



# Airport Rates and Fees

Ryan Adams

Airport Director

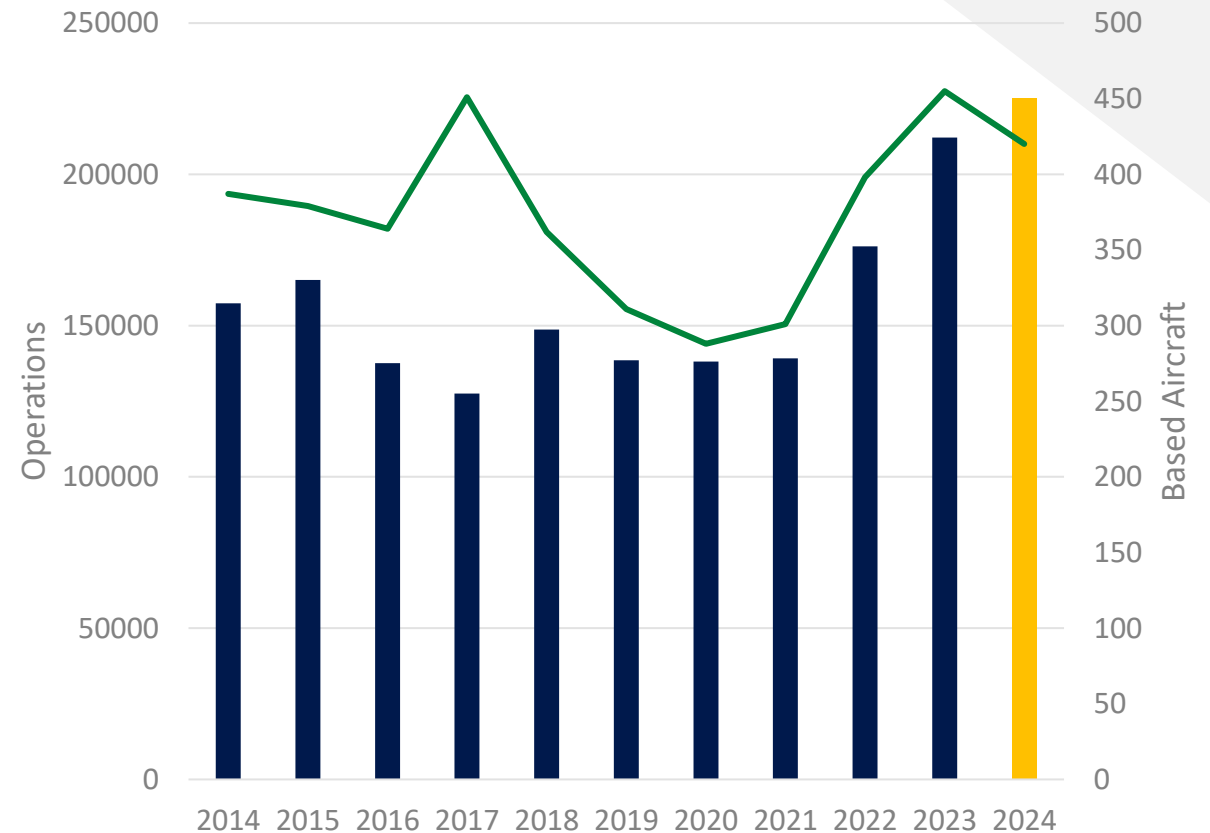
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- General Aviation Fee Study Scope and Analysis
- Fee Study Alternatives
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# Background

- Substantial growth since 2014
  - Based Aircraft
  - Operations
  - Parallel runway and Main Runway
- 20-year aviation demand to increase:
  - Based Aircraft
    - 2029: 475
    - 2034: 546
    - 2044: 717
  - Operations
    - 2029: 243,279
    - 2034: 267,752
    - 2044: 323,995

Operations and Based Aircraft History



# Background

- Future infrastructure needs will increase:
  - Taxiway/taxilane rehabilitation
  - Vehicular roadway maintenance
  - Tower rehabilitation/replacement
  - Drainage/Stormwater

