,119	559	8.5%
Shuttle Bus Service	6,501	6,250	6,498	248	4.0%
Janitorial Services	729	800	752	(48)	-6.0%
Security	2,260	2,234	2,538	304	13.6%
Professional & Contractual Services	10,729	13,073	13,621	548	4.2%
Insurance	1,318	1,431	1,431	-	0.0%
Utilities	7,522	7,256	7,479	223	3.1%
Buildings & Grounds Repair & Maintenance	10,774	10,837	11,953	1,115	10.3%
Equipment Repair & Maintenance	3,525	4,688	4,692	3	0.1%
Other Operating Expense	144	3,403	3,931	528	15.5%
Capital Acquisition	3,078	2,360	1,677	(683)	-29.0%
Total Operating Expenses	\$ 125,740	\$ 129,731	\$ 136,475	\$ 6,744	5.2%

KEY FINANCIAL METRICS (\$ are whole)

Operating Expenses per Terminal EPAX	\$ 7.82	\$ 8.11	\$ 8.48	\$ 0.37	4.5%
Operating Expenses per Square Foot	\$ 38.36	\$ 39.58	\$ 41.63	\$ 2.06	5.2%

Operational Excellence

Maintain airfield inspection "No Discrepancy" status at DTW and YIP

Establish a Cohesive Airport Campus

Reduce carbon footprint by 20% within 5 years

Airport Cost Centers

(\$ in thousands, except where noted)

Operating Expenses

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2015 to FY 2014 Change \$	
Salaries & Wages	\$ 41,974	\$ 41,708	\$ 43,289	\$ 1,581	
Employee Benefits	25,512	23,600	25,622	2,022	8.6%
Materials and Supplies	5,391	5,531	5,875	344	
Parking Management	6,280	6,560	7,119	559	
Shuttle Bus Service	6,501	6,250	6,498	248	
Janitorial Services	729	800	752	(48)	
Security	2,260	2,234	2,538	304	13.6%
Professional & Contractual Services	10,729	13,073	13,621	548	
Insurance	1,318	1,431	1,431	-	
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Equipment Repair & Maintenance	3,525	4,688	4,692	3	
Other Operating Expense	144	3,403	3,931	528	15.5%
Capital Acquisition	3,078	2,360	1,677	(683)	-29.0%
Total Operating Expenses	\$ 125,740	\$ 129,731	\$ 136,475	\$ 6,744	5.2%

KEY FINANCIAL METRICS (\$ are whole)

Operating Expenses per Terminal EPAX	\$ 7.82	\$ 8.11	\$ 8.48	\$ 0.37	4.5%
Operating Expenses per Square Foot	\$ 38.36	\$ 39.58	\$ 41.63	\$ 2.06	5.2%

Healthcare and Retirement Benefits Increases

Deicing fluid increase based on additional scope and rate

Increases based on contractual agreement; driven by employee benefits

Reduce carbon footprint by 20% within 5 years

Airport Cost Centers

(\$ in thousands, except where noted)

Operating Expenses

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2015 to FY 2014 Change \$	
Salaries & Wages	\$ 41,974	\$ 41,708	\$ 43,289	\$ 1,581	
Employee Benefits	25,512	23,600	25,622	2,022	8.6%
Materials and Supplies	5,391	5,531	5,875	344	
Parking Management	6,280	6,560	7,119	559	
Shuttle Bus Service	6,501	6,250	6,498	248	
Janitorial Services	729	800	752	(48)	
Security	2,260	2,234	2,538	304	
Professional & Contractual Services	10,729	13,073	13,621	548	
Insurance	1,318	1,431	1,431	-	
Utilities	7,522	7,256	7,479	223	3.1%
Buildings & Grounds Repair & Maintenance	10,774	10,837	11,953	1,115	10.3%
Equipment Repair & Maintenance	3,525	4,688	4,692	3	
Other Operating Expense	144	3,403	3,931	528	
Capital Acquisition	3,078	2,360	1,677	(683)	-29.3%
Total Operating Expenses	\$ 125,740	\$ 129,731	\$ 136,475	\$ 6,744	5.2%

KEY FINANCIAL METRICS (\$ are whole)

Operating Expenses per Terminal EPAX	\$ 7.82	\$ 8.11	\$ 8.48	\$ 0.37	4.5%
Operating Expenses per Square Foot	\$ 38.36	\$ 39.58	\$ 41.63	\$ 2.06	5.2%

Consultant for security enhancements and Courts and Law Enforcement Management Information

Maintain airfield

Landscaping enhancements campus wide, 911 Emergency System Upgrade and Leadership Development Academy

Establish a Cohesive Airport Community

Increase in water rates

Reduce carbon footprint by 20% within 5 years

Airport Cost Centers

(\$ in thousands, except where noted)

Operating Expenses

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget	FY 2015 to FY 2014 Change	
				\$	%
Salaries & Wages	\$ 41,974	\$ 41,708	\$ 43,289	\$ 1,581	3.8%
Employee Benefits	25,512	23,600	25,622	2,022	8.6%
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*Operational
Excellence*

Maintain airfield

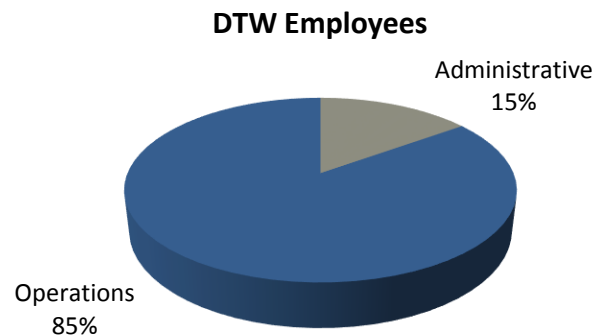
Airfield Pavement
Maintenance Plan

Parking Deck LED Upgrade
DTE Energy Credit award
amount was decreased from
prior year

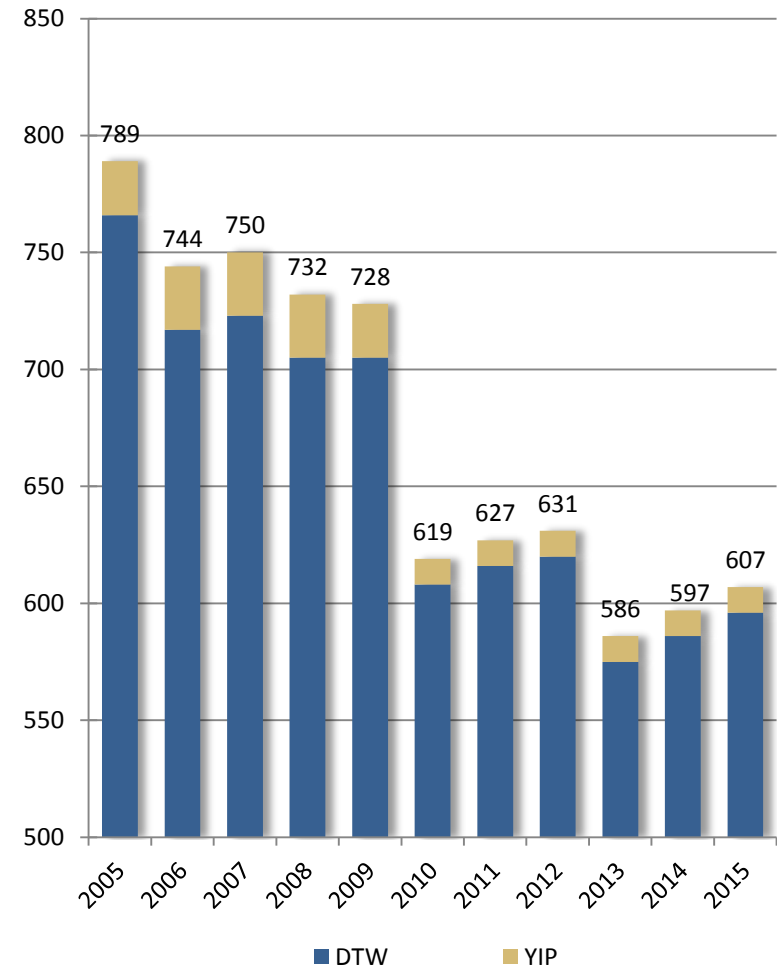
ASDE-X FAA Transponders
purchased in FY 2014

Historic Full Time Employee Levels

Division	2012 B	2013 B	2014 B	2015 B	FY 15 vs FY 14
Office of the CEO	23	16	16	17	1
Finance & Administration	79	68	72	73	1
Operations Division	276	254	233	239	6
Public Safety Division	210	203	204	205	1
Planning & Development Division	32	34	61	62	1
Total DTW	620	575	586	596	10
Willow Run Airport	11	11	11	11	0
WCAA Total	631	586	597	607	10



WCAA Full Time Employee Count



Employee Benefits

Health Care Costs

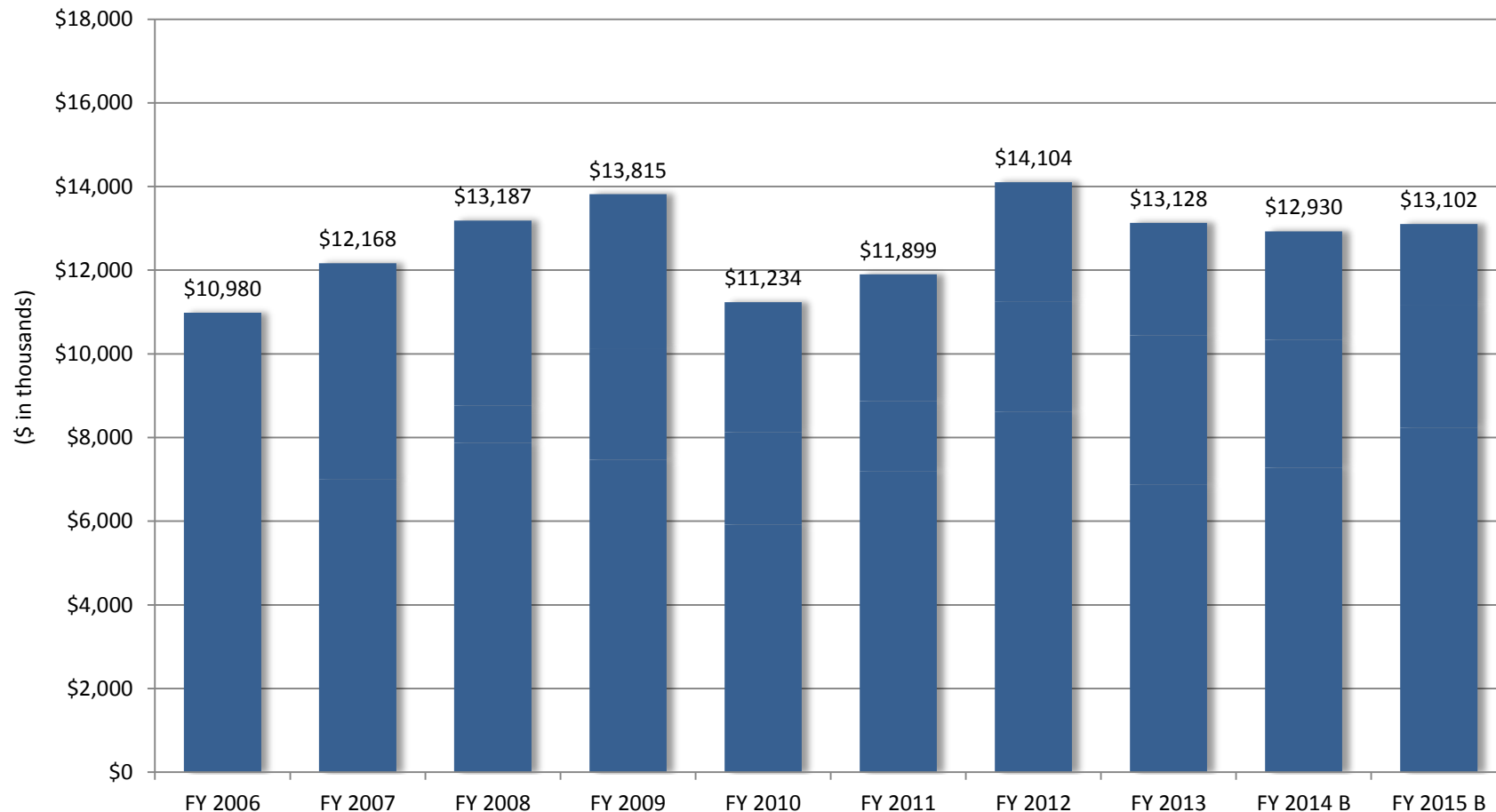
- Savings from plan design changes have moderated general claim expenses, but increases in costs related to Health Insurance Claims Assessment (HICA) and Patient Protection and Affordable Care Act (PPACA) taxes have resulted in a 10% estimated cost increase

