



Aviation Management  
Consulting Group

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# General Aviation Fee Study

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City of Denton

*Denton Enterprise Airport*

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November 12, 2024



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Ryan Adams  
Director of Airport  
5000 Airport Road  
Denton, Texas 76207

RE: General Aviation Fee Study

Dear Ryan:

In accordance with your request and authorization, Aviation Management Consulting Group (AMCG) has prepared a summary report for the *General Aviation Fee Study* for the Denton Enterprise Airport for your review and consideration. It is AMCG's recommendation that the City of Denton establish general aviation fees utilizing a cost recovery-based approach or methodology, not a market-based approach.

Based on the type of general aviation fees selected by Airport management for implementation, AMCG has provided a recommendation for the fee amounts and developed a *General Aviation Fee Schedule*.

AMCG is pleased to have been called on to conduct this General Aviation Fee Study. Please contact me if you have any questions pertaining to this analysis or the recommendations provided.

Helping your aviation management excellence,

A handwritten signature in blue ink, appearing to read "D.C. Benner".

David C. Benner, C.M.  
Managing Principal  
Aviation Management Consulting Group

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**I. EXECUTIVE SUMMARY**

**Airport:** Denton Enterprise Airport  
5000 Airport Road  
Denton, Texas 76207

**Scope of Work:** The City has engaged Aviation Management Consulting Group (AMCG) to prepare a *General Aviation Fee Study* for the Denton Enterprise Airport. Based on the type of general aviation fees selected by Airport management for implementation, AMCG has provided a recommendation for the fee amounts and developed a *General Aviation Fee Schedule*.

**Date of Report:** November 12, 2024

**Methodology:** AMCG recommends that the City establish general aviation fees utilizing a cost recovery-based approach or methodology, not solely a market-based approach.

**Fee Recommendations:** The following table identifies the recommended general aviation fees for the Airport.

Type of Fee	Fee
Fuel Flowage Fee (Commercial)	\$0.22 per gallon
Fuel Flowage Fee (Non-Commercial)	\$0.27 per gallon
Landing Fee	\$2.50 per 1,000 lbs. MGLW
Percentage of Gross Receipts	12% for existing agreements
Aeronautical Permit Fees	\$500 - \$1,500 per year
Airport Access Fee	\$25

## II. INTRODUCTION

### A. Scope of Work

The City of Denton (City) has engaged Aviation Management Consulting Group (AMCG) to prepare a *General Aviation Fee Study* for the Denton Enterprise Airport (Airport). Based on the type of general aviation fees selected by Airport management for implementation, AMCG has provided a recommendation for the fee amounts and developed a *General Aviation Fee Schedule* for the Airport.

To achieve this objective, AMCG identified current industry practices for establishing general aviation fees including identification of the types of fees that are generally charged and the measures that are generally utilized in the industry.

The results of this analysis, AMCG's recommendations for the structure of a general aviation fee program, and the methodology for determining the general aviation fees are outlined in this summary report.

### B. Project Approach

To achieve the scope of work, AMCG completed the following work program:

- identified the elements of the existing general aviation fee program at the Airport,
- identified current industry practices,
- obtained and analyzed general aviation fees (and related information) from comparable airports and competitive airports identified, and
- provided recommendations to Airport management for the methodology and types of the general aviation fees.

Based on the structure of the general aviation fees selected by Airport management, AMCG has provided recommendations for the fee amounts.

### C. General Aviation Fee Summary

Table 1 provides a brief overview of general aviation fees typically charged by airports, the current situation, industry practices, and recommendations for the City's consideration.

It is important to note that additional fees may be imposed by the City or commercial aeronautical operators at the Airport. However, this analysis is focused solely on general aviation fees charged by the City, as the airport sponsor, for the aeronautical use of the airport. Each of the fees below are addressed in detail in this report.

Table 1 - General Aviation Fee Summary

Type of General Aviation Fee	Current Situation	Industry Practices	Recommendation
Fuel Flowage Fee	Yes	Most common	Yes
Landing Fee	No	Moderately common	Yes
Aircraft Parking Fees	No	Moderately common	No
Percentage of Gross Receipts	Yes	Less common	Yes
Aeronautical Permit Fees	Yes	Moderately common	Yes
Based Aircraft Fee	No	Less common	No
Through-the-Fence Fee	No	Less common	No
Airport Access Fee	Yes	Moderately common	Yes

**D. Current Situation**

It is AMCG’s understanding that the City currently charges the following general aviation fees at the Airport.