## 2021 Pavement Study (10-year needs)

- 29 segments needing rehabilitation or reconstruction (\$22M+)
- 22 segments needing significant maintenance (\$1.5M+)

# General Economic Conditions

- In addition to growth, Airport financial condition and rate planning are driven by:
  - General Economic Conditions
    - Rising Inflation/Costs of goods
    - Increased borrowing rates
    - Increased cost of labor/services
  - Airport status as an enterprise operation
    - Revenues should be sufficient to cover costs
    - i.e. costs are borne by airport users, not the general taxpayer
  - FAA Grant Assurance 24
    - Addresses Fees and Rental Structures
    - Sponsor will strive to be as **self-sustaining** as possible

5-Year Inflation Rates

	2019	2020	2021	2022	2023	2024
CPI	2.3	1.4	7.0	6.5	3.4	3.3

Selected Construction Supply Costs

	2019	2020	2021	2022	2023	2024
Roadway Supplies	1.4	1.8	19.8	7.2	2.5	2.1
Concrete	3.1	2.2	8.6	14.8	6.9	5.0
Steel	-16.0	5.2	128.0	-29.8	-3.3	-13.8

# Airport Revenues

- Major Sources of Airport Revenue

- Ground Lease Rent
- Aviation Fuel Flowage Fee\*
- Hangar and Tie Down Fees\*\*
- Gas Well Royalties

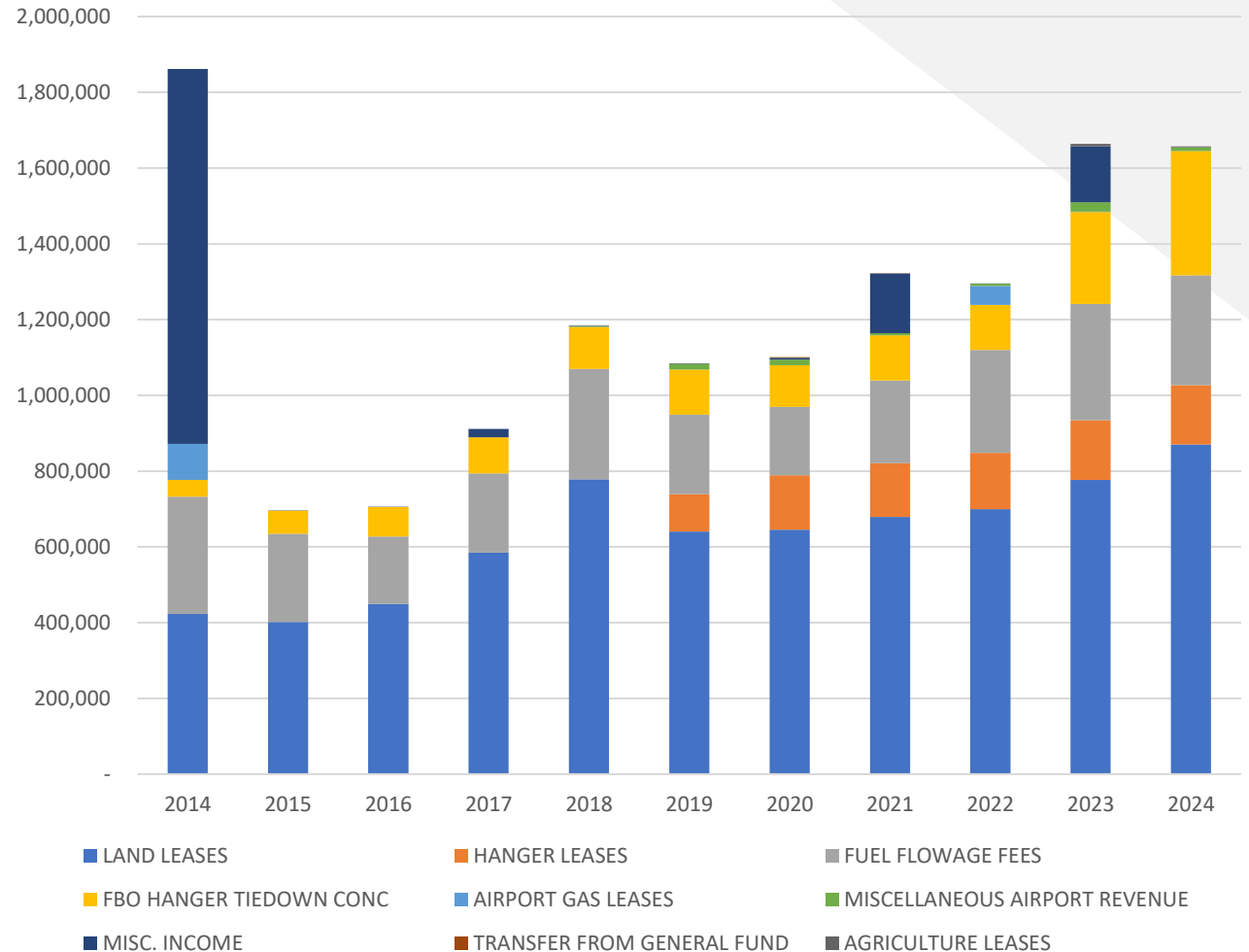
- Takeaways:

- Steady growth in revenues driven by lease revenue, hangar rentals, tiedown fees.
- Fuel Flowage revenues have remained flat and highly variable

\*Primarily assessed on Fixed Base Operators (FBOs)

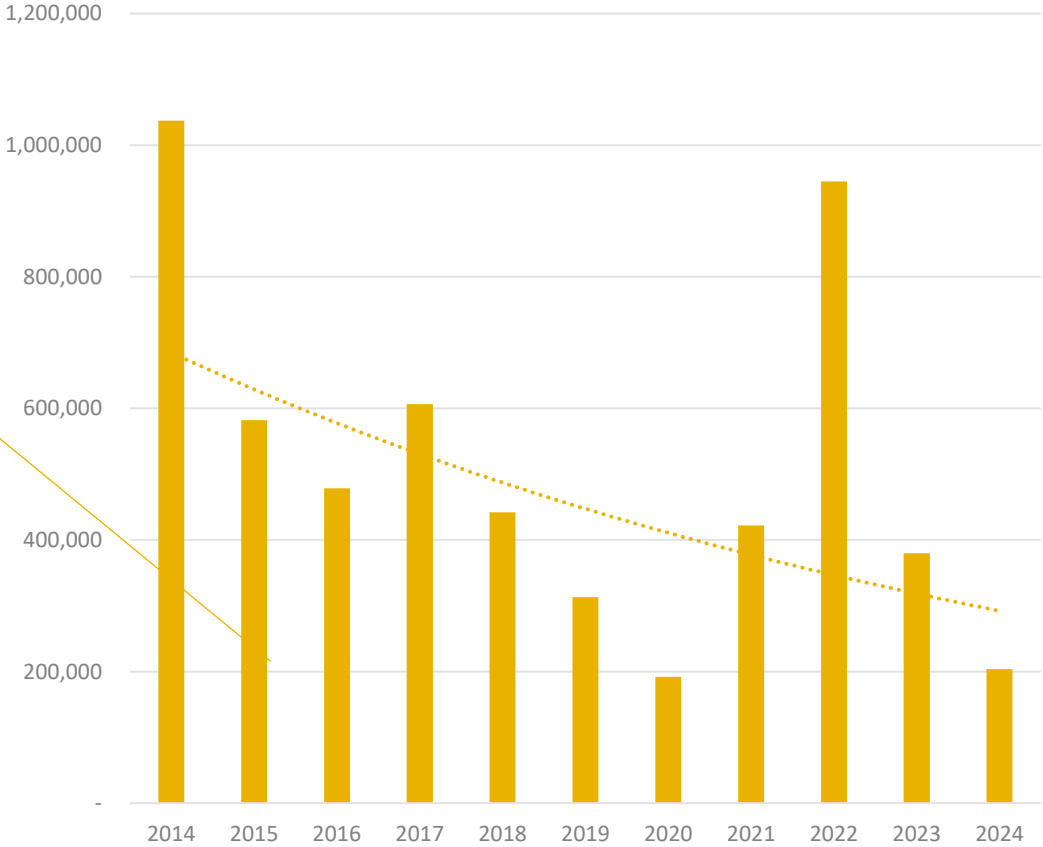
\*\*Only assessed on FBOs