Retirement Costs

- Increased payments due to implementation of level payment methodology by actuary (closed plan)

Active & Retiree Health Benefit Expenses

Total Health Benefit Costs*

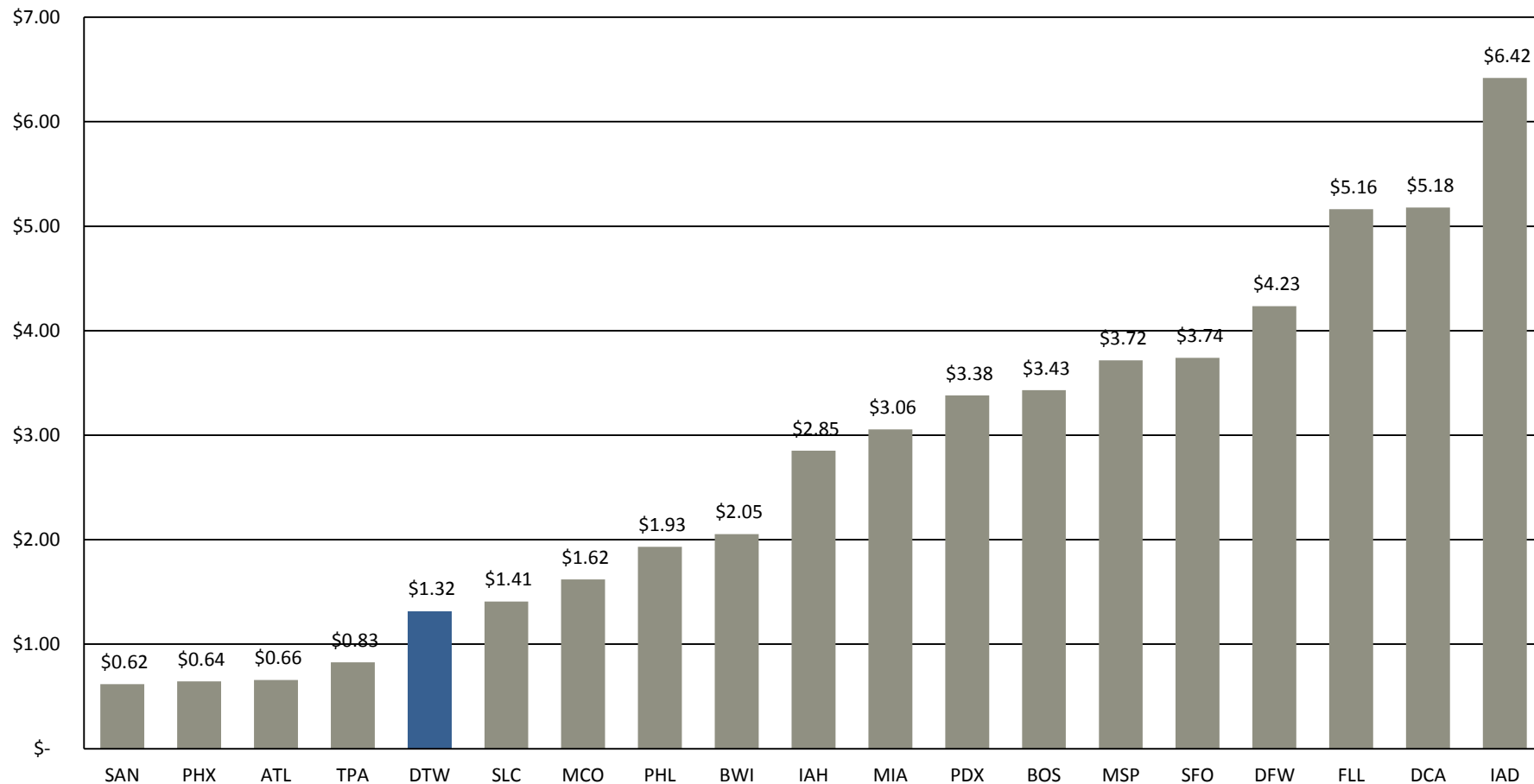


* Excludes OPEB Contributions

Administrative Operating Costs per Enplanement

Peer Airport Comparison Fiscal Year 2013

Total Administrative Expense Per Enplanement



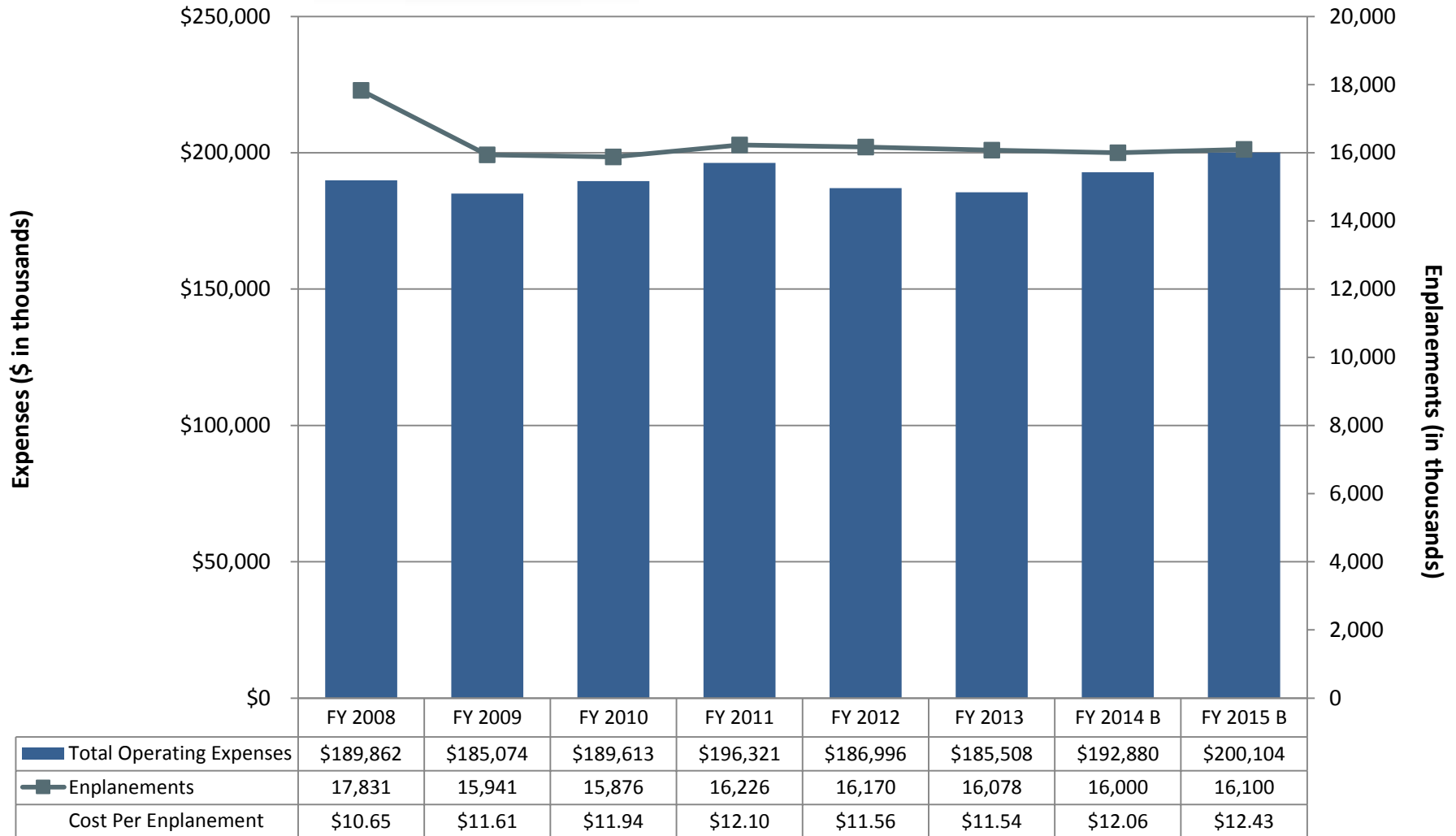
Source: Preliminary FY 2014 ACI Benchmarking Survey

FY 2015 Preliminary Operating Expenses

(\$ in thousands)	FY 2013	FY 2014	FY 2015	FY 2015 to FY 2014 Change	
	Actual	Budget	Budget	\$	%
Operating Expenses					
Salaries & Wages	\$ 41,974	\$ 41,708	\$ 43,289	\$ 1,581	3.8%
Employee Benefits	25,512	23,600	25,622	2,022	8.6%
Materials & Supplies	7,288	7,319	7,944	625	8.5%
Parking Management	6,280	6,560	7,119	559	8.5%
Shuttle Bus	6,501	6,250	6,498	248	4.0%
Janitorial	11,383	11,645	12,037	391	3.4%
Security	2,260	3,178	2,538	(640)	-20.1%
Contractual Services	18,525	20,997	21,472	476	2.3%
Insurance	2,298	2,392	2,172	(220)	-9.2%
Utilities	26,628	27,069	27,292	223	0.8%
Buildings & Grounds	14,085	17,121	18,903	1,782	10.4%
Equipment Repair	15,210	17,140	17,401	261	1.5%
Other Operating Expense	3,915	3,611	4,127	516	14.3%
O&M Capital	3,647	4,292	3,691	(601)	-14.0%
Total Operating Expenses	\$ 185,508	\$ 192,880	\$ 200,104	\$ 7,223	3.7%

