

Memorandum



CITY OF DALLAS

DATE April 17, 2025

TO Honorable Mayor and Members of the City Council

SUBJECT **Response to GPFM Committee Inquiry on Airport Land**

This memorandum is in response to the Government Performance Financial Management (GPFM) Committee's inquiry regarding the potential sale of airport land. A summary of airport land use options along with relevant federal procedures and oversight considerations is included below.

Airport Land Use Planning

The Department of Aviation uses aviation land use planning to guide the highest and best use of airport property, balancing both aeronautical and non-aeronautical uses. Property designated for aeronautical use refers to land used for aviation-related operations, including runways, taxiways, hangars, and support infrastructure. Non-aeronautical use refers to land on or near airport grounds used for non-aviation or ancillary purposes. Examples include compatible commercial or industrial developments such as retail, restaurants, car rentals, hotels, logistics, or other business activities that are not directly related to aircraft operations or aviation activities and do not interfere with airport operations or safety.

The Department of Aviation is working with the City of Dallas Economic Development Corporation (EDC) to identify opportunities to develop property for non-aeronautical uses at Dallas Executive Airport to support long-term airport sustainability and revenue generation while maintaining operational compatibility and regulatory compliance. While the Department of Aviation has identified land with potential for non-aeronautical uses, the FAA has not officially approved any of the airport property for such uses. If a specific non-aeronautical use for airport land currently designated for aeronautical use is identified, the Federal Aviation Administration (FAA) will review and approve a change in the land use designation.

FAA Oversight and Federal Requirements for Land Sale and Sale Proceeds

Although the sale of airport property is permitted, it is subject to strict federal oversight due to the airport system's ongoing receipt of federal funds and acquisition of airport land using federal funds. The FAA must evaluate whether the land is still needed for current or future airport purposes, if the land sale complies with the airport's grant obligations and ensure that the sale proceeds are properly handled.

1. Federal Oversight via Grant Assurances

Over the past 20 years, the City's airport system has received over \$1 billion in various Airport Improvement Program (AIP) grants from the FAA for Dallas Love Field, and approximately \$15 million for Dallas Executive Airport. In accepting

these grants, the City commits to a set of federally mandated contractual commitments known as Grant Assurances, which remain in effect for the City's entire airport system for 20 years from each grant's acceptance. Since the City receives annual grants, the 20-year-tail on grant obligations is extended every year for another 20 years. The FAA must review any sale of airport land in an airport system subject to Grant Assurances to ensure the airport system and the proposed sale comply with these assurances which govern operational standards, land use policies, and financial management of airport assets.

2. **FAA Review Based on Land Acquisition**

In addition to the FAA's oversight via Grant Assurances, the FAA's involvement in any sale of airport land is also dependent on how the land was acquired. If the land was acquired using federal funds or donated by the federal government, the FAA must formally approve any sale. This involves a determination by the FAA that the land is not needed for current or future airport purposes and that the sale provides a net benefit to the airport. If the land was not federally funded or donated (and does not impact or affect other defined "zones of interest" over which the FAA retains justification), the land may lie outside of federal jurisdiction and could potentially be able to be sold through a streamlined process. However, most of the land at Dallas Love Field and Dallas Executive Airport was federally funded, making FAA review and approval likely necessary in most cases.

3. **Use of Proceeds**

Regardless of whether the FAA has jurisdiction to formally approve a sale of airport land, Grant Assurances also mandate that proceeds from the sale of any airport land must remain within the Department of Aviation Enterprise fund(s) and may only be used for the capital and operating costs of Dallas Executive Airport, the Dallas Vertiport, or Dallas Love Field; the airport system as a whole; or any other local facility owned or operated by the City that is directly and substantially related to air transportation of passengers and property. The FAA strictly enforces this revenue use requirement.

Summary

The sale of airport land is possible, but requires careful consideration of FAA regulations, funding history, and federal obligations. In most cases, FAA approval will be required, and sale proceeds must be reinvested exclusively into the airport system. The Department of Aviation will continue to identify opportunities for compatible development and will work closely with FAA officials to evaluate any land use changes.

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The Department of Aviation will provide appropriate updates to GPFM on any new development opportunities as work continues with the EDC. Please contact Patrick Carreno, Director of Aviation, at 214-671-1481 or via email at patrick.carreno@dallas.gov, if you have any questions.



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