

Memorandum



CITY OF DALLAS

DATE May 29, 2015

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Future Parking Development at Dallas Love Field and Upcoming Bond Issuance

On June 1, 2015 the Budget, Finance and Audit Committee will be briefed on the Future Parking Development at Dallas Love Field and Upcoming Bond Issuance. The briefing will be presented by Mark Duebner, Director of Aviation. The briefing is attached for your review.

Please let me know if you need additional information.

A handwritten signature in black ink, appearing to read 'Ryan S. Evans'.

Ryan S. Evans
First Assistant City Manager

c: Honorable Mayor and Members of City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Jill A. Jordan, P.E., Assistant City Manager

Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Mark Duebner, Director, Aviation
Elsa Cantu, Assistant to the City Manager



FUTURE PARKING DEVELOPMENT AT DALLAS LOVE FIELD

BUDGET, FINANCE AND AUDIT COMMITTEE
JUNE 1, 2015



OVERVIEW

- **Background**
- **Airport Activity**
- **Revised Passenger Enplanement Forecast**
- **Parking Requirements**
- **Future Parking Garage Concept**
- **Construction Schedule**
- **Cost Estimate**
- **Revenue**
- **Bond Schedule**
- **Legal Documents**

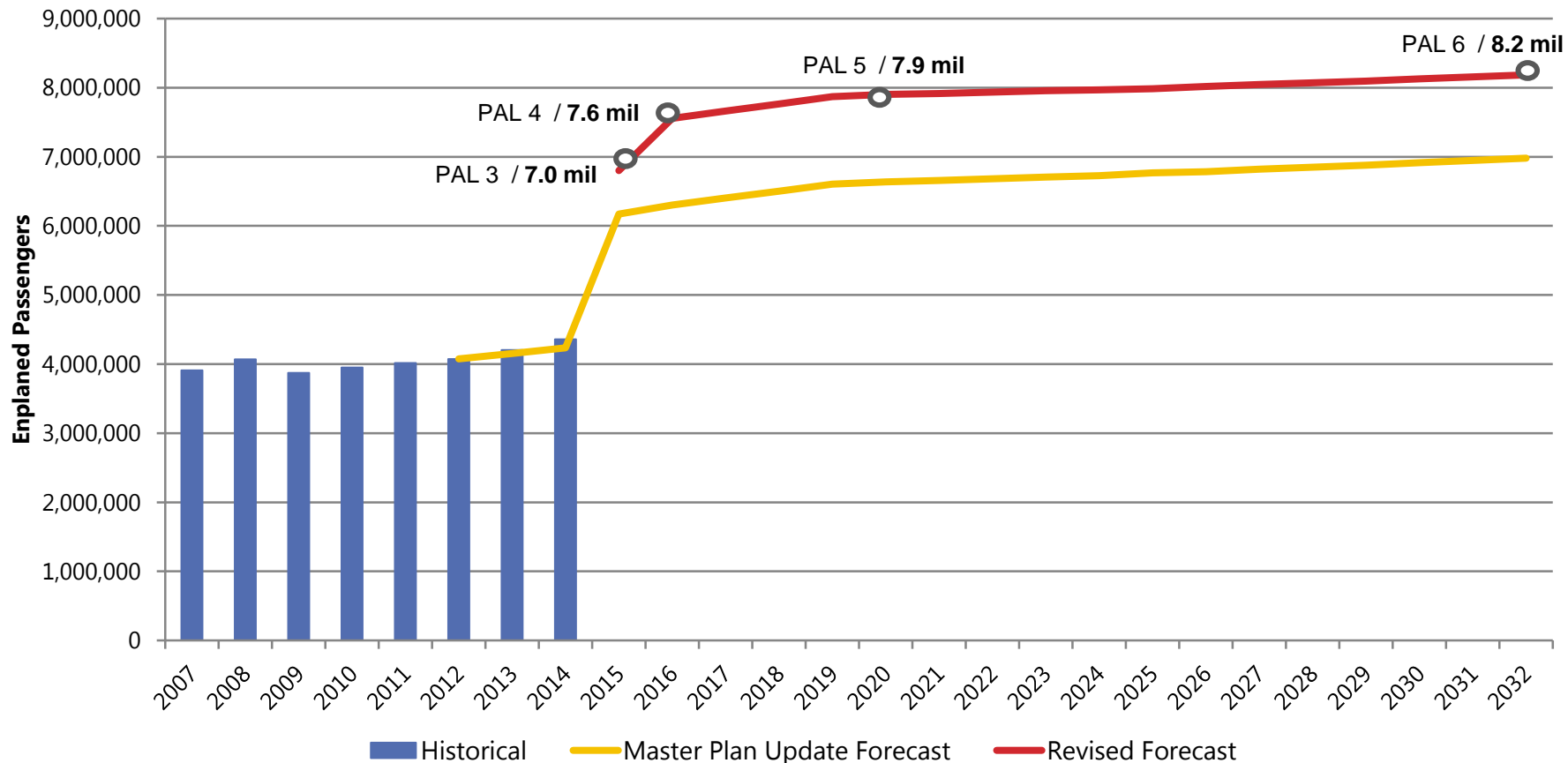
LOVE FIELD MODERNIZATION PROGRAM (LFMP)