Historical Operating Expenses

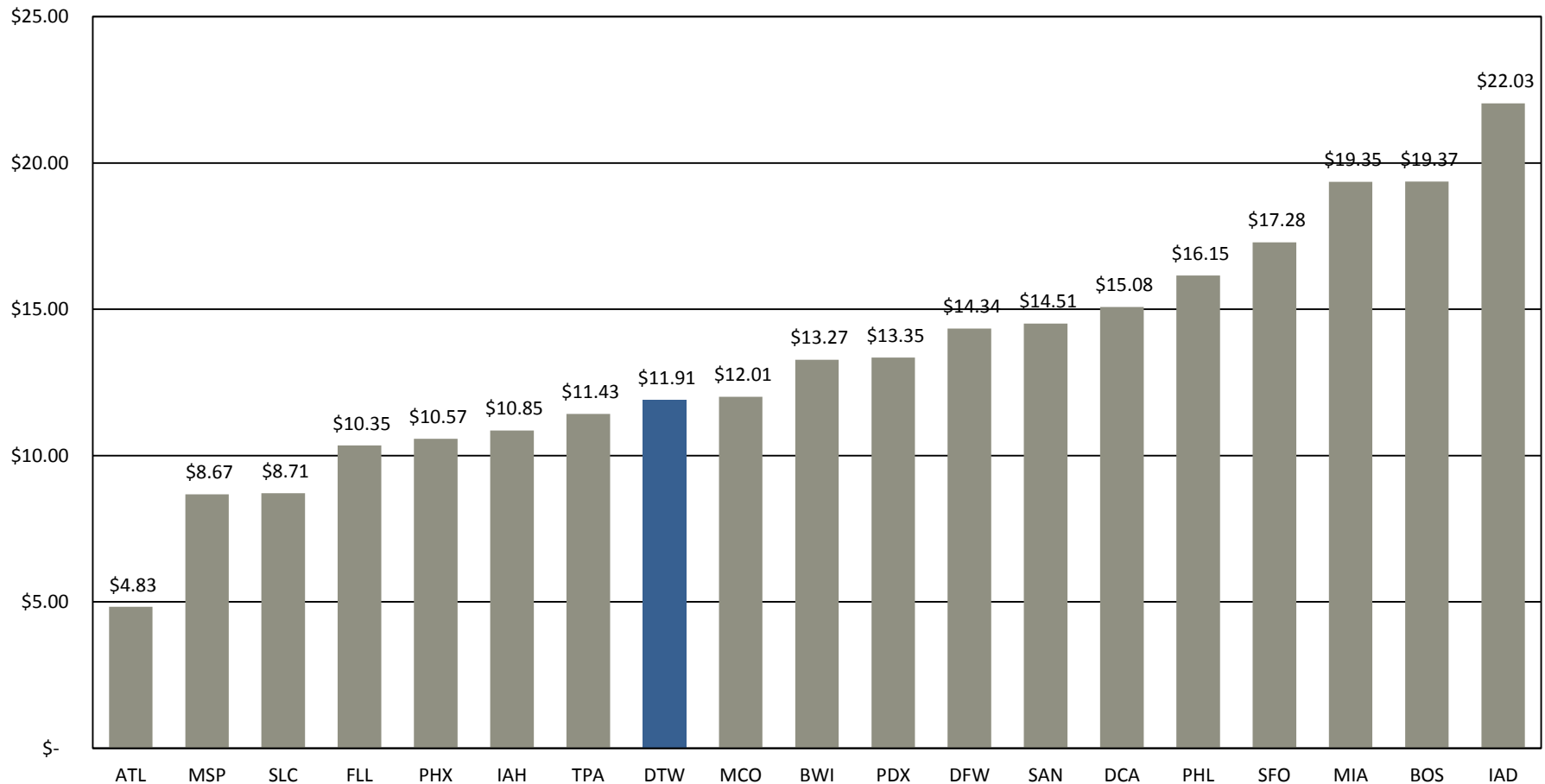
CAGR for the Airport's operating expenses since 2005 is 2.1%



Total Operating Expense per Enplanement

Peer Airport Comparison Fiscal Year 2013

Total Operating Expense Per Enplanement



Source: Preliminary FY 2014 ACI Benchmarking Survey

Strategic Approach to the Capital Improvement Plan

CIP is Developed with a Strategic Approach

Capital Improvement Committee evaluates projects based on multiple criteria

- Aligns with WCAA Strategic Objectives
- Supports FAA requirements
- Evaluates financial impacts
- Responds to airline initiative requests

Planned projects are prioritized and incorporated into the 5-Year CIP

- Maximizes federal and state grant funding opportunities
- Proactively plans for the replacement or reconstruction of essential infrastructure
- Schedules and coordinates execution of projects to minimize operational impact

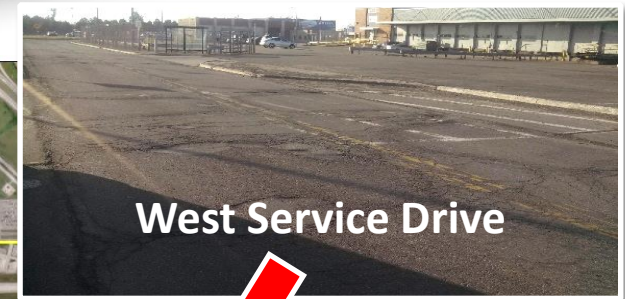
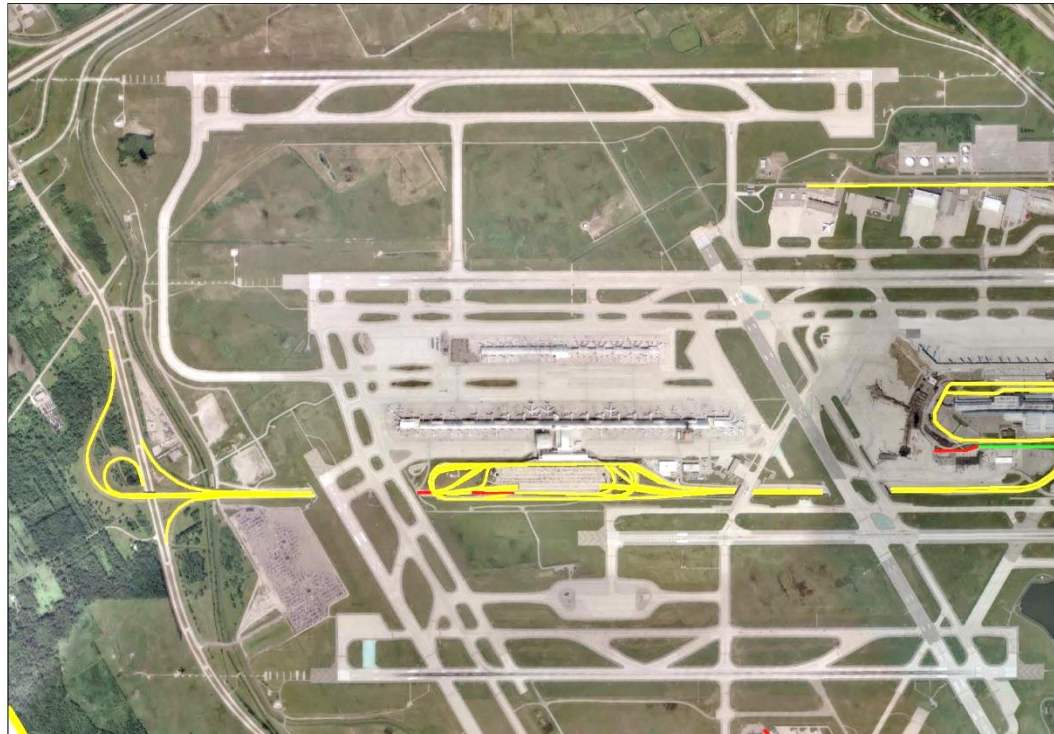
Progress & Accomplishments of Current Capital Projects

Projects to be Completed in FY 2014: Runway 4R/22L & 4R Displaced Threshold

- ➔ Nearing successful completion of the 3 year full depth reconstruction of the 12,000 foot runway



Projects to be Completed in FY 2014: Northline Road, West Service Drive & Other Roadways



- PASER 10-8 - Needs Preventative Maintenance
- PASER 7-5 - Needs Corrective Maintenance
- PASER 4-1 - Needs Replacement

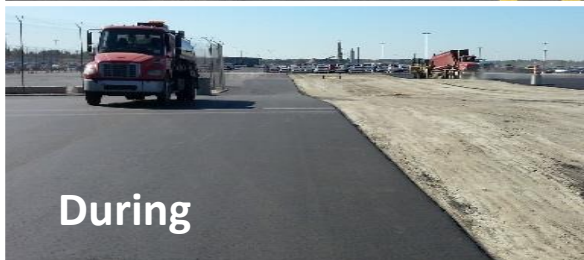
Projects to be Completed in FY 2014: Northline Road, West Service Drive & Other Roadways

- ➔ Contract for full-depth reconstruction of Northline Road from Middlebelt Road west to the AOA was approved at the March 2014 Board Meeting



- ➔ West Service Drive Reconstruction (Burton Drive west to Checkpoint #1) and the Berry Terminal Roadway Modifications (Burton Drive south to the North Terminal) contract was approved at the April 2014 Board Meeting

Projects to be Completed in FY 2014: South Employee Lot



- ➔ Project site included approximately 40 acres and 4,500 parking spaces
- ➔ Effort included full reconstruction including energy efficient LED lighting and new shuttle stop waiting areas