Operational Revenues

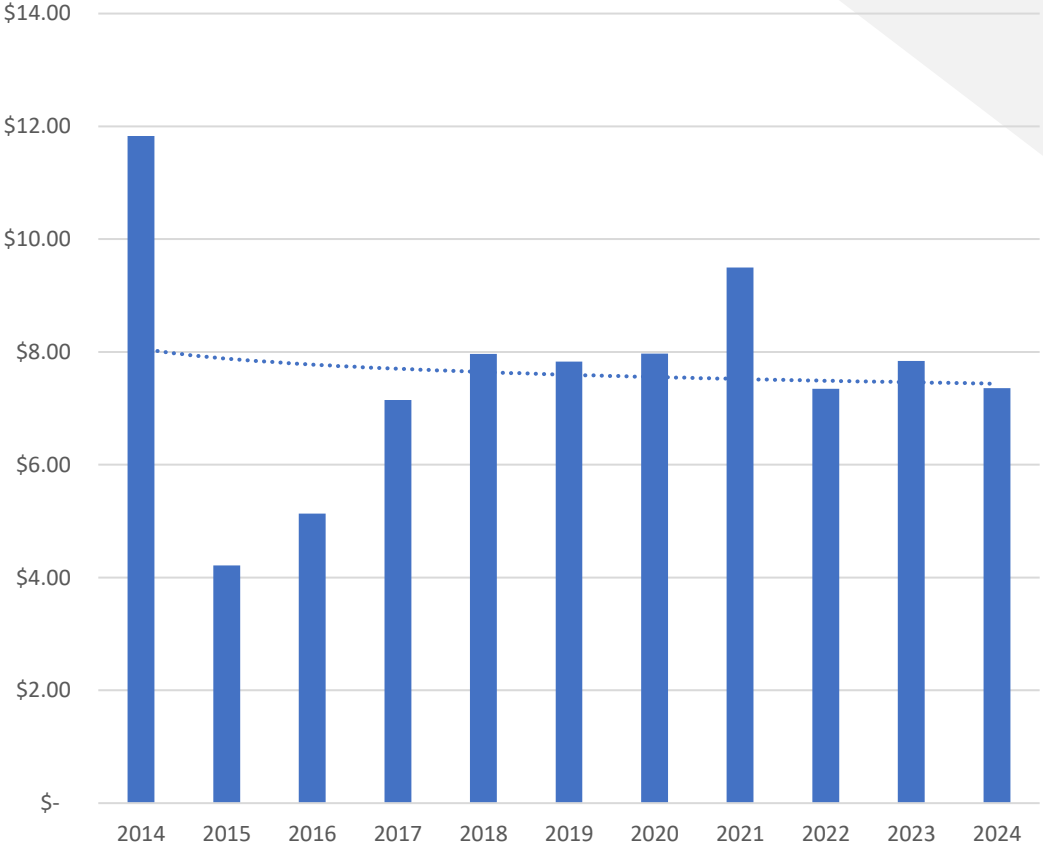


# Airport Revenues

### Airport Gas Lease Revenue



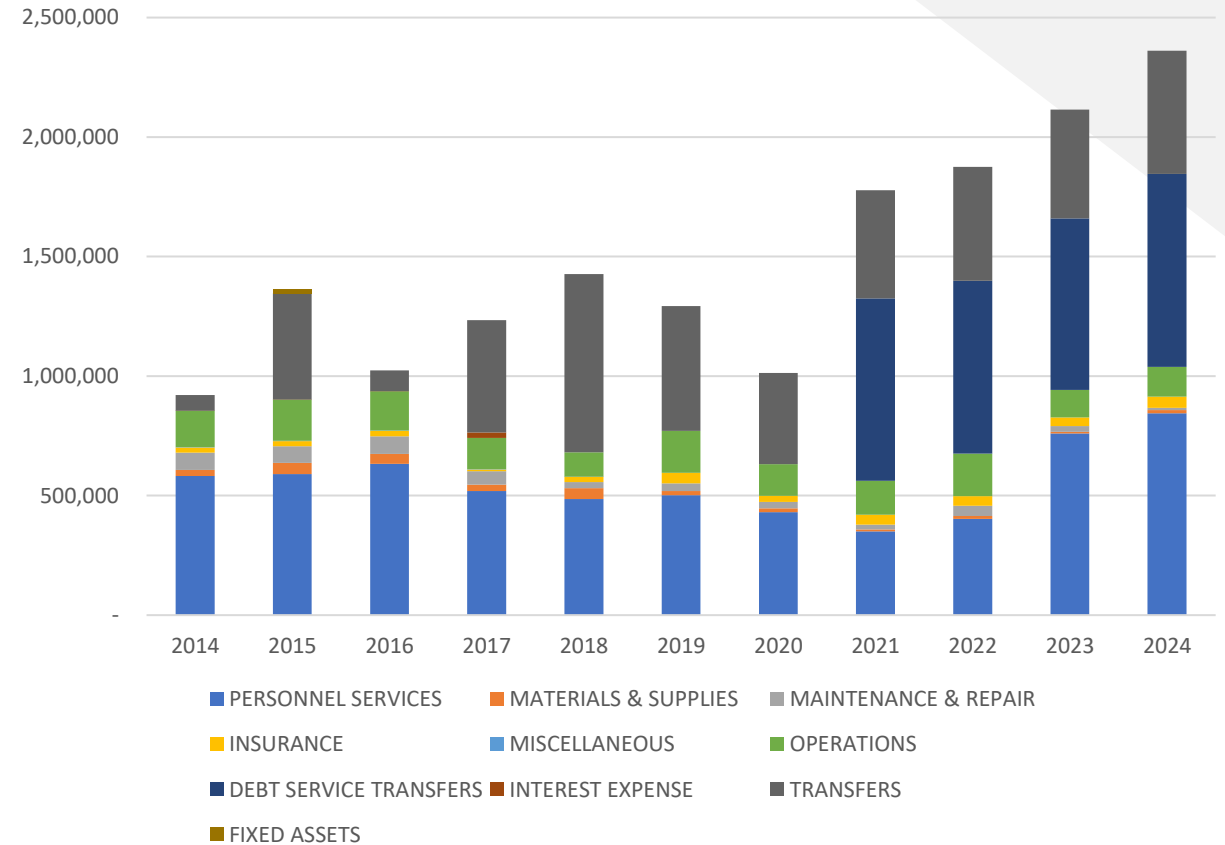
### Revenue per Operation



# Airport Expenditures

- Expenditures include:
  - Personnel
  - Operational and Supply Costs
  - Cost of Service payments
  - Debt Service
- Takeaways:
  - Infrastructure project-related debt is a key expenditure driver moving forward
  - Operational costs have remained relatively stable
  - Revenues cannot sustain current and future expense increases