- **Existing 6,980 public parking spaces were forecasted in 2008 to accommodate passenger needs through 2017-2018**
- **Faster than anticipated growth in passenger activity post Wright Amendment has created an immediate need for additional parking**

POST WRIGHT AMENDMENT AIRPORT ACTIVITY

- **Commercial service increased on October 13, 2014 from 118 to 140 flights per day**
- **Commercial service increased to 148 flights per day in November**
- **152 flights per day in January, 2015**
- **166 flights per day in April, 2015**
- **200 daily commercial flights by August 2015**

REVISED PASSENGER ENPLANEMENT FORECAST



NOTE: The Revised Forecast illustrates an increase of enplanements due to the redistribution of activity on 4 gates at DAL. This includes the new entrant Virgin America (2 gates) and the Southwest acquisition of 2 additional gates in July 2015. Virgin America and Southwest Airlines operate a higher turn per gate (9.3-9.5) as well as a larger aircraft type (A319/A320 and B737) than the original Master Plan Forecast projected for other Airlines such as United Airlines and Delta Regional Jets.

EXISTING PUBLIC PARKING

- **Garage A: 2,980 public parking spaces**
 - Heavy maintenance and refurbishment required
 - One-way traffic flow
 - Long drive aisles
 - Offset ramps
 - Poor circulation signage
 - Low light levels
- **Garage B: 4,000 public parking spaces**
 - Good condition
 - Minor improvements programmed (e.g., wayfinding and lighting levels)

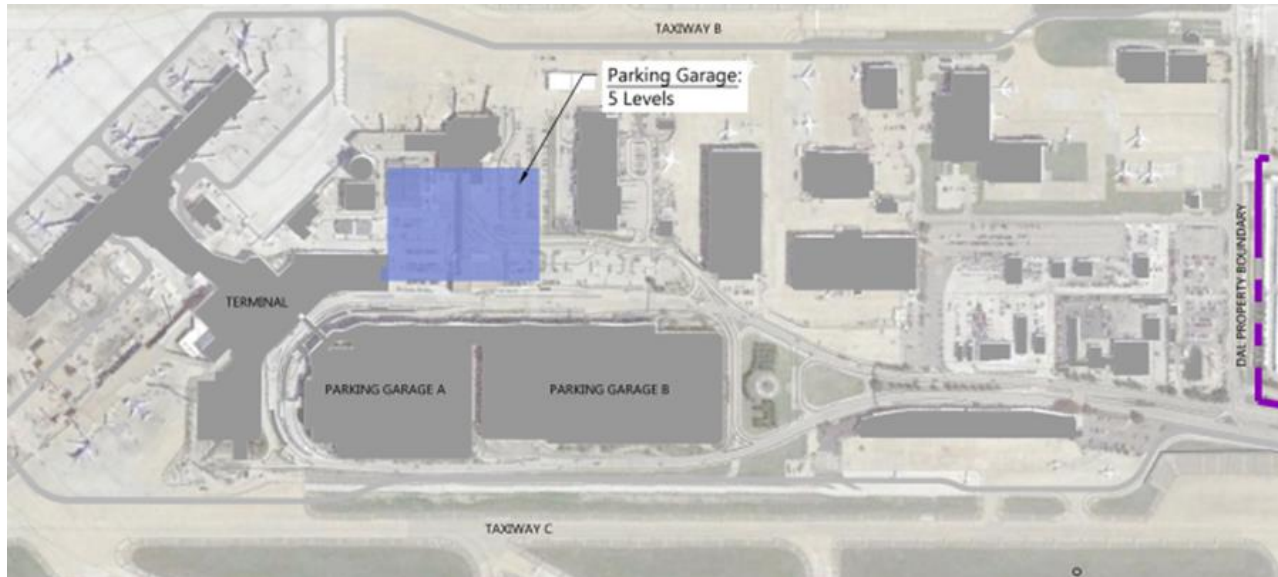
DEMAND HAS EXCEEDED CAPACITY

	Pre-Wright Amendment	Passenger Enplanement Forecasts			
Enplaned Passengers (millions)	4.1	7.0	7.6	7.9	8.2
Originating Passengers (millions)	2.7	4.0	4.3	4.5	5.3
		Requirements			
Average Daily Demand		9,600	10,380	10,950	12,880
General Parking Surplus/ (Deficit)		(120)	(900)	(1,470)	(3,400)
Holiday and Special Events		10,650	11,520	12,160	14,300
General Parking Surplus/(Deficit)		(1,170)	(2,040)	(2,680)	(4,820)
Valet/Premium Requirement		1,000			
Total New Space Requirement		2,170	3,040	3,680	5,820