Projects to be Completed in FY 2014: Demolition

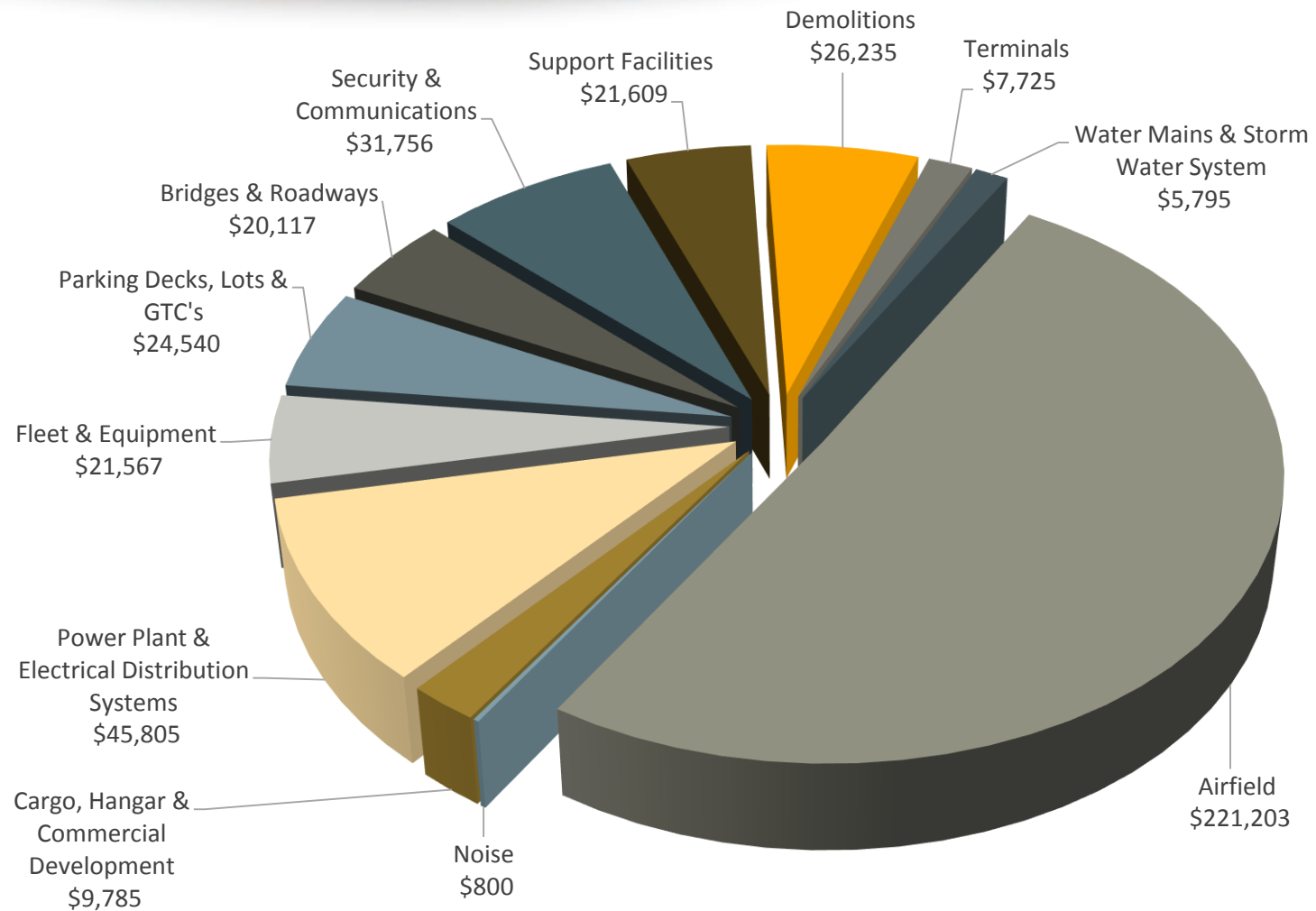


- ➔ Two contracts have been awarded for the demolition of:
 - Former Executive Hangar and Boiler House (Buildings 278 & 280)
 - Spirit Hangar (Building 538)
 - Post Office (Building 515)
 - Concession Storage (Building 513)
 - Cab Holding Lot Auxiliary Building (Building 507)
- ➔ Removal of the slab at the former Building 719 site and the demolition of the Northwest Hangar (Building 715) on the west side of the Airport are being prepared for re-solicitation
- ➔ The FAA recently approved the demolition of Build 538

Preliminary DTW Capital Improvement Plan FY 2015 – FY 2019

Preliminary DTW CIP Summary FY 2015-2019

(\$ in thousands)



Preliminary DTW CIP FY 2015-2019

(\$ in thousands)

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Total CIP FY 2015-2019</u>	<u>Memo: Total Project Cost</u>
Airfield	\$ 56,471	\$ 44,232	\$ 86,400	\$ 27,200	\$ 6,900	\$ 221,203	\$ 267,253
Noise	400	400	-	-	-	800	800
Cargo, Hangar & Commercial Development	8,660	-	7,125	-	-	15,785	15,785
Power Plant & Electrical Distribution Systems	21,175	21,430	1,600	1,600	-	45,805	50,622
Fleet & Equipment	7,007	4,384	6,176	4,000	-	21,567	28,335
Parking Decks, Lots & GTC's	11,310	10,350	2,880	-	-	24,540	26,790
Bridges & Roadways	5,190	8,477	5,326	1,124	-	20,117	26,245
Security & Communications	7,453	5,954	6,088	7,007	5,254	31,756	36,046
Support Facilities	7,199	13,514	685	60	151	21,609	43,485
Demolitions	16,794	7,841	-	1,600	-	26,235	32,359
Terminals	3,225	4,500	-	-	-	7,725	8,625
Water Mains & Storm Water System	4,970	375	150	150	150	5,795	8,500
Detroit Metropolitan Airport Total	\$ 149,854	\$ 121,457	\$ 116,430	\$ 42,741	\$ 12,455	\$ 442,937	\$ 544,845

Draft CIP Total Project Cost - Cause of Change

(\$ in Millions)

	<u>Increase/(Decrease)</u>
(\$ in Millions)	
FY 2014-2018 CIP Projects Total	\$ 595.2
FY 2014-2018 Projects Completed and Removed	(184.9)
New Projects	
Airfield Pavement Rehabilitation/Reconstruction Plan	35.7
Taxiway H Extension/Reconstruction and 22L Deicing Pad Expansion (Planning and Design only)	18.0
Bridges & Roadways Rehabilitation Program	14.3
South Power Plant Site Generators	10.0
Eureka Express Lot	8.1
Taxiway F (East of Taxiway S)	7.4
Taxiway V3 Extension	6.9
Taxiway U Extension (East of Taxiway W)	6.3
Runway 3L/21R Rehabilitation	6.1
Perimeter Fencing Cable Reinforcement	5.2
McNamara North Concourse C Modification	4.0
Roof Replacement Plan	3.1
Ground Transportation Heating System Reconfiguration	2.1
Surface Lots LED Lighting Installation	1.6
Street Light LED Upgrade including Power Line	1.3
Other Additional Projects	25.6
Modifications & Adjustments	
Runway 4L/22R and Associated Taxiways Rehabilitation (Changed from Planning Only)	91.0
Taxiway W Balance of Reconstruction	9.8
Runway 3L/21R & Associated Taxiways Reconstruction (Changed to Planning and Design Only)	(122.0)
Total Draft Detroit Metropolitan Airport FY 2015 - FY 2019 CIP	\$ 544.9

New Project: Airfield Pavement Rehabilitation/Reconstruction



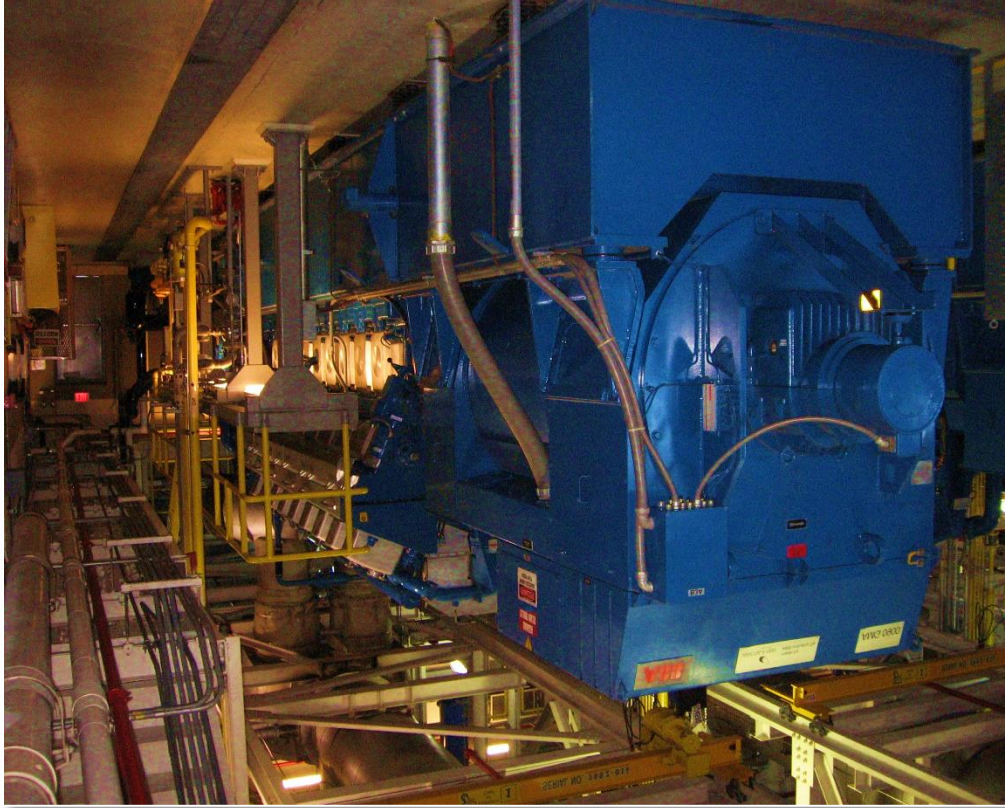
**Taxiway T
Pavement Repairs**

- Work required to address emergent conditions and FAA Part 139 regulations
- Localized concrete replacement
- Concrete joint replacement
- Runway and taxiway shoulder asphalt overlay



**Taxiway M
Milling & Resurfacing**

New Project: South Power Plant - Site Generators



- ➔ Installation of two site generators initially planned during construction of the McNamara Terminal (three of five were installed prior to the terminal opening)

New Project: Bridges & Roadways Rehabilitation Program

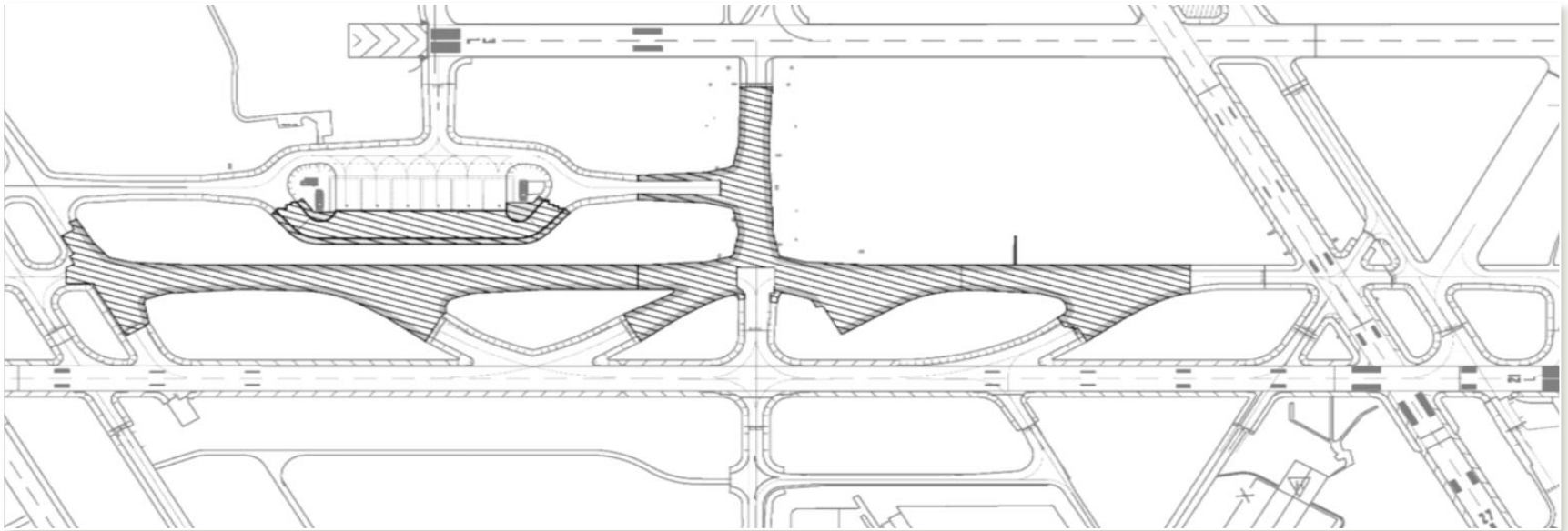


Modifications & Adjustments:

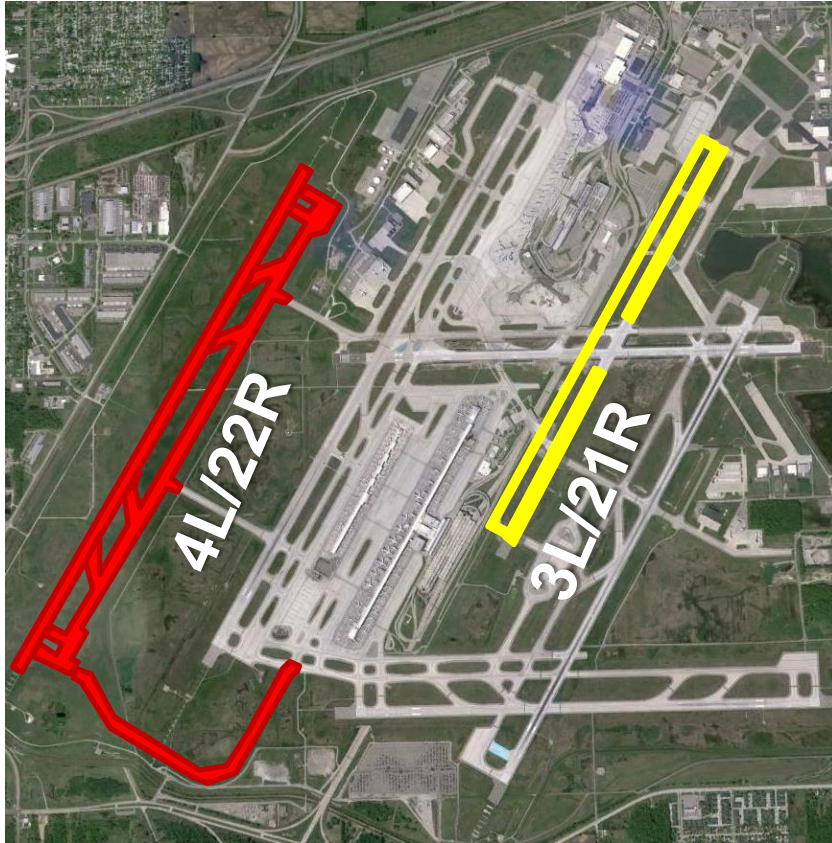
Taxiway Whiskey Balance of Reconstruction

- ➔ Portions of Taxiway Whiskey were reconstructed in 2006 & 2007
- ➔ Scope of work for the remainder of the taxiway has been increased in large part due to changes in FAA design standards
- ➔ Full depth reconstruction to be completed as a two year project (2014 – 2015) in coordination with the Eastern Taxiways Reconstruction

2014 Scope of Work



Modifications & Adjustments: Reprioritized Runway Reconstruction



→ Runway 4L/22R

- The need to rehabilitate Runway 4L/22R has become more time sensitive than the total reconstruction of Runway 3L/21R (\$122M)
- Runway 4L/22R is showing rapid decline in Pavement Condition Index
- Rehabilitation of Runway 4L/22R will be designed starting late in CY 2014 (\$6M) with construction slated for 2016 (\$91M)

→ Runway 3L/21R

- Runway 3L/21R is essential as DTW's second primary departure runway
- Runway 3L/21R's pavement is approaching the end of its useful life and will receive a full length asphalt overlay in 2015 to extend its useful life to 2021 (\$6.1M)

Modifications & Adjustments: Public Safety Headquarters



Current Progress

- ➔ Construction completion slated for October 15, 2014
- ➔ The revised project budget has increased \$2.4M from the approved 2014 CIP (\$18.1M to \$20.5M)



Demolition



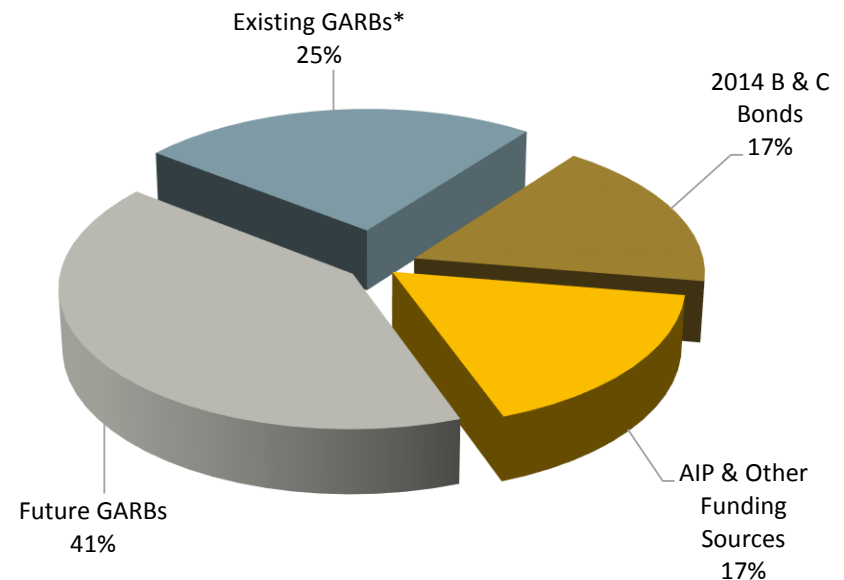
Rear Demolition

Debt & Preliminary FY 2015 Non-Operating Expenses

Preliminary DTW CIP FY 2015-2019 Funding Sources

(\$ in thousands)

- General Airport Revenue Bonds (GARBs)
 - The Authority issues bonds to finance the cost of capital construction
 - Projects financed by bonds require weighted majority approval from the signatory airlines if principal and interest are paid from rates and charges
- Airport Development Fund – A fixed amount transferred from the O&M fund and used at the discretion of the CEO for capital projects
- Other Sources Include:
 - Airport Improvement Program (AIP) – Federal grant program that is administered by the FAA
 - Operations & Maintenance Fund
 - Airport Renewal & Replacement Fund
 - Discretionary Fund
 - Seized Funds
 - State Grants and Other Grants

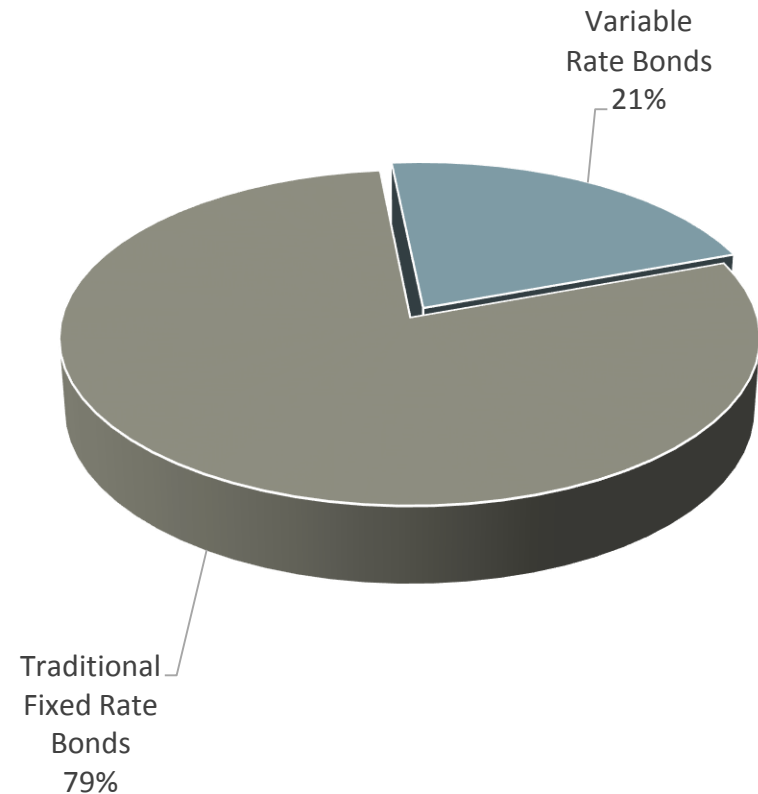


*Note: The 2014 Direct Placement is included in existing GARBS

Authority's Current Outstanding Debt is \$2.0 Billion

- ➔ Authority's portfolio has a natural hedge in that a change in interest rates on variable rate debt would offset interest earnings on cash funded reserves and bond payment accounts
- ➔ The Airport is rated A, A- and A2 by credit rating agencies S&P, Fitch and Moody's respectively; credit outlook is Stable
- ➔ The current weighted average interest rate of all Authority debt is 4.2%
- ➔ The Authority is in the process of issuing debt for FY 2015 and FY 2016 Capital Projects