Airport Operational Expenses





	FY 2022-23 Actual	FY 2023-24 Budget	FY 2023-24 Actual	FY 2024-25 Preliminary	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
<b>Beginning Fund Balance</b>	\$ 2,899,720	\$ 3,144,635	\$ 3,284,052	\$ 3,098,380	\$ 2,552,725	\$ 1,962,549	\$ 1,360,696	\$ 715,034
Land Leases	777,020	710,104	870,328	800,331	812,336	824,521	836,889	849,442
Hangar Leases	157,544	157,200	157,065	170,400	170,400	170,400	170,400	170,400
Fuel Flowage Fees	306,706	260,000	264,295	260,000	267,800	275,834	284,109	292,632
FBO Hangar/Tiedown Commissions	243,145	275,000	300,306	275,000	283,250	291,748	300,500	309,515
Miscellaneous Revenues	24,300	2,000	10,390	2,000	2,060	2,122	2,185	2,251
Agriculture Leases	6,993	2,331	2,331	2,331	2,331	2,331	2,331	2,331
Gas Well Royalties & Leases	380,440	450,000	179,627	350,000	339,500	329,315	319,436	309,852
Other Revenue	384,545	157,115	345,997	196,509	178,691	137,378	95,249	-
Transfers From General Fund	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	\$ 2,280,693	\$ 2,013,750	\$ 2,130,339	\$ 2,056,571	\$ 2,056,368	\$ 2,033,649	\$ 2,011,099	\$ 1,936,424
<b>Use of Reserves</b>	\$ -	\$ 533,921	\$ 231,028	\$ 545,655	\$ 590,176	\$ 601,853	\$ 645,662	\$ 764,862
<b>Total Resources</b>	\$ 2,280,693	\$ 2,547,671	\$ 2,361,368	\$ 2,602,226	\$ 2,646,544	\$ 2,635,502	\$ 2,656,761	\$ 2,701,286
Personnel Services	759,691	835,274	845,090	851,660	872,952	894,775	917,145	940,073
Materials & Supplies	7,436	17,520	12,770	18,720	19,094	19,476	19,866	20,263
Maintenance & Repair	23,839	60,100	8,868	60,100	61,302	62,528	63,779	65,054
Insurance	36,509	46,874	46,874	49,984	51,484	53,028	54,619	56,257
Operations	114,648	215,054	124,915	263,899	271,816	279,970	288,370	297,021
Cost of Service - General Fund	238,111	276,423	276,423	284,716	293,257	302,055	311,117	320,450
Cost of Service - Other	217,386	239,648	239,648	316,492	325,987	335,766	345,839	356,215
Debt Service	717,980	806,778	806,779	751,655	745,650	682,900	651,025	640,950
Supplemental Requests	-	-	-	5,000	5,000	5,000	5,000	5,000
<b>Subtotal Operating</b>	<b>2,115,601</b>	<b>2,497,671</b>	<b>2,361,366</b>	<b>2,602,226</b>	<b>2,646,542</b>	<b>2,635,500</b>	<b>2,656,759</b>	<b>2,701,284</b>
Gas Well Capital	-	-	-	-	-	-	-	-
Gas Well - Other	50,000	50,000	-	-	-	-	-	-
<b>Total Expenditures</b>	\$ 2,165,603	\$ 2,547,673	\$ 2,361,368	\$ 2,602,226	\$ 2,646,544	\$ 2,635,502	\$ 2,656,761	\$ 2,701,286
<b>Ending Fund Balance</b>	\$ 3,014,810	\$ 2,610,712	\$ 3,053,024	\$ 2,552,725	\$ 1,962,549	\$ 1,360,696	\$ 715,034	\$ (49,828)
<b>Change in Fund Balance</b>	\$ 115,090	\$ (533,923)	\$ (231,028)	\$ (545,655)	\$ (590,176)	\$ (601,853)	\$ (645,662)	\$ (764,862)
<b>Fund Balance as % of Total Expenditures</b>	<b>139.21%</b>	<b>102.47%</b>	<b>129.29%</b>	<b>98.10%</b>	<b>74.16%</b>	<b>51.63%</b>	<b>26.91%</b>	<b>-1.84%</b>

# Summary of Financial Condition

1. Substantial operational growth over the previous 10 years and into the future
2. There are significant infrastructure needs that must be addressed
3. Increasing costs and declining gas well revenues have created an unsustainable financial outlook
  - Revenues are not sufficient to meet expenditures, particularly project debt
  - The Airport is using its limited fund balance to make up the difference
4. The Airport Fund will deplete its reserve in FY 2028-29
  - Operations and safety will be impacted
  - Potential violations of FAA grant assurances
5. Status quo is not an option

# General Aviation Fee Study

- Agreement approved on Dec. 12, 2023
- Cost: \$54,250
- Airport Management Consulting Group (AMCG)
- Supports and informs the concurrent Airport Master Plan project
- Scope:
  - General Aviation Fee Study
  - Airport Financial Allocation Analysis (with fee recommendations)
  - Economic Impact Analysis



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## General Aviation Fee Study

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City of Denton

*Denton Enterprise Airport*

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July 12, 2024

# General Aviation Fee Study

- Approach:
  1. Identify the elements of the existing fees at the Airport
  2. Identify current industry practices
  3. Analyze fees and information from comparable and competitive airports
  4. Provide recommendations regarding methodologies and types of fees
  5. Provide recommendations regarding fee amounts