Peak travel times have resulted in parking shortage

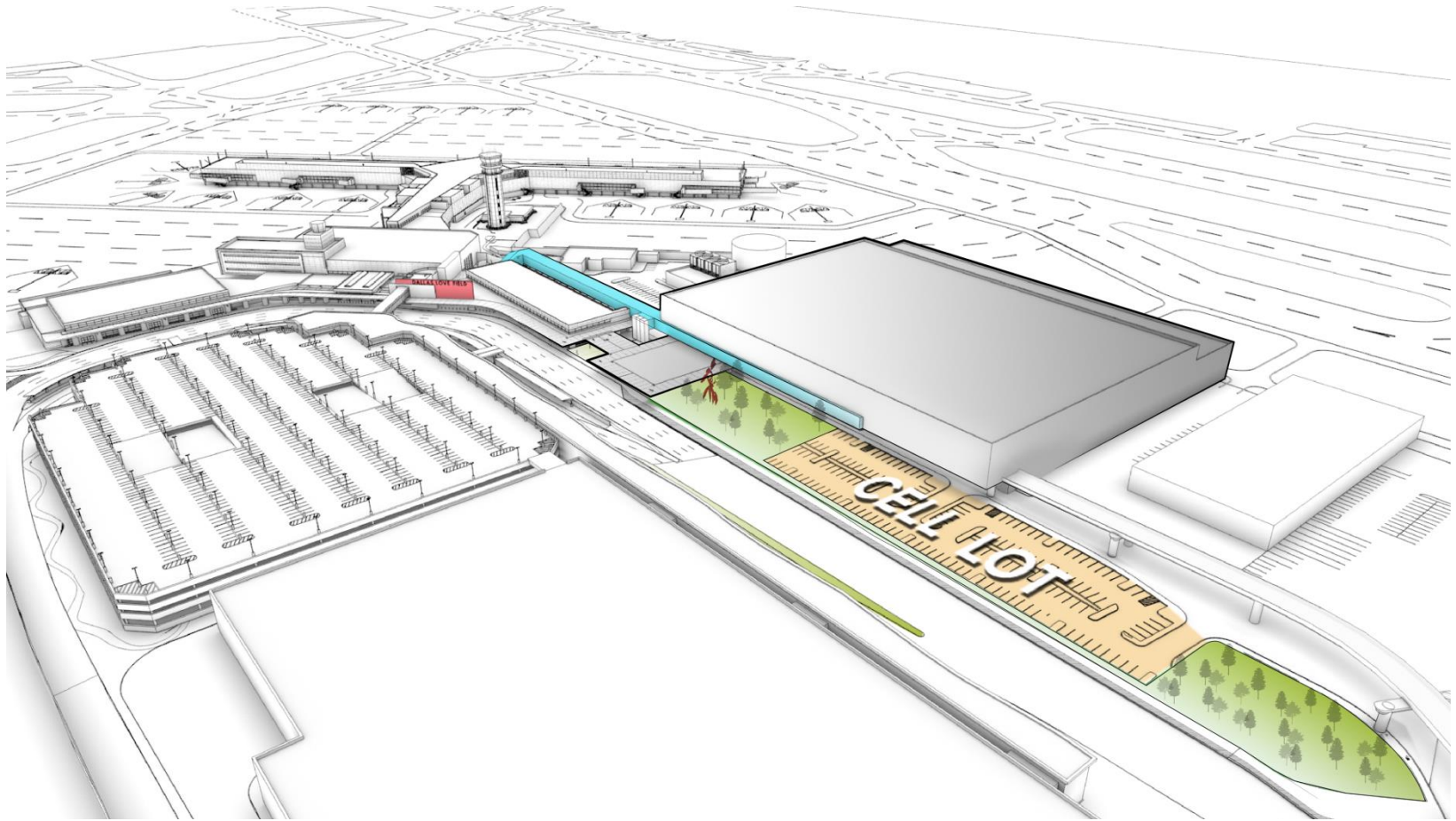
- 2014 Holiday travel resulting in all Garages, Valet and adjacent parking lots at capacity