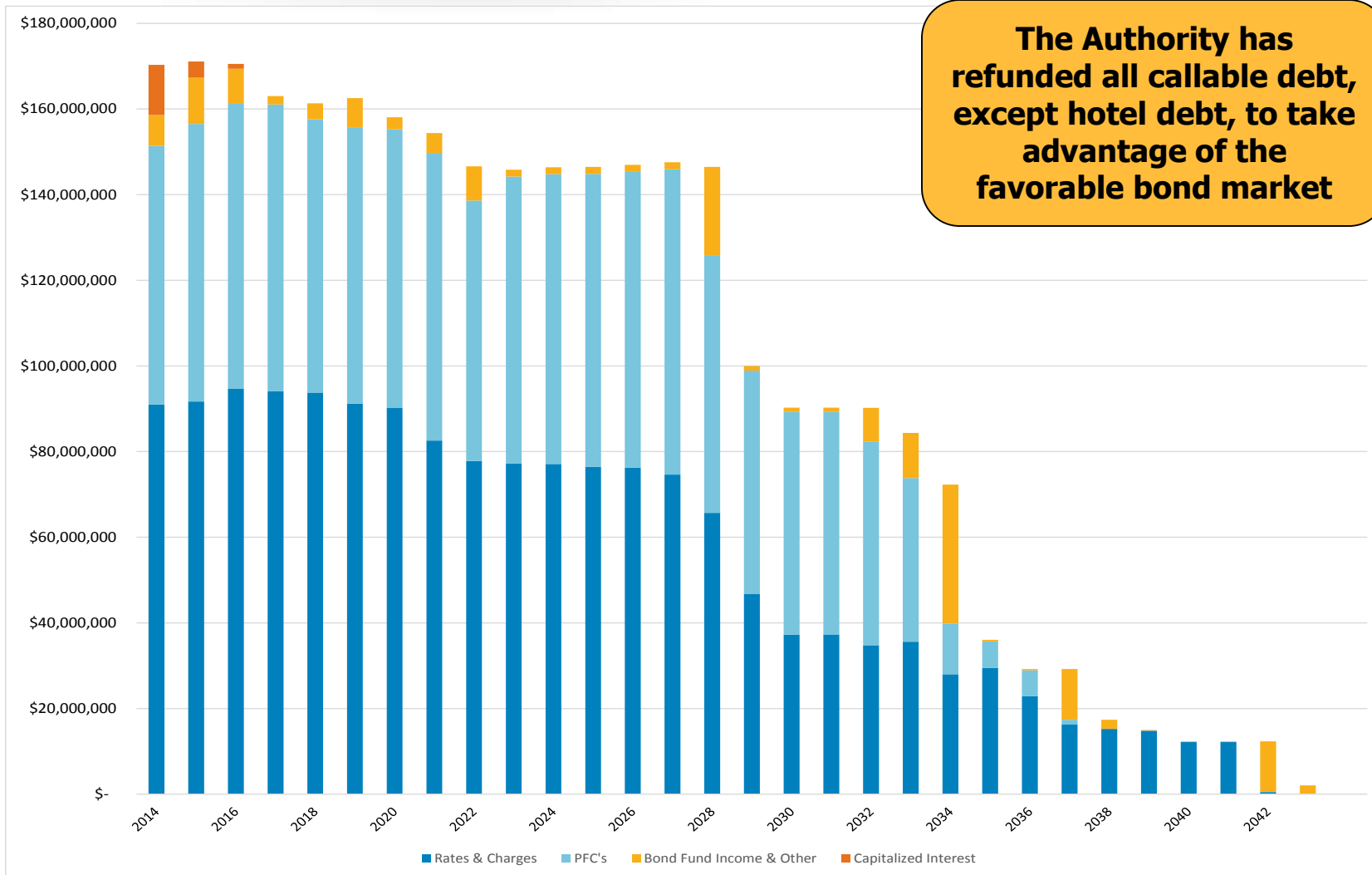
Current Debt Mix is Conservative
(\$ in millions)



Note: After Series 2014B-C Bond issuance, debt mix will return to 80% fixed and 20% variable

Gross Debt Service by Funding Source

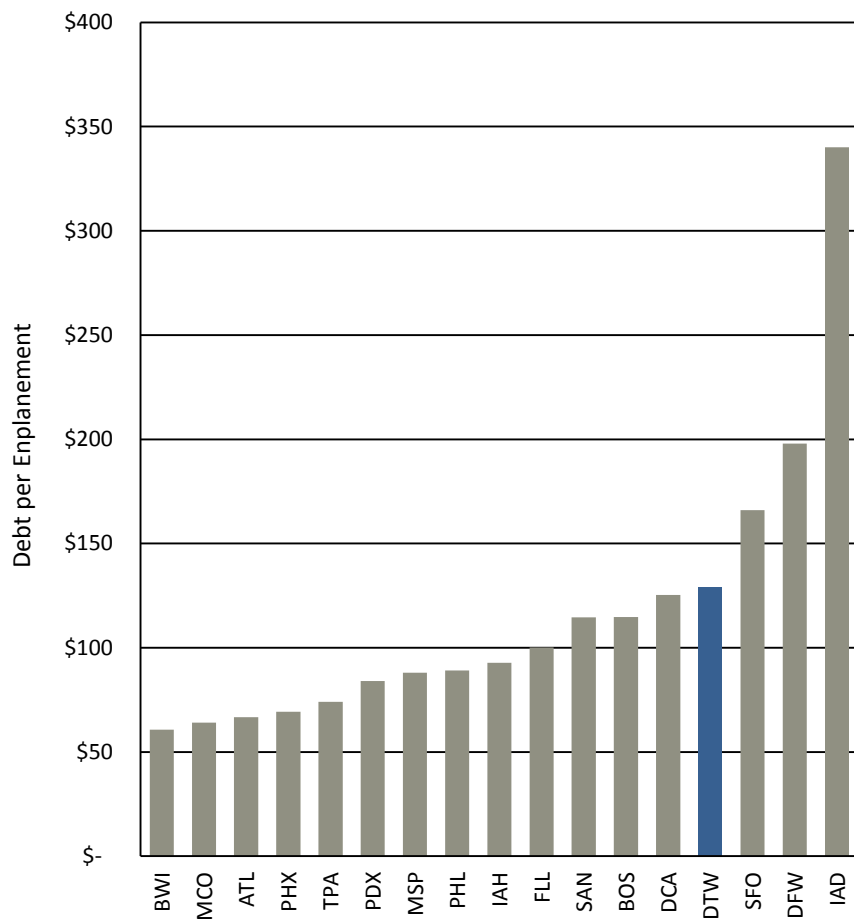
The Authority has refunded all callable debt, except hotel debt, to take advantage of the favorable bond market



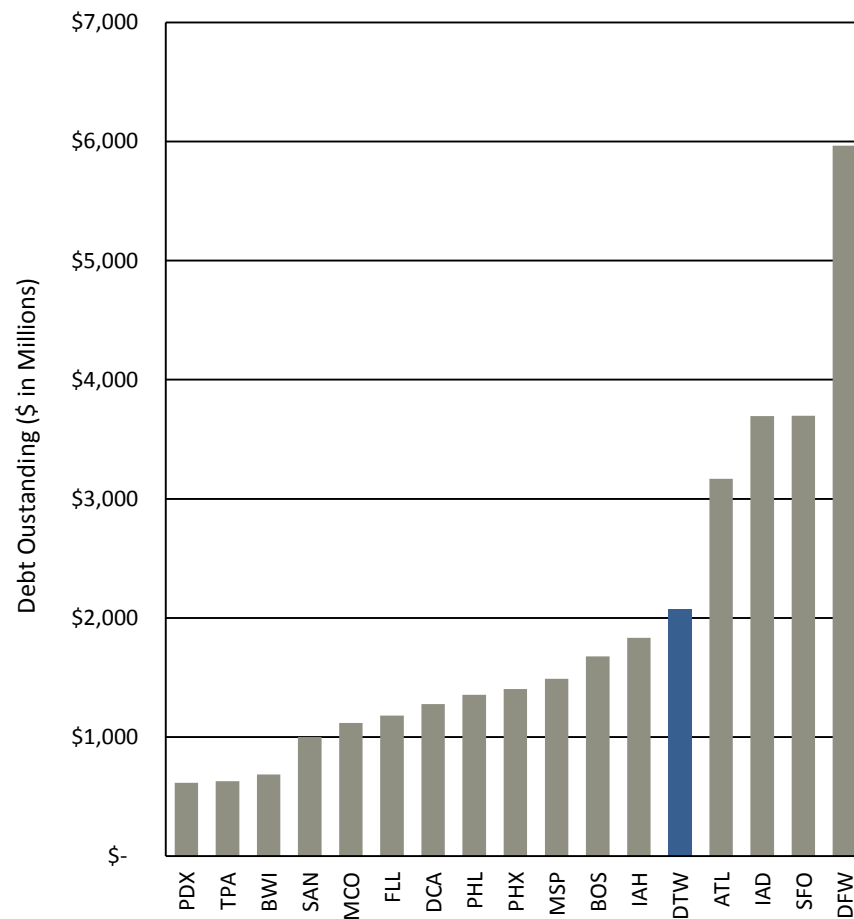
Peer Airport Debt Comparison

Fiscal Year 2013

Total Debt Per Enplanement



Total Debt Outstanding



Source: Preliminary FY 2014 ACI Benchmarking Survey

Preliminary FY 2014 Net Debt Service Budget

- Passenger Facility Charges (PFCs)
 - Metro Airport is authorized to impose PFCs up to \$4.50 for each qualifying enplaned passenger to finance eligible airport-related projects
 - Current and future PFCs have been fully leveraged to pay debt service on GARBs
- Airline rates and charges pay the balance of debt service, which is included in operating budget as “Debt Service”

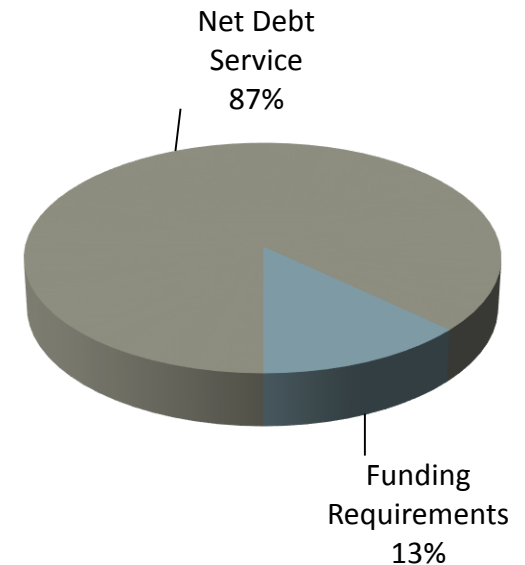
(\$ in millions)	FY 2015 Preliminary Budget				
	North Terminal	South Terminal	Airfield	Ground Transportation	Total
Gross Debt Service	\$ 36,079	\$ 56,234	\$ 58,264	\$ 9,354	\$ 159,931
Less PFCs	(21,463)	(39,365)	(3,996)	-	(64,824)
Less CAPI	-	-	(3,781)	-	(3,781)
Less Other Sources	-	-	-	(1,845)	(1,845)
Rates & Charges	\$ 14,616	\$ 16,869	\$ 50,487	\$ 7,509	\$ 89,481

Preliminary FY 2015 Non-Operating Budget

(\$ in thousands)

	FY 2013 Actual	FY 2014 Budget	FY 2015 Budget
Net Debt Service			
Airfield	\$ 51,060	\$ 50,414	\$ 50,487
Ground Transportation	7,537	7,542	7,509
North Terminal	12,701	14,511	14,616
South Terminal	16,183	16,903	16,869
Interest & Financing	163	243	245
Subtotal	87,644	89,613	89,726
Funding Requirements			
Airport Development Fund (ADF) ¹	7,285	7,300	7,360
Renewal & Replacement Reserve (R&R) ²	500	500	500
Discretionary Fund	350	350	350
Other Post Employee Benefits (OPEB) Fund ³	3,800	2,500	4,808
Automated Vehicle Inspection Fund (AVI) ⁴	2,243	2,300	2,425
Total Non-Operating Expenses	\$ 101,823	\$ 102,563	\$ 105,169