## Comparable Airports

- Chino
- Dallas Executive
- Orlando Executive
- McKinney
- North Las Vegas
- Hillsboro
- San Marcos
- Spirit of St. Louis
- Tulsa Riverside

## Competitive Airports

- Addison
- Arlington Municipal
- Dallas Executive
- Meacham International
- Spinks
- Alliance
- McKinney
- Mesquite metro
- NT Regional

# General Aviation Fee Study Findings

- Fuel flowage fees are most commonly charged
  - Competitive airports range from \$0.07 to \$0.35 per gallon (mean of \$0.21)
- Percentage of gross receipts and Aircraft parking fees are also common
- Significant revenue sources not currently utilized by the airport:
  - Aeronautical Permit Fees
  - Airport Access Fees
  - Landing Fees (not widely adopted)
- A **cost-center approach** is a best practice
  - Costs are recovered by those users/operations that drive the cost

# General Aviation Fee Study Recommended Alternatives

- Increase:
  - Fuel Flowage Fee
- Implement:
  - Landing Fee (larger aircraft)
  - Aeronautical Permit Fee (annual)
  - Airside Access Fee
  - Hangar Waitlist Fee
- No Change:
  - Hangar/Tie Down Fee
- Further Evaluation
  - City-Owned Hangar Rental Rates

TYPE OF FEE	FEE
<b>Fuel Flowage Fee</b>	
<i>Avgas (Commercial)</i>	\$0.22
<i>Jet (Commercial)</i>	\$0.22
<i>Avgas/Jet (Non-Commercial)</i>	\$0.34
<b>Percentage of Gross Receipts</b>	
<i>Hangar/Tiedown</i>	12% for existing agreements
<b>Landing Fee</b>	
All Non-Based Aircraft	
<i>Light Sport</i>	\$0.00
<i>Piston Single-Engine</i>	\$0.00
<i>Turbine Single-Engine</i>	\$1.75 per 1,000 MGLW
<i>Piston Multi-Engine</i>	\$1.75 per 1,000 MGLW
<i>Turbine Multi-Engine</i>	\$1.75 per 1,000 MGLW
<i>Business Jet</i>	\$1.75 per 1,000 MGLW
<i>Helicopter</i>	\$0.00
<i>Other/Military</i>	N/A
<b>Aeronautical Permit Fee</b>	
<i>Fixed Base Operator</i>	\$1,500.00
<i>Aircraft Maintenance Operator</i>	\$750.00
<i>Avionics or Instrument Maintenance Operator</i>	\$750.00
<i>Aircraft Rental or Flight Training Operator</i>	
<i>Small (10 or less aircraft)</i>	\$500.00
<i>Medium (11-25 aircraft)</i>	\$750.00
<i>Large (more than 25 aircraft)</i>	\$1,000.00
<i>Aircraft Charter or Aircraft Management Operator</i>	\$750.00
<i>Aircraft Sales Operator</i>	\$750.00
<i>Aircraft Storage Operator</i>	\$750.00
<i>Other Commercial Aeronautical Activities</i>	\$750.00
<i>Independent Operator</i>	\$500.00
<i>Non-Commercial Flying Club</i>	\$750.00
<i>Self-Fueling Permittee</i>	\$500.00
<i>Training Facility</i>	\$750.00
<b>Airport Access Fee</b>	
<i>Annual Renewal</i>	\$25.00
<b>Other Fees</b>	
<i>Aircraft Waitlist Fee</i>	\$100.00

# Updated Proforma

- Includes
  - Additional Ground Lease Revenue for Sites 7B, 9, 10, and 11
  - Anticipated proceeds from sale of Loop 288 Right of Way
  - Increase of City-owned hangar rental rate of 25%
  - Increased Fuel Delivery Fee of \$0.05/gal
  - Access Fee Revenue (\$6,000), Permit Fee (\$26,000), Waitlist (\$5,000)
- Does not Include:
  - Landing Fee (staff is unable to implement this fee in FY 2025)
- Not a staff recommendation, but a demonstration of the impact of the fees.