FUTURE PARKING GARAGE CONCEPT

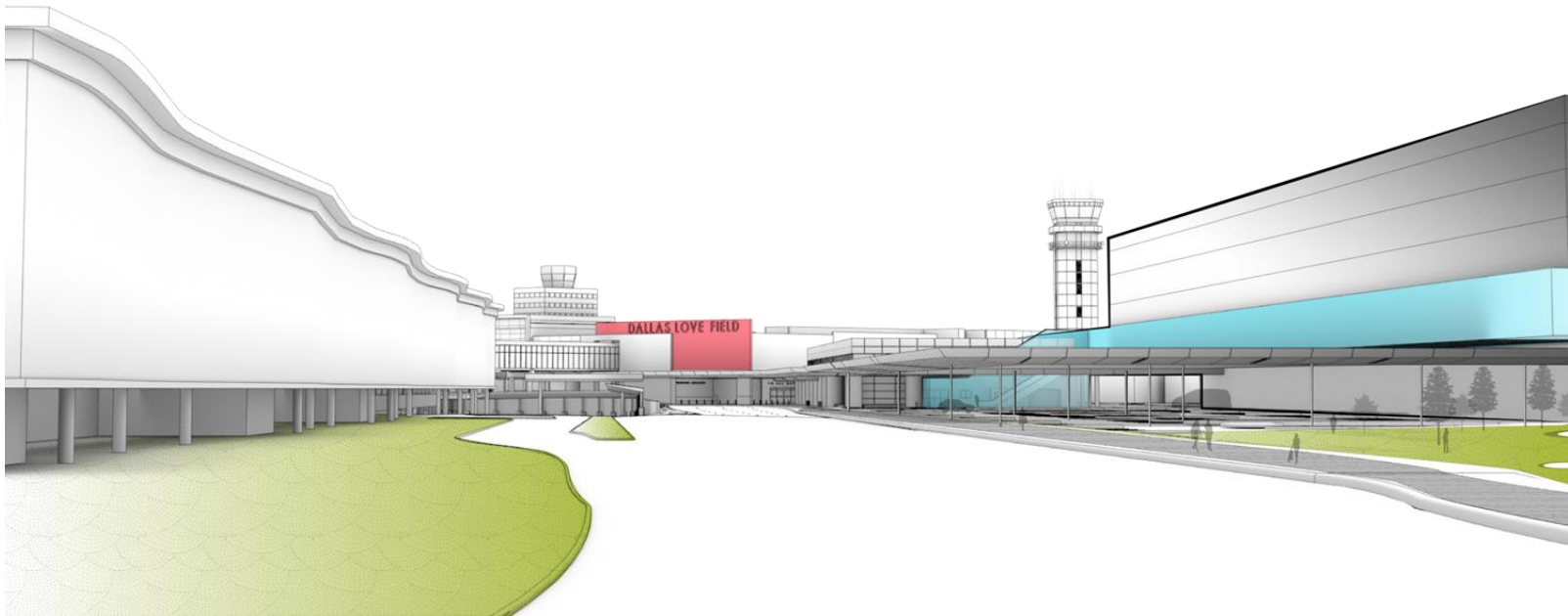


- **Garage to be located adjacent to Ticket Hall**
- **Approximately 5,130 spaces will be accommodated in the 9 level structure (7 above/2 below)**
- **Hotel / Future Development Option**
- **New Garage designed for Premium & Subscription Parking**