FY 2015 Non-Operating Expense Budget



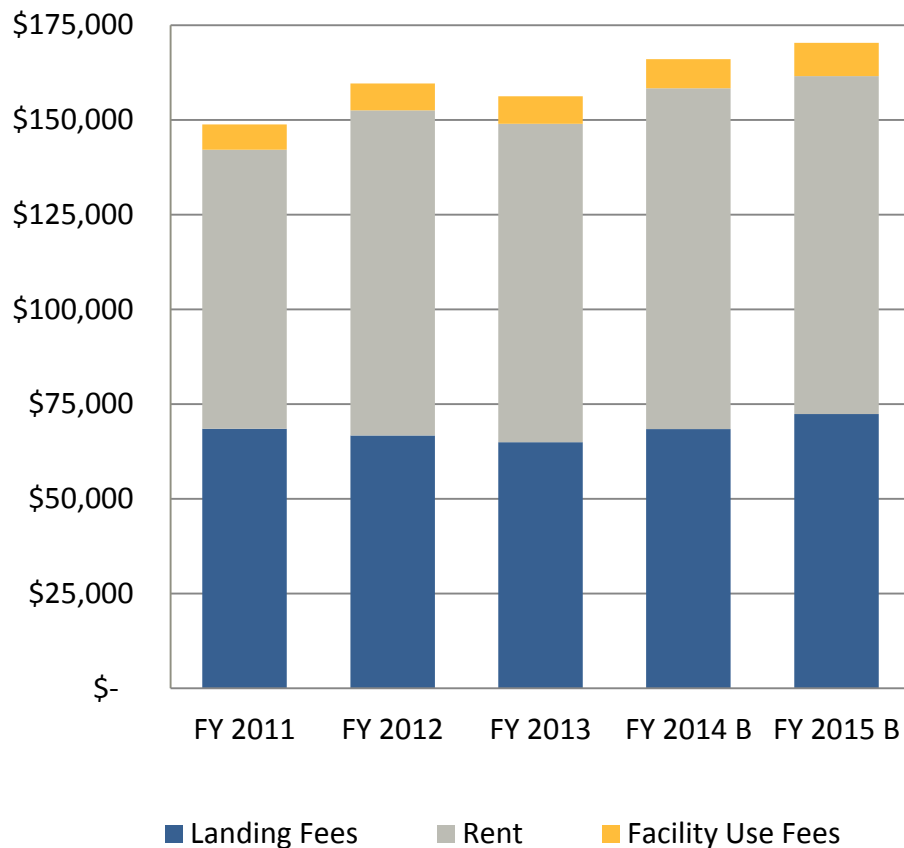
- (1) Annual transfer to ADF is adjusted by estimated changes in the Producer Price Index (PPI)
- (2) R&R and Discretionary requirements are \$500k and \$350k annually, respectively
- (3) OPEB funding is increasing to meet required contributions
- (4) AVI revenues are transferred to ADF, up to \$2.5 million annually

Preliminary Airline Revenue

Airline Revenue Growth is Modest at 2.7%

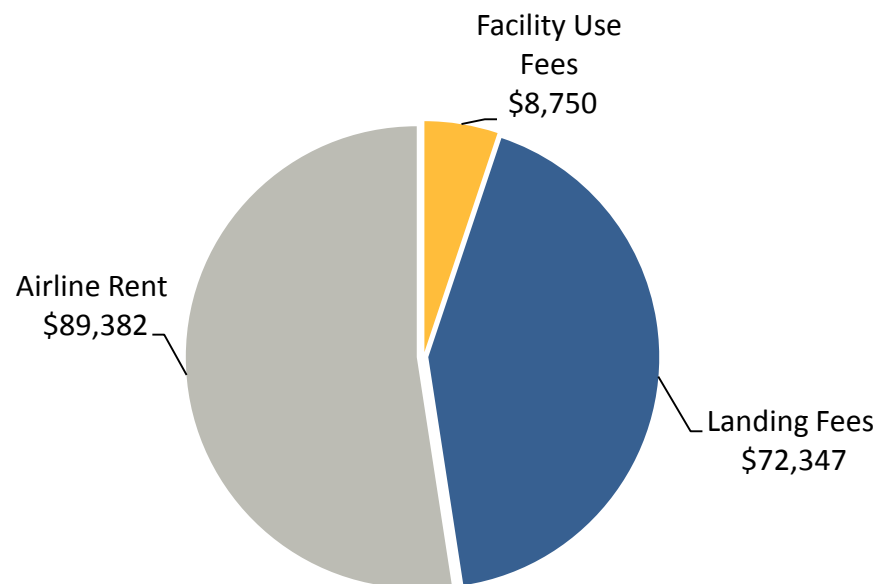
Airline Revenues

(\$ in thousands)



Airline Revenues by Category

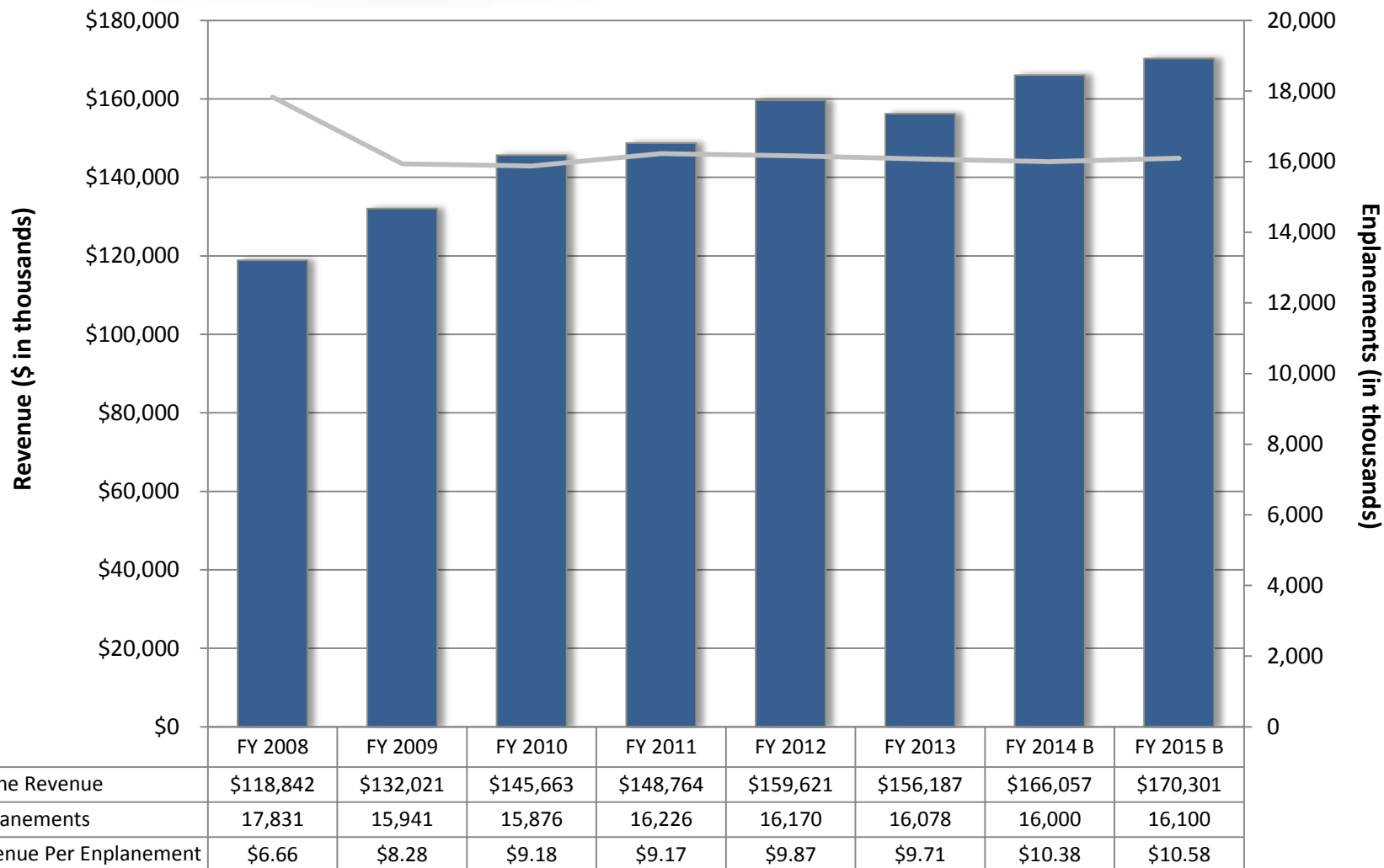
(\$ in thousands)



FY 2015 Preliminary Budget

(\$ in thousands)	FY 2013	FY 2014	FY 2015	FY 2015 to FY 2014 Change	
	Actual	Budget	Budget	\$	%
Revenues					
Landing Fees	\$ 64,922	\$ 68,363	\$ 72,347	\$ 3,985	6.1%
Airline Rentals	84,004	89,951	89,204	(747)	-0.9%
Facility Use Fees	7,262	7,743	8,750	1,007	13.9%
Total Airline Revenues	156,187	166,057	170,301	4,244	2.7%
Total Non-Airline Revenues	129,583	128,656	134,268	5,612	4.3%
Total Non-Operating Revenues	1,562	1,155	1,055	(100)	-6.4%
Total Revenues	287,332	295,868	305,625	9,756	3.4%
Expenses					
Salaries, Wages and Benefits	67,487	65,308	68,911	3,603	5.3%
Materials and Supplies	7,288	7,319	7,944	625	8.6%
Contractual Services	44,950	48,630	49,664	1,033	2.3%
Insurance	2,298	2,392	2,172	(220)	-9.6%
Utilities	26,628	27,069	27,292	223	0.8%
Repair & Maintenance	29,296	34,261	36,304	2,043	7.0%
Other Operating Expense	3,915	3,611	4,127	516	13.2%
Capital Acquisition	3,647	4,292	3,691	(601)	-16.5%
Total Operating Expenses	185,508	192,880	200,104	7,223	3.9%
Total Non-Operating Expenses	101,824	102,988	105,521	2,533	2.5%
Total Expenses	\$ 287,332	\$ 295,868	\$ 305,625	\$ 9,756	3.4%

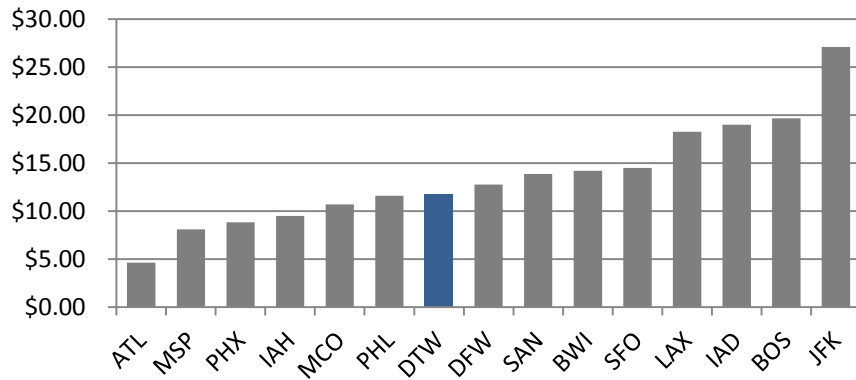
Airline Revenue per Enplanement Remains Competitive