**1. Fuel Flowage Fee**

The Airport charges a fuel flowage fee (i.e., aviation fuel delivery fee) for the Fixed Based Operator (FBO) of \$0.17 per gallon and \$0.29 per gallon for non-commercial self-fueling. The fuel flowage fee is charged based on the number of gallons delivered to the fuel storage facility.

**2. Percentage of Gross Receipts Fee**

Based on discussions with Airport management, AMCG understands the FBO lease agreement includes a 12% fee for the gross receipts related to hangar and tiedown used on the FBO’s leased premises by transient customers.

**3. Aeronautical Permit Fee**

The Airport charges an aeronautical permit fee (i.e., lease development application fee) of \$1,000 for any development application, regardless of the type of activity.

**4. Airport Access Fee**

The Airport charges an airport access fee (i.e., access card fee) of \$25.00 for a new or replacement card without a renewal fee.

### III. INDUSTRY PRACTICES

Based on industry experience and supported by the information contained in AMCG's proprietary industry database (which is utilized to track, monitor, and analyze general aviation fee data and trends), AMCG has identified current industry practices for establishing general aviation fees. A summary of these findings which, in AMCG's opinion, are representative of current industry practices for establishing general aviation fees is outlined in this section.

#### A. Fuel Flowage Fees

Commonality – Fuel flowage fees are currently the most common general aviation fee implemented by airport sponsors.

Methodology – When a fuel flowage fee is charged by an airport sponsor, fueling entities (both commercial and non-commercial) are typically required to collect and/or pay a fuel flowage fee for each gallon of fuel sold or dispensed at the airport through a lease agreement. Fuel flowage fees are typically paid on a “cents per gallon” basis and range from \$0.05 per gallon to \$0.40 per gallon. Typically, airports served by air carriers exempt these entities from fuel flowage fees since air carriers pay landing fees under agreement with the airport sponsor. Also, government aircraft may be exempt from fuel flowage fees.

Collection – Fuel flowage fees are typically collected directly by the airport sponsor on a monthly or annual basis.

#### B. Landing Fees

Commonality – Historically, landing fees have not been charged by airport sponsors to general aviation aircraft operators. Due to advancements in technology, more airports are beginning to charge landing fees as an alternative to, or in addition to, fuel flowage fees.

Methodology – When charged, landing/departure fees are commonly based on aircraft weight and a “cents per 1,000 pounds” approach using historic airport costs and the gross landed weight for all aircraft using the airport. In the alternative, landing/departure fees can be charged in accordance with an established schedule (i.e., aircraft within designated weight ranges pay the same fee) and a minimum fee may be specified. In some cases, based aircraft and/or aircraft under a specified weight (e.g., 5,000 pounds max gross landed weight) are exempt from landing/departure fees.

Collection – Landing fees may be collected directly by the airport sponsor, or the airport sponsor may have an agreement with a commercial operator to collect and remit landing fees. The agreement may allow the commercial operator to retain a portion of the landing fees collected as compensation for services rendered by the commercial operator. The amount retained is often referred to as an administrative fee.

### **C. Aircraft Parking Fees**

Commonality – Aircraft parking fees are typically charged for the use of airport sponsor owned ramp areas for transient aircraft parking. While fees may be charged for day use, most common fees are charged for overnight use.

Methodology – Typically, aircraft parking fees are charged in accordance with an established schedule (i.e., aircraft within designated weight and/or size ranges pay the same fee) and a minimum fee may be specified. In the alternative, aircraft parking fees may be charged on a “cents per 1,000 pounds” approach and a minimum fee may be specified.

Collection – Aircraft parking fees may be collected directly by the airport sponsor, or the airport sponsor may have an agreement with a commercial operator to collect and remit aircraft parking fees. The agreement may allow the commercial operator to retain a portion of the aircraft parking fee collected as compensation for services rendered by the commercial operator. The amount retained is often referred to as an administrative fee.