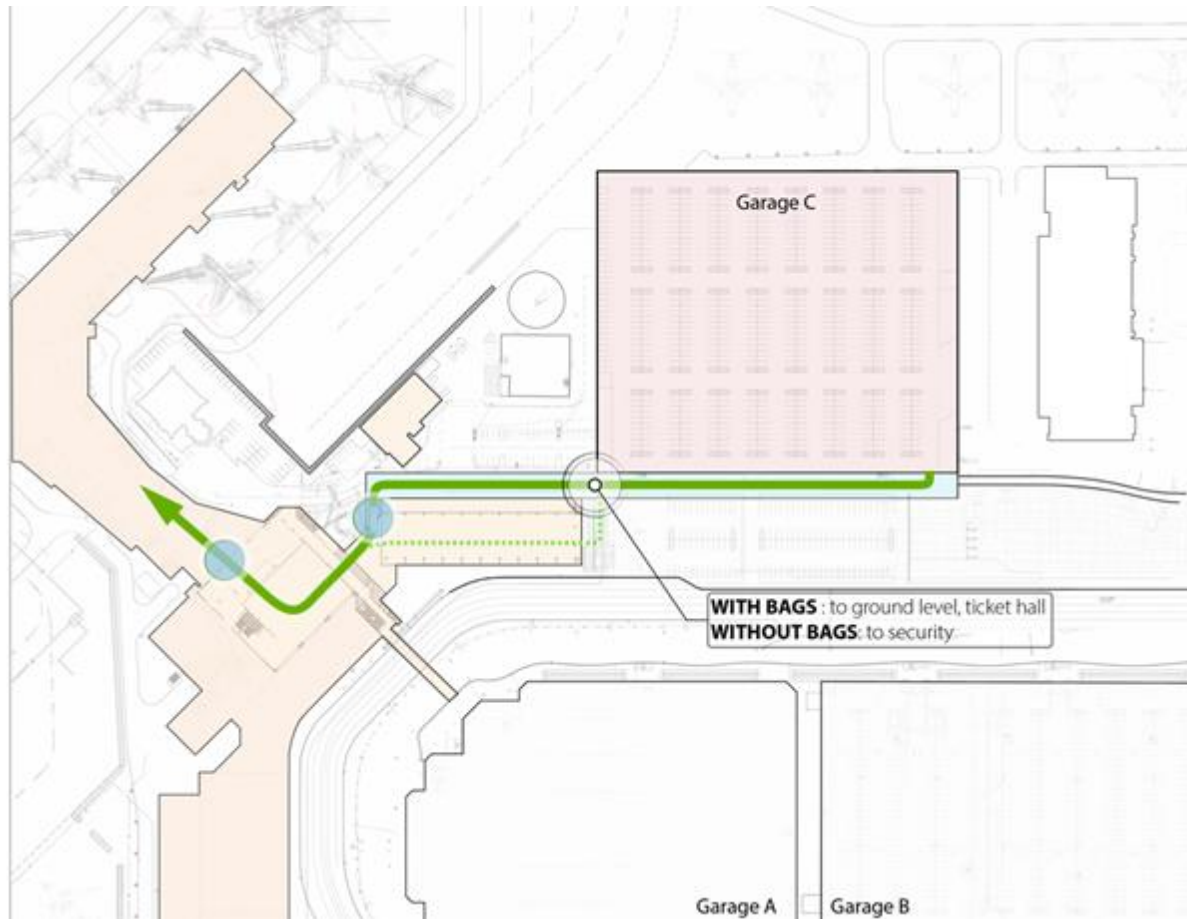
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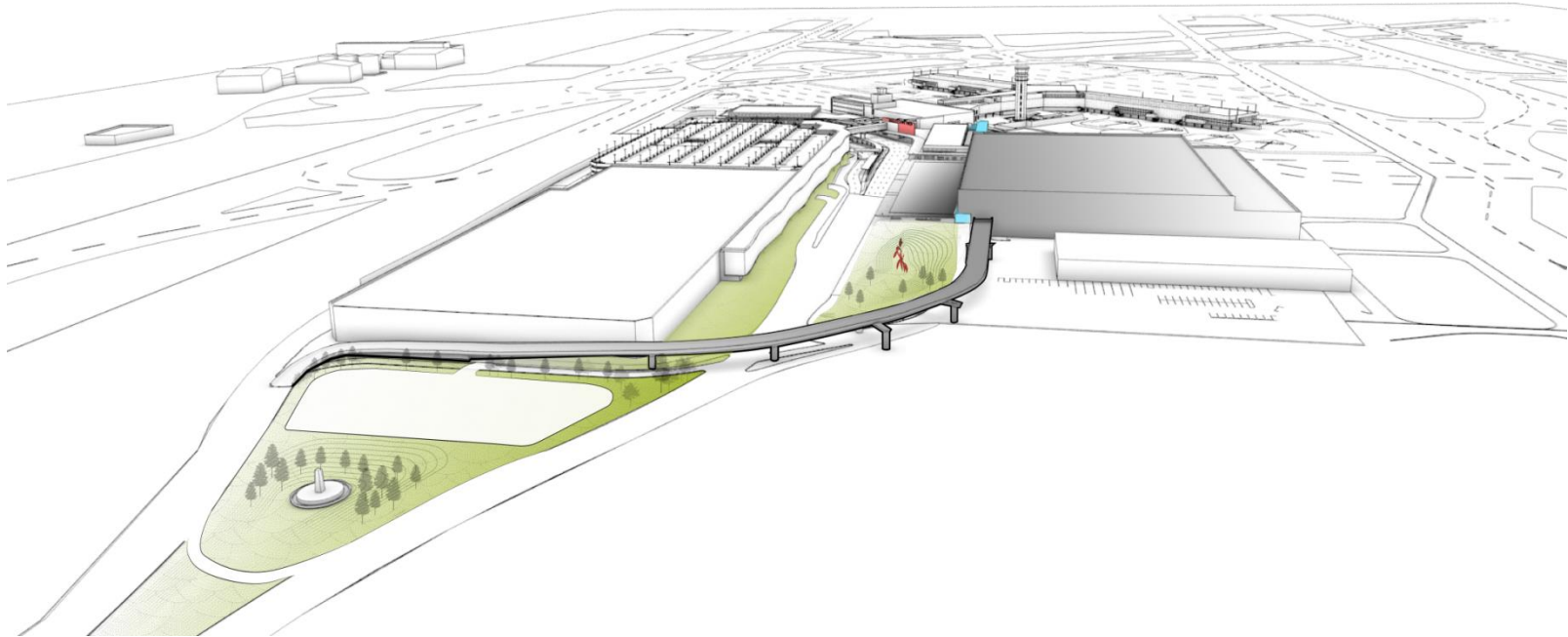
FUTURE PARKING GARAGE CONCEPT



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FUTURE PARKING GARAGE CONCEPT