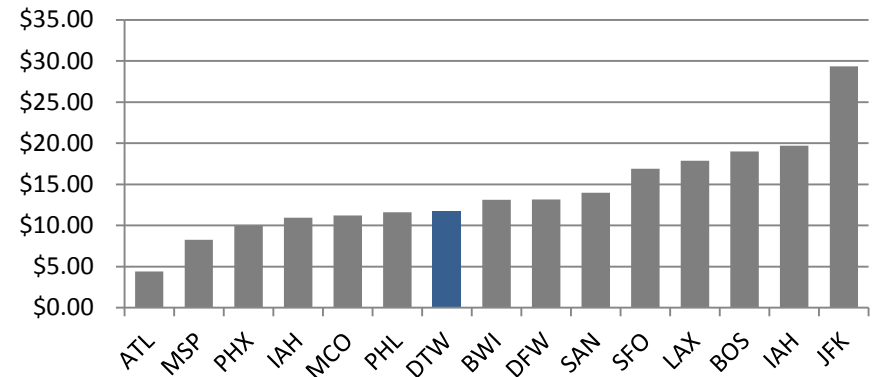
FY 2010 – FY 2013 Peer Airport Comparison

Cost Per Enplaned Passenger (CPE)

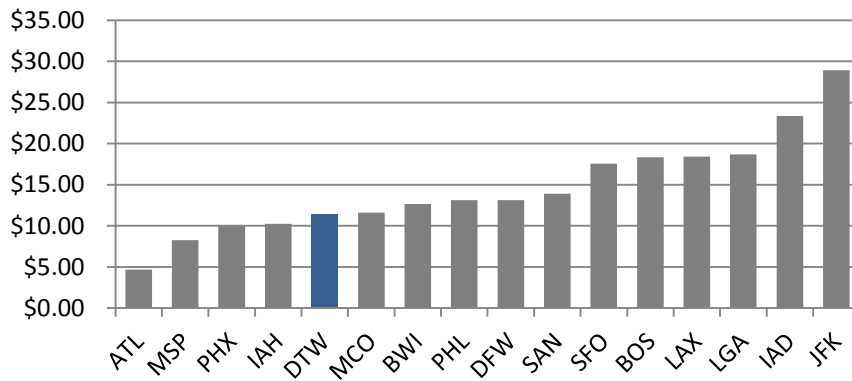
FY 2010



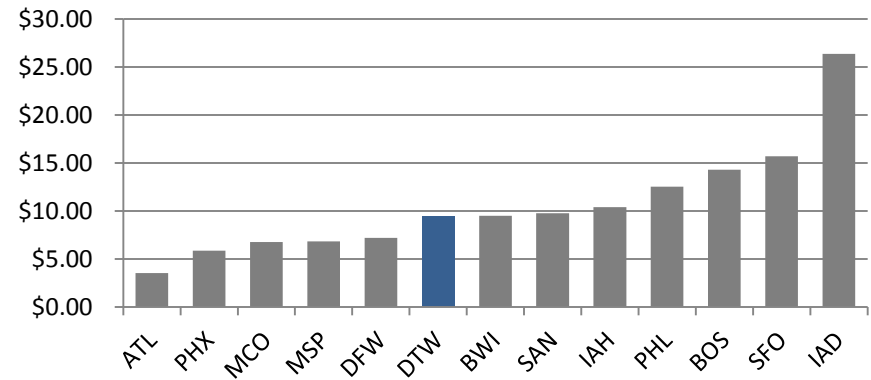
FY 2011



FY 2012



FY 2013



Source: ACI Benchmarking Surveys FY 2010 – FY 2014 (Preliminary)
 JFK & LAX have not yet reported in the Preliminary FY 2014



DETROIT METRO • WILLOW RUN
WAYNE COUNTY AIRPORT AUTHORITY



Thank you

Appendix

Landing Fees

	FY 2013 Actual	FY 2014 Budget	FY 2014 Mid-Year	FY 2015 Budget	FY 2014 B vs. FY 2015 B	
					#	%
Enplanement	16,077,652	16,000,000	16,000,000	16,100,000	100,000	0.6%
Airline Cost per Enplanement	\$ 9.71	\$ 10.38	\$ 10.89	\$ 10.58	\$ 0.20	1.9%
Landed Weights						
Signatory	20,458,858	20,336,000	20,336,000	20,500,000	164,000	0.8%
Non-Signatory	168,532	164,000	164,000	200,000	36,000	22.0%
Total	20,627,390	20,500,000	20,500,000	20,700,000	200,000	1.0%
Landing Rates						
Signatory	\$ 3.14	\$ 3.33	\$ 3.74	\$ 3.49	\$ 0.16	4.8%
Non-Signatory	\$ 3.93	\$ 4.16	\$ 4.68	\$ 4.36	\$ 0.20	4.8%

Terminal Rental Rates

North Terminal Activity & Fees

	FY 2014 Budget	FY 2015 Budget
North Terminal Rental Rates		
Signatory Airline	\$ 127.00	\$ 131.00
Non-Signatory Airline	\$ 147.00	\$ 151.00
International Facility Use Fee	\$ 5.50	\$ 5.50
Shared Use Fee		
Signatory Airline	\$ 4.93	\$ 4.47
Non-Signatory Airline	\$ 5.67	\$ 5.15
Common Use Gate Fee*		
Signatory Airline	\$ 346.00	\$ 352.00
Non-Signatory Airline	\$ 398.00	\$ 405.00

- Common Use Gate Fee is for Narrow Body Equivalent aircraft. Fee is adjusted based on actual aircraft size; refer to "Definitions Section" of Airport Use & Lease Agreement.
- Terminal Rental Rates did not change at Mid-Year

South Terminal Activity & Fees

	FY 2014 Budget	FY 2015 Budget
South Terminal Rental Rates		
Signatory Airline	\$ 62.00	\$ 61.00
Non-Signatory Airline	\$ 72.00	\$ 71.00
International Facility Use Fee	\$ 5.50	\$ 5.50

O&M Fund FY 2005 to FY 2015 Budget

CAGR for the Airport's Operating Expenses since 2005 is 2.1%

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	CAGR
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	FY 2005 Actual to FY 2015 Budget
Airline Revenues												
Landing and related fees	\$ 73,191	\$ 60,162	\$ 58,741	\$ 84,022	\$ 59,723	\$ 69,651	\$ 68,473	\$ 66,719	\$ 64,922	\$ 68,363	\$ 72,347	-0.1%
Airline Rent	23,884	25,026	26,642	26,934	65,977	70,061	73,652	85,810	84,004	89,951	89,204	14.1%
Facility use fees	7,074	6,767	7,525	7,885	6,320	5,950	6,638	7,092	7,262	7,743	8,750	2.1%
Total Airline Revenues	104,149	91,955	92,908	118,842	132,021	145,663	148,764	159,621	156,187	166,057	170,301	5.0%
Non-Airline Revenues												
Parking Fees	46,003	53,026	58,859	58,683	49,911	48,309	54,145	56,091	57,829	59,000	62,761	3.2%
Car Rental	18,081	19,175	20,859	21,493	17,540	17,273	18,984	19,626	20,160	20,400	21,520	1.8%
Concessions	26,145	27,892	29,078	30,043	30,563	30,427	31,261	31,714	31,187	31,115	31,568	1.9%
Ground Transportation	3,879	5,127	7,394	7,056	6,510	4,739	4,944	4,883	5,095	5,115	5,316	3.2%
Shuttle Bus	5,331	4,960	5,254	5,773	5,655	5,467	5,869	5,211	2,502	2,050	2,050	-9.1%
Utility Service Fees	3,721	3,622	4,078	4,498	4,320	4,332	4,879	4,790	5,152	5,180	5,287	3.6%
Rent, Charges for Services & Other	6,136	5,949	8,785	7,685	6,661	6,509	7,051	5,263	7,538	5,796	5,766	-0.6%
Total Non-Airline Revenues	109,297	119,750	134,307	135,231	121,161	117,057	127,133	127,578	129,463	128,656	134,268	2.1%
Non-Operating Revenues	1,783	3,092	3,015	2,290	1,730	1,465	1,477	1,627	1,562	1,155	1,055	-5.1%
Total Revenues	215,230	214,798	230,229	256,363	254,912	264,185	277,374	288,826	287,212	295,868	305,625	3.6%
Operating Expenses												
Salaries & Wages	42,761	43,932	46,151	47,322	46,274	43,166	44,225	43,159	41,974	41,708	43,289	0.1%
Employee Benefits	19,433	20,386	23,725	27,891	26,422	27,556	25,840	25,268	25,512	23,600	25,622	2.8%
Materials and Supplies	4,011	4,670	4,061	5,392	5,969	5,177	6,457	6,047	7,288	7,319	7,944	7.1%
Parking Management Expense	10,647	9,754	10,325	8,906	7,082	6,505	6,794	6,048	6,280	6,560	7,119	-3.9%
Shuttle Bus Services	10,354	9,943	8,251	9,221	8,483	8,495	8,750	8,099	6,501	6,250	6,498	-4.6%
Janitorial Services	1,995	2,031	2,417	2,403	10,576	10,972	11,143	11,480	11,383	11,645	12,037	19.7%
Security	3,463	3,501	3,433	2,758	2,657	2,293	2,401	2,288	2,260	3,178	2,538	-3.1%
Contractual Services	10,157	9,322	9,239	13,519	14,644	14,166	19,354	16,613	18,524	20,997	21,472	7.8%
Insurance	3,342	2,972	2,826	2,593	2,710	2,532	2,294	2,370	2,298	2,392	2,172	-4.2%
Utilities	20,958	21,801	25,585	29,558	26,616	25,447	24,524	26,280	26,628	27,069	27,292	2.7%
Buildings and Grounds Maintenance	18,019	20,007	20,569	22,094	13,021	19,313	18,141	16,519	17,669	17,121	18,903	0.5%
Equipment Repair and Maintenance	12,344	13,922	12,742	13,435	15,740	17,820	17,193	15,142	15,210	17,140	17,401	3.5%
Other Operating Expenses	3,062	445	2,258	4,770	3,378	3,397	1,760	4,039	212	3,611	4,127	3.0%
Operations and Maintenance Capital	2,685	4,107	1,942	2,086	1,500	2,774	7,444	3,645	3,647	4,292	3,691	3.2%
Total Operating Expenses	163,232	166,793	173,524	191,948	185,074	189,613	196,321	186,996	185,388	192,880	200,104	2.1%
Non-Operating Expenses	51,998	48,005	56,705	64,415	69,838	74,571	81,053	101,831	101,824	102,988	105,521	7.3%
Total Expenses	215,230	214,798	230,229	256,363	254,912	264,185	277,374	288,826	287,212	295,868	305,625	3.6%
Net Income (Loss)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	n/a