### **D. Percentage of Gross Receipts**

Commonality – Over the years, a percentage of gross receipts fee has become less common. In those instances where a percentage of gross receipts is charged, fuel sales are typically exempt from inclusion, especially when fuel flowage fees are charged by the airport sponsor. In addition, other general aviation sales (e.g., aircraft sales, parts, and accessories) may also be exempt due to the product (as opposed to service) nature and the high dollar amounts typically involved. According to the Airport Development Acceleration Act (Anti-Head Tax Act) of 1973, a percentage of gross receipts cannot be charged for aircraft charter activities since such activities are subject to a ticket or segment tax.

Methodology – The amount of the fee and any exceptions or exemptions is typically stipulated in the lease agreement between the airport sponsor and the commercial operator.

Collection – Percentage of gross receipts fees are typically collected directly by the airport sponsor on a monthly or annual basis.



### E. Aeronautical Permit Fees

Commonality – Historically, aeronautical permit fees have not been charged by airport sponsors. However, these types of fees are becoming more common. When charged, aeronautical permit fees are typically charged on a monthly or annual basis depending on the type of aeronautical activity being conducted.

Methodology – Aeronautical permit fees are typically based on a flat amount that must be paid to obtain a permit to operate a commercial business at the airport. The operating permit typically expires on an annual basis, thus requiring aeronautical permit fees to be paid annually for renewal.

Collection – Aeronautical permit fees are typically collected directly by the airport sponsor on a monthly or annual basis.

### F. Based Aircraft Fee

Commonality – Historically, based aircraft fees have not been charged by airport sponsors to based aircraft. However, more airports are beginning to consider based aircraft fees to augment landing fees if based aircraft are exempt from the landing fee.

Methodology – When charged, based aircraft fees are commonly charged on a “cents per 1,000 pounds” approach (similar to landing fees). In the alternative, based aircraft fees can be charged in accordance with an established schedule (i.e., aircraft within designated weight and/or size ranges pay the same fee).

Collection – Based aircraft fees may be collected directly by the airport sponsor, or the airport sponsor may have an agreement with a commercial operator to collect and remit based aircraft fees. The agreement may allow the commercial operator to retain a portion of the based aircraft fees collected as compensation for services rendered by the commercial operator. The amount retained is often referred to as an administrative fee.

### G. Through-the-Fence Fee

Commonality – Historically, there has been significant variability in the basis and implementation of through-the-fence fees charged by airport sponsors to aeronautical users directly accessing the Airport through adjacent properties. However, in conjunction with guidance from the FAA and Airport Cooperative Research Program (ACRP) Report 114 *Guidebook for Through-the-Fence Operations*, more airport sponsors are reconsidering the basis and implementation of a through-the-fence fee.

Methodology – When charged, through-the-fence fees can be a monthly, annual, or a payment per event, with the fee based on an appropriate rental rate if such property was located on the airport.

Collection – Through-the-fence fees are typically collected directly by the airport sponsor through a through-the-fence access agreement.

## **H. Airport Access Fees**

Commonality – Historically, airport access fees have not been charged by airport sponsors to general aviation users. However, more airports are implementing security measures and beginning to charge airport access fees.

Methodology – Typically, airport access fees are charged in accordance with an established schedule on a monthly or annual basis. Depending on the approach and infrastructure, the airport access fee may be charged for individual access (for an airport badge, gate card, keys, or other instrument) or for vehicle access (vehicle permit or other instrument).

Collection – Airport access fees are typically collected directly by the airport sponsor upon issuance of the badge, gate card, keys, permit, and/or other instrument. Additionally, airport access fees are typically collected on an annual basis.

#### IV. SIGNIFICANT FINDINGS

Consistent with the project approach, general aviation fees at comparable and competitive airports were analyzed.

##### A. Comparable Airports

The first step in identifying comparable airports is developing an accurate profile of the Airport. The profile was developed based on data available from various sources, including the FAA. The Airport profile provided the basis for establishing the criteria and parameters for identifying comparable airports.