CONSTRUCTION SCHEDULE

Activity ID	Activity Name	Start	Finish
LOVE FIELD PARKING PROJECT		06-Jan-15	18-Jun-18
MILESTONES		05-May-15	18-Jun-18
MILE1000	1ST PARKING DEFICIT FOR PUBLIC	05-May-15	
MILE1010	SEED FUNDING IN PLACE		05-May-15
MILE1030	BEGIN ENABLING CONSTRUCTION	28-May-15	
MILE1050	BOND FUNDING IN PLACE		16-Sep-15
MILE1060	PARKING DEFICIT REACHES 400	25-Nov-15	
MILE1080	BEGIN PARKING GARAGE C CONSTRUCTION	08-Jan-16	
MILE1070	SUBSTANTIAL COMPLETION ENABLING CONSTRUCTION		11-Apr-16
MILE1100	PARKING DEFICIT REACHES 1340	01-Jun-16	
MILE1130	OCCUPY LEVEL B2 and B1 (1220 Spaces)		16-Mar-17
MILE1110	PARKING DEFICIT REACHES 2400	01-Jun-17	
MILE1140	OCCUPY LEVEL 1,2,3 & BRIDGE COMPLETION (1,711 Spaces)		19-Oct-17
MILE1020	BEGIN ART PLAZA CONSTRUCTION	03-Nov-17	
MILE1040	SUBSTANTIAL COMPLETION PREMIUM PARKING / ART PLAZA		27-Apr-18
MILE1090	SUBSTANTIAL COMPLETION PARKING GARAGE C		04-Jun-18
MILE1150	OCCUPY LEVEL 4,5,6,7 (2409 Spaces)		04-Jun-18
MILE1120	FINAL PROJECT COMPLETION		18-Jun-18