	FY 2022-23 Actual	FY 2023-24 Budget	FY 2023-24 Actual	FY 2024-25 Budget	FY 2024-25 Estimate	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
<b>Beginning Fund Balance</b>	\$ 2,899,720	\$ 3,144,635	\$ 3,284,052	\$ 3,098,380	\$ 3,053,024	\$ 2,790,052	\$ 3,685,679	\$ 3,755,609	\$ 3,840,311
Land Leases	777,020	710,104	870,328	800,331	875,331	1,055,331	1,071,161	1,087,228	1,103,537
Hangar Leases	157,544	157,200	157,065	170,400	190,150	213,000	213,000	213,000	213,000
Fuel Flowage Fees	306,706	260,000	264,295	260,000	416,435	489,650	504,340	519,470	535,054
FBO Hangar/Tiedown Commissions	243,145	275,000	300,306	275,000	275,000	283,250	291,748	300,500	309,515
Miscellaneous Revenues	24,300	2,000	10,390	2,000	33,500	34,505	35,540	36,606	37,705
Agriculture Leases	6,993	2,331	2,331	2,331	2,331	2,331	2,331	2,331	2,331
Gas Well Royalties & Leases	380,440	450,000	179,627	350,000	350,000	339,500	329,315	319,436	309,852
Other Revenue	384,545	157,115	345,997	196,509	196,509	1,124,604	257,998	262,893	268,822
Transfers From General Fund	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	\$ 2,280,693	\$ 2,013,750	\$ 2,130,339	\$ 2,056,571	\$ 2,339,256	\$ 3,542,171	\$ 2,705,432	\$ 2,741,464	\$ 2,779,815
<b>Use of Reserves</b>	\$ -	\$ 533,921	\$ 231,028	\$ 545,655	\$ 262,972	\$ -	\$ -	\$ -	\$ -
<b>Total Resources</b>	\$ 2,280,693	\$ 2,547,671	\$ 2,361,368	\$ 2,602,226	\$ 2,602,228	\$ 3,542,171	\$ 2,705,432	\$ 2,741,464	\$ 2,779,815
Personnel Services	759,691	835,273	845,090	851,660	851,660	872,952	894,775	917,145	940,073
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Supplemental Requests	-	-	-	5,000	5,000	5,000	5,000	5,000	5,000
<b>Subtotal Operating</b>	<b>2,115,601</b>	<b>2,497,671</b>	<b>2,361,366</b>	<b>2,602,226</b>	<b>2,602,226</b>	<b>2,646,542</b>	<b>2,635,500</b>	<b>2,656,759</b>	<b>2,701,284</b>
Gas Well Capital	-	-	-	-	-	-	-	-	-
Gas Well - Other	50,000	50,000	-	-	-	-	-	-	-
<b>Total Expenditures</b>	\$ 2,165,603	\$ 2,547,671	\$ 2,361,368	\$ 2,602,226	\$ 2,602,228	\$ 2,646,544	\$ 2,635,502	\$ 2,656,761	\$ 2,701,286
<b>Ending Fund Balance</b>	\$ 3,014,810	\$ 2,610,714	\$ 3,053,024	\$ 2,552,725	\$ 2,790,052	\$ 3,685,679	\$ 3,755,609	\$ 3,840,311	\$ 3,918,841
<b>Change in Fund Balance</b>	\$ 115,090	\$ (533,921)	\$ (231,028)	\$ (545,655)	\$ (262,972)	\$ 895,627	\$ 69,930	\$ 84,703	\$ 78,530
<b>Fund Balance as % of Total Expenditures</b>	<b>139.21%</b>	<b>102.47%</b>	<b>129.29%</b>	<b>98.10%</b>	<b>107.22%</b>	<b>139.26%</b>	<b>142.50%</b>	<b>144.55%</b>	<b>145.07%</b>



# Next Steps

- Two Public Hearings:
  - Wednesday, Nov. 20
  - Wednesday, Dec. 4
- AAB Recommendation on Dec. 11
- Staff Report to City Council on Jan. 10
- City Council Work Session on Jan. 14
- City Council Consideration on Feb. 11
- Rate Schedule Effective on April 1



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