The selection of comparable airports was based on aeronautical activity and infrastructure criteria including the following:

- The Airport is utilized solely by the general aviation segment of the market. As such, airports with significant air carrier operations were not considered comparable.
- The Airport has 2 runways, one of which is 7,002 feet long. Airports with at least one runway that is 5,000 feet or longer were considered comparable.
- The Airport consists of 929 acres of land. Airports having total acreage between 600 and 1,350 acres were considered comparable.
- The Airport is classified as a Reliever airport in the FAA NPIAS. As such, only Reliever airports were considered comparable.
- The Airport is classified as a National airport in the FAA General Aviation Airport Asset Study. As such, only National airports were considered comparable.
- The Airport does have a control tower and precision approach. As such, airports with a control tower and a precision approach were considered comparable.
- For the 12-month period ending December 31, 2023 (as reported by the FAA Master Record 5010), general aviation itinerant operations at the Airport totaled 83,653. As such, the range for general aviation itinerant operations was established at 40,000 to 120,000.
- For the 12-month period ending December 31, 2023 (as reported by the FAA Master Record 5010), total operations at the Airport totaled 196,034. As such, the range for total operations was established at 90,000 to 300,000.
- The number of based aircraft at the Airport as of December 31, 2023 (as reported by the FAA Master Record 5010) was 420. As such, the range for based aircraft was established at 200 to 600.

While a total of 10 airports were considered comparable to the Airport, general aviation fees and related information from 9 airports<sup>1</sup> were obtained and analyzed, as shown in Table 2.

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<sup>1</sup> Relevant and useable information was not available from Kissimmee Gateway Airport (ISM).

**Table 2 – Comparable Airports Summary**

Comparable Airports	Fuel Flowage Fees	Landing Fees	Aircraft Parking Fees	Percentage of Gross Receipts	Aeronautical Permit Fees	Based Aircraft Fees	Through-the-Fence	Airport Access Fees
Denton Enterprise Airport	Yes	No	No	Yes <sup>2</sup>	Yes	No	No	Yes
Chino Airport	Yes	No	Yes	Yes	Yes	No	N/A	Yes
Dallas Executive Airport <sup>3</sup>	Yes	No	No	No	No	No	No	No
Orlando Executive Airport	No	No	No	Yes	Yes	No	No	No
McKinney National Airport* <sup>3</sup>	No	No	Yes	Yes	Yes	No	No	Yes
North Las Vegas Airport*	Yes	N/A	Yes	No	Yes	No	No	Yes
Hillsboro Airport	Yes	Yes	Yes	No	No	No	No	No
San Marcos Regional Airport	Yes	No	Yes	Yes	No	No	No	No
Spirit of St. Louis Airport	No	No	No	No	No	No	No	No
Tulsa Riverside Airport	Yes	No	N/A	N/A	Yes	No	N/A	N/A

N/A indicates relevant and usable information was not available

\*Denotes sponsor operated FBO

Significant findings follow (excluding the Airport):

- Fuel flowage fees
  - 6 airports charge fuel flowage fees
  - The fuel flowage fees range from \$0.065 to \$0.10 per gallon (a mean of \$0.085 per gallon)
- Landing fees
  - 1 airport charges landing fees
  - The landing fee is \$3.68 per 1,000 pounds maximum gross landed weight (MGLW)
- Aircraft parking fees
  - 5 airports charge aircraft parking fees
  - 1 of the 5 airports charge daily aircraft parking fees ranging from \$5.00 to \$10.00 per day (a mean of \$7.50 per day) depending on type of aircraft
- Percentage of gross receipts fee
  - 4 airports charge percentage of gross receipts fees
  - The percentage of gross receipts fees range from 1.0% to 5.5%
- Aeronautical permit fees
  - 5 airports charge aeronautical permit fees

<sup>2</sup> Applies to FBO only

<sup>3</sup> Identified as a competitive and comparable airport. Fees and related information will be included in the competitive and comparable airport data which is reflective of the relative proximity and aeronautical comparability.

- The aeronautical permit fees range from \$50.00 to \$750.00 (a mean of \$325.00)
- Based Aircraft Fee
  - No pertinent information obtained
- Through-the-Fence Fee
  - No pertinent information obtained
- Airport access fees
  - 3 airports charge airport access fees
  - The airport access fees ranging from \$25.00 to \$50.00 (a mean of \$38.00)

**B. Competitive Airports**

Typically, an airport is considered competitive if located in proximity to the Airport and serves a similar market. Each airport identified is then compared to the Airport based on (1) infrastructure and (2) available products, services, and facilities.