GARAGE C COST ESTIMATE

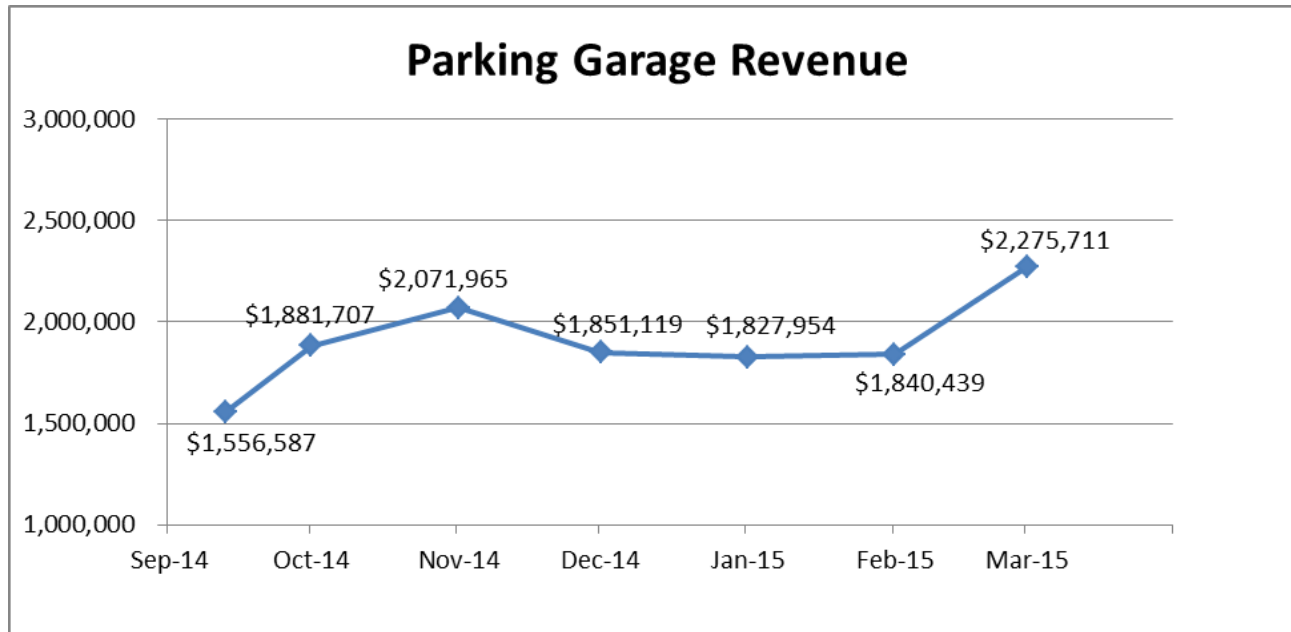
ESTIMATED COSTS OF THE PROJECT

Project Component	Planning	Enabling	Garage	Roads/Bridges	Other Projects	Total
Design Services	\$561,105	\$595,860	\$8,257,255	\$844,889	\$1,167,656	\$11,426,765
Construction						
Utility Relocations		1,548,750				1,548,750
Temporary Office Relocations		3,228,000				3,228,000
ESB Abatement and Demolition		1,500,000				1,500,000
Garage Construction	199,159		78,954,628			79,153,787
Terminal Connection behind Ticket Hall			3,500,000			3,500,000
Moving Walkway Corridor			4,000,000			4,000,000
Aviation Place Roadway Reconstruction				1,819,900		1,819,900
Vehicle Bridge				5,250,000		5,250,000
Roadway Improvements				1,830,100		1,830,100
Valet Parking Drop Off / Pick Up					3,250,000	3,250,000
Revenue Control in Garages A & B					2,300,000	2,300,000
Parking Guidance in Garages A & B					1,250,000	1,250,000
Cell Phone Lot and Fountain Relocation					1,000,000	1,000,000
Ticket Hall Expansion					2,000,000	2,000,000
DPD / Ops Building					4,500,000	4,500,000
Allocated Indirect Costs						
General Condition and Site Support		1,077,353	14,839,235	1,527,613	2,111,195	19,555,396
Insurance, Permits, Contingency, & Fees		852,540	11,742,714	1,208,844	1,670,651	15,474,749
Program Management	211,086	569,823	6,928,630	782,989	803,327	9,295,855
Owner's Contingency Allowance		550,924	7,588,307	781,172	1,079,597	10,000,000
Totals	\$971,350	\$9,923,250	\$135,810,769	\$14,045,507	\$19,132,426	\$181,883,302

PARKING REVENUE

Revenue per Vehicle

Facility	2010	2011	2012	2013	2014	Oct '14-Mar '15
Garage A (2,980 spaces)	\$13.86	\$18.81	\$19.44	\$19.95	\$20.63	\$22.12
Garage B (4,000 spaces)	\$16.24	\$20.97	\$20.57	\$21.64	\$23.09	\$33.03
Valet (743 spaces)				\$33.08	\$39.73	\$51.21
Average of All Facilities	\$14.58	\$19.45	\$19.78	\$20.56	\$21.93	\$26.54



BOND SOURCES AND USES

ESTIMATED SOURCES AND USES OF BOND PROCEEDS SERIES 2015 BONDS AND SUBSEQUENT SERIES OF GARBS

	Series 2015 Bonds	Series 2016 Bonds ¹	Total
Sources of Funds			
Par Amount	\$93,685,000	\$75,410,000	\$169,095,000
Bond Premium	14,776,526	11,412,843	26,189,369
Total Sources of Funds	\$108,461,526	\$86,822,843	\$195,284,369
Uses of Funds			
Project Fund	\$100,000,000	\$81,883,000	\$181,883,000
Debt Service Reserve Fund	7,519,500	6,068,000	13,587,500
Cost of Issuance	468,425	377,050	845,475
Underwriter Discount	468,425	377,050	845,475
Additional Proceeds	5,176	743	5,919
Total Uses of Funds	\$108,461,526	\$88,705,843	\$197,167,369

Source: First Southwest Company.

¹ A future series of GARBs, estimated to be issued in 2016.

POSITIVE NET REVENUE FROM PARKING IS CONSISTENT AFTER DEBT IS SERVICED

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Parking & Ground Transportation Cost										
Total Revenues	\$28,843,000	\$41,053,000	\$41,827,000	\$42,687,000	\$43,508,000	\$44,388,000	\$45,147,000	\$45,907,000	\$46,677,000	\$47,451,000
Less Debt Service:										
Garage C Bonds (see above)	0	0	0	9,436,500	17,373,250	17,372,500	17,373,250	17,369,500	17,375,500	17,374,750
LFMP Bonds	632,000	615,000	597,000	891,000	971,000	971,000	971,000	971,000	971,000	971,000
Total Allocated Debt Service	\$632,000	\$615,000	\$597,000	\$10,327,500	\$18,344,250	\$18,343,500	\$18,344,250	\$18,340,500	\$18,346,500	\$18,345,750
Less 50% of Roadways Net Deficit	2,232,000	2,688,000	2,933,000	3,186,000	3,289,000	3,298,000	3,543,000	3,612,000	3,936,000	4,010,000
Less O&M Expenses & Other Costs	9,365,000	10,006,000	10,284,000	10,864,000	11,586,000	12,435,000	12,893,000	13,369,000	13,867,000	14,414,000
Parking & GT Net Revenue	\$16,614,000	\$27,744,000	\$28,013,000	\$18,309,500	\$10,288,750	\$10,311,500	\$10,366,750	\$10,585,500	\$10,527,500	\$10,681,250

“LFMP-II” LEGAL DOCUMENTS

- **January 28, 2015 Council authorized modifications / amendments to key documents**
 - Program Development Agreement
 - Use and Lease Agreement
 - General Use Building Lease Modification
- **Coordinated by City of Dallas and Southwest Airlines Attorneys**
 - “Mutually Negotiated Agreement”
- **Council authorized \$8M from Department of Aviation Capital to the Garage Project to start design process. Bond will reimburse the Capital Fund \$8M.**

PARKING GARAGE SYSTEM ENHANCEMENTS

Premium Parking:

- Air travelers will have an easy option for parking at Dallas Love Field. They will be able to reserve a parking space in advance online, with a parking reservation system.
- Reserved parking will be in designated areas. The reservation for the parking space will be made online and payable with major debit and credit cards. All daily parking charges still apply when ready to leave the garage.