For the purposes of this study, airports within 45 nautical miles of the Airport were identified as being potentially competitive airports. While a total of 9 airports were considered competitive to the Airport, general aviation fees and related information from 9 competitive airports were obtained and analyzed, as shown in Table 3.

**Table 3 – Competitive Airports Summary**

Competitive Airports	Fuel Flowage Fees	Landing Fees	Aircraft Parking Fees	Percentage of Gross Receipts	Aeronautical Permit Fees	Based Aircraft Fees	Through-the-Fence	Airport Access Fees
Denton Enterprise Airport	Yes	No	No	Yes <sup>4</sup>	Yes	No	No	Yes
Addison Airport	Yes	No	No	No	No	No	Yes	Yes
Arlington Municipal Airport*	Yes	No	Yes	N/A	No	No	No	No
Dallas Executive Airport	Yes	No	No	No	No	No	No	No
Fort Worth Meacham International Airport	Yes	No	Yes	No	No	No	No	Yes
Fort Worth Spinks Airport	Yes	N/A	Yes	No	No	No	No	Yes
Fort Worth Alliance Airport	Yes	No	Yes	No	No	No	Yes	Yes
McKinney National Airport*	No	No	Yes	Yes	Yes	No	No	Yes
Mesquite Metro Airport*	Yes	No	Yes	No	Yes	No	No	No
North Texas Regional Airport	Yes	N/A	Yes	No	No	No	No	No

N/A indicates relevant and usable information was not available  
 \*Denotes sponsor operated FBO

<sup>4</sup> Applies to FBO only

Significant findings follow (excluding the Airport):

- Fuel flowage fees
  - 8 airports charge fuel flowage fees
  - The fuel flowage fees range from \$0.07 to \$0.35 per gallon (a mean of \$0.21 per gallon)
- Landing fees
  - No pertinent information obtained
- Aircraft parking fees
  - 7 airports charge aircraft parking fees
  - The aircraft parking fees range from \$40.00 to \$2,250 dependent upon aircraft weight
- Percentage of gross receipts fee
  - 1 airport charges a percentage of gross receipts fee. The amount is negotiated
- Aeronautical permit fee
  - 2 airports charge an aeronautical permit fee.
  - The aeronautical permit fees range from \$150 to \$250.00 (a mean of \$200.00)
- Based Aircraft Fee
  - No pertinent information obtained
- Through-the-Fence Fee
  - 2 airports charge through-the-fence fees
  - 1 airport charges a through-the-fence fees of \$0.094 per square foot per year for commercial aviation use, \$881.68 per year for recreational/incidental use and \$352.00 per year for non-aeronautical use
  - 1 airport charges a through-the-fence fee of \$650 per month for general aviation or small aircraft user
- Airport access fee
  - 5 airports charge airport access fees
  - The airport access fees range from \$20.00 to \$40.00 (a mean of \$26.50)

It is important to note that airports must consider numerous factors when considering which fees to enact. These factors include but are not limited to the financial ability of the users to pay such fees, the current political climate, the airport sponsor's approach to business operations, as well as the goals and vision of the airport. Each airport's unique circumstances also contribute to the amount and type of fee charged. For example, an airport that has a limited number of operations may not find it beneficial to charge landing fees.

## V. RECOMMENDATIONS

### A. Cost Center Approach

Regardless of the type of general aviation fees the City ultimately decides to implement, AMCG suggests (consistent with a best practices approach) that the costs being incurred by the City relating to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport that are not being covered by federal or state Airport Improvement Programs (AIP) be identified and quantified to the greatest extent possible.

This would include, but would not necessarily be limited to, the capital and operating costs being incurred by the City (or portion thereof), as follows:

- Airport planning projects not funded through AIP,
- Airport development projects not funded through AIP,
- Airport vehicles and equipment not funded through AIP,
- Airport reserve accounts to provide funding for future planning and development projects and vehicles and equipment that would not be eligible for AIP funding, and
- all other operating costs (e.g., personnel, insurance, utilities, etc.).

Once this is accomplished, general aviation revenues (including rents) should be quantified, and all capital and operating costs should be deducted which results in the cost recovery gap. Consistent with a best practices approach, the City should implement a general aviation fee program designed to close the gap between general aviation related revenues and the associated capital and operating costs.

If the general aviation fees necessary to close the gap are unreasonable or not within the bounds of the market, AMCG recommends that an appropriate portion (or percentage) of the gap should be targeted (cost recovery target).

### B. Fees Recommended

#### 1. Fuel Flowage Fee

AMCG recommends the City continue to charge a fuel flowage fee (i.e., aviation fuel delivery fee) at the Airport and analyze existing agreements to ensure fuel flowage fee payments are correct.

Generally, airport sponsors, aviation businesses, and aircraft operators believe a fuel flowage fee is an acceptable way of recovering airport costs. In comparison to other fees, fuel flowage fees are relatively easy to administer as fuel flowage fees are typically collected and remitted (or paid directly) by the fueling entity (commercial and non-commercial) to the airport sponsor.

The most significant downfall with charging fuel flowage fees is that only those aircraft operators who purchase (or dispense) fuel at the airport pay the fuel flowage fee. Therefore, aircraft operators who use the airport, but do not purchase (or dispense) fuel, make no contribution to cover the airport costs through payment of fuel flowage fees.

Further, fuel flowage fees are typically paid on the honor system. In most cases, fueling entities report fuel volumes without audit or there is no requirement to verify or reconcile the amount of fuel sold (or dispensed) by a fueling entity with the amount of fuel delivered. If the City continues charging a fuel flowage fee at the Airport, AMCG suggests fueling entities continue to be required to pay this fee for all gallons delivered to the fuel storage facility (as reported by the fuel supplier) as opposed to basing the fee based on gallons sold (or dispensed).

AMCG recommends the City require fueling entities report all fuel purchased (by type), delivered to the fuel storage facility (by type), and sold (or dispensed) at the Airport (by type and category). This approach provides a mechanism for the City to reconcile the gallons delivered with the gallons dispensed at the Airport.

Additionally, in the case of a discrepancy between the amount of fuel delivered to the fuel storage facility and the amount of fuel sold (or dispensed) at the Airport, the greater amount shall prevail and the fueling entities shall promptly pay all additional fees due the City, plus annual interest on the unpaid balance at the maximum rate allowable by law from the date originally due.

## **2. *Landing Fee***

AMCG recommends the City implement a landing fee at the Airport. AMCG believes a landing fee provides the most equitable, cost-recovery, mechanism for the City and a general aviation fee program which includes a landing fee is consistent with a best practices approach. While a fuel flowage fee is only paid by those aircraft operators purchasing (or dispensing) fuel at the Airport, the landing fee is paid by all aircraft operators using the Airport.

AMCG suggests the landing fee be applicable to all aircraft operators (based and transient) using the Airport exceeding 5,000 pounds MGLW (excluding military aircraft). Additionally, AMCG suggests the landing fee apply to all aircraft operators based on a “cents per 1,000 pounds” of MGLW approach (with an established minimum fee) and paid on a per landing basis unless a different weight classification is agreed to in writing by the City.

The City could collect landing fees directly from aircraft operators utilizing systems available to record aircraft registration numbers which, in turn, can be used to generate and send an invoice directly to the aircraft operator.



### **3. *Percentage of Gross Receipts Fees***

AMCG recommends the City continue to charge a percentage of gross receipts fee in conjunction with the existing FBO lease agreement.

While this fee has become less common in the industry, the advantage of charging a percentage of gross receipts fee is this provides the City with the opportunity to participate in the success of the FBO (i.e., obtain a percentage of the revenue generated) without taking any additional risk. As revenues increase, the payment to the City increases (i.e., the City participates in the upside). However, the inverse is also true in that as revenue decreases, the payment to the City decreases. This fee can also be viewed as punitive to successful business and could result in similarly situated aeronautical operators paying significantly different fees.

However, the current operating environment of the Airport (i.e., one FBO) and the structure of the percentage of gross receipts fee (i.e., transient hangar and tiedown only) insulates the City and FBO from some of the downsides of the percentage of gross receipts fee.