Tiered Parking Rates:

- Different rates will be applied to the various parking products available. For example, parking in Garage A or C closest to the terminal would have a higher rate per day than the more remote spaces or roof top parking. Airport will periodically review and adjust rates as market demands.

Subscription Parking:

- Ideal for business travelers and frequent fliers, subscription parking combines the ease of touchless payment with the benefit of guaranteed parking. Passenger's will have access to dedicated parking areas including coveted spots in Garage A. Subscription parkers don't have to worry about finding a spot during busy travel periods.

PARKING GARAGE SYSTEM ENHANCEMENTS

Parking Guidance System:

- Parking guidance system allows for maximizing parking space revenue and occupancy. Ultrasonic sensors monitor the parking bays and feed displays with the information. Intelligent displays show the number of available spots to parkers with arrows pointing out the shortest possible route to those spots. Drivers easily visualize in real time the various closest parking lots and their availabilities. Reduced road congestion and pollution. Reduced time and travel distance for drivers looking for a parking spot.

Wayfinding (Signage) Improvements:

- Enhanced and updated directional and informational signage for all three garages. Wayfinding shall be consistent throughout garage system.

Revenue Control System:

- New technology and equipment for all three garages.

NEXT STEPS

- **June 10, 2015 Council approval of City Resolution, Project Financing Agreement, LFAMC Bond Resolution, and Indenture Authorizing Issuance of Bonds**
- **Bid Packages for Construction released**
- **Construction begins January 2016**

BOND SALE OVERVIEW

- **Total size of bond sale will not exceed \$130 million**
 - Issued by the LFAMC as a component of the Love Field Modernization Program
- **Proposed bond sale will fund initial phase of designing and constructing a public parking garage and related improvements**
 - Issuance costs not to exceed \$751,950 to be paid from bond proceeds
- **Sale will be negotiated**

SYNDICATE SELECTION

- **In April 2010, City Council approved two underwriting syndicate teams for negotiated sales. Council approval provided that:**
 - Bookrunning senior manager position would rotate between national and M/WBE firms
 - Co-senior manager would be the highest ranking national or regional firm if the bookrunning senior manager position is assigned to the M/WBE firm on a rotating basis
 - Alternate firms would assume the place on a team of a firm that could no longer serve
- **Since April 2010, Team A has underwritten four negotiated sales, and Team B has underwritten three negotiated sales**

SYNDICATE TEAM A

- **Team A consists of the following firms:**
 - **National**
 - JP Morgan
 - Bank of America Merrill Lynch
 - Morgan Stanley
 - **Regional**
 - Southwest Securities Group
 - RBC Capital Markets
 - Raymond James & Assoc.
 - **M/WBE**
 - Siebert Brandford Shank & Co.
 - Cabrera Capital Markets
 - Duncan-Williams*

*Duncan-Williams is the Team A MWBE alternate. Duncan-Williams replaced M.R. Beal & Co., which is no longer engaged in municipal bond underwriting

SYNDICATE TEAM B

- **Team B consists of the following firms:**
 - **National**
 - Citigroup Global Markets, Inc.
 - Wells Fargo Bank, N.A.
 - Goldman, Sachs & Co.
 - **Regional**
 - Piper Jaffray
 - Stifel Nicolaus & Co.
 - Frost Bank
 - **M/WBE**
 - Loop Capital Markets, LLC
 - Samuel A. Ramirez & Co.
 - Stern Brothers & Co.*

*Stern Brothers & Co., is the Team B MWBE alternate. Stern Brothers replaced Jackson Securities, which is no longer engaged in municipal bond underwriting

SYNDICATE TEAM B

- **It is proposed that Team B underwrite the General Aviation Revenue Bond sale:**

Senior Managers

Stern Brothers & Co. (Bookrunning Senior Manager)

Goldman, Sachs & Co. (Co-Senior Manager)

Co-Managers

Citigroup Global Markets, Inc.

Wells Fargo Bank, N.A.

Piper Jaffray

Stifel Nicolaus & Co.

Frost Bank

Loop Capital Markets, LLC

Samuel A. Ramirez & Co.

TIMELINE FOR BOND SALE

- | | |
|---------|---|
| June 1 | Budget, Finance and Audit Committee |
| June 9 | LFAMC board meets to request City Council approval to issue bonds |
| June 10 | City Council approval of LFAMC bond issuance |
| June 23 | Pricing of the bonds |
| July 22 | Deliver bonds and receive proceeds |

ISSUANCE COSTS SCHEDULE*

Estimated Issuance Costs

Co-Bond Counsel	\$188,000
Co-Disclosure Counsel	133,950
Co-Financial Advisors	94,000
Debt Analysis/Structuring	40,000
Official Statement Printing	10,000
Rating Agencies	268,000
Auditor – Grant Thornton	8,500
Attorney General Filing Fee	9,500
Total	\$751,950

*Based on a not-to-exceed issuance of \$130 million in bonds