The City should conduct an annual audit of the FBO lease agreement to ensure the percentage of gross receipts fee paid by the FBO is reflective of the transient hangar and tiedown fees collected by the FBO.

### **4. *Aeronautical Permit Fee***

AMCG recommends the City expand the lease development application fee by implementing an aeronautical permit fee. While the lease development application fee is applicable to any development proposal, the aeronautical permit fee is based on the type of aeronautical activity (commercial and non-commercial) being conducted at the Airport.

FBOs and Specialized Aviation Service Operators (SASOs) and operators providing temporary or special activities at the Airport would be charged a commercial aeronautical permit fee for engaging in commercial aeronautical activities at the Airport. A self-fueling entity would be charged a non-commercial aeronautical permit fee for engaging in self-fueling activities at the Airport.

### **5. *Airport Access Fees***

AMCG recommends the City modify the airport access fee at the Airport to an annual fee basis.

Individuals approved for access to the Airport will be charged an airport access fee. The access fee is charged based on the issuance of a gate card or key permitting access to the airfield.

## **C. Fees Not Recommended**

### **1. Aircraft Parking Fees**

With regard to recovering the costs associated with the aircraft parking areas at the Airport, AMCG believes that the City has two primary options, as follows:

- The City could lease the aircraft parking areas to commercial operators and/or non-commercial tenants and charge market rent (Option 1).
- The City could allow transient aircraft to use aircraft parking areas and charge a transient parking fee for such use (Option 2).

Based on a review of the current FBO lease agreement and historical lease practices, AMCG understands the City has implemented Option 1 for all available aircraft parking areas. As such, a separate aircraft parking fee is not necessary.

### **2. Based Aircraft Fee**

AMCG does not recommend the City implement a based aircraft fee in conjunction with the landing fee. If implemented, the based aircraft fee, applicable to all based aircraft at the Airport, would be paid on an annual basis, rather than on a per landing basis. However, given the significant variability in utilization of based aircraft, AMCG believes a landing fee program applicable to based and transient aircraft is most appropriate.

### **3. Through-the-Fence Fee**

AMCG understands through-the-fence activities are not occurring at the Airport. As such, a through-the-fence fee is not necessary. However, if the City does allow future through-the-fence access, AMCG recommends the through-the-fence access agreement and related fee are based on an appropriate rental basis for all adjacent off-Airport property with aeronautical-related access.

## **D. Adjustment of Fees**

AMCG recommends the general aviation fees be reviewed annually based on the prior year's financial statements and next year's budget for the Airport. Any deficits should be carried forward and considered when updating the fees in the future and that any surplus be: (1) used for non-AIP funded Airport planning or development projects (including capital expenditures relating to non-AIP funded Airport improvements, vehicles, and equipment), (2) set aside in reserve accounts for future non-AIP funded planning or development projects, or (3) carried forward for consideration in establishing fees for the following period.

Also, and equally important, general aviation fees should not be imbedded in future lease agreements with commercial operators or non-commercial tenants. Conversely, general aviation fees should be established in a separate general aviation fee schedule. AMCG suggests a provision be included in all applicable lease agreements and lease amendments to the effect of: “To recover the costs being incurred by the City relating to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport (that are not being covered by federal or state AIP funds), the lessee agrees to pay the general aviation fees set forth in the Airport’s General Aviation Fee Schedule.”

If it is necessary to include general aviation fees in a lease agreement, language should be included in the lease agreement stipulating that the City may, at the City’s discretion, adjust general aviation fees from time to time and the lessee agrees to pay such general aviation fees to help recover the costs incurred by the City relating to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport (that are not being covered by federal or state AIP funds).

**VI. GENERAL AVIATION FEES**

**A. Fees Selected**

Airport management has selected the following fees for the Airport, which are subject to the City’s approval prior to being implemented at the Airport:

- Fuel Flowage Fee
- Landing Fee
- Percentage of Gross Receipts Fee
- Aeronautical Permit Fee
- Airport Access Fee

**B. Financial Analysis**

AMCG recast the financial statements for the Airport to determine the gap between the Airport revenues and costs being incurred by the City based on *Fiscal Year 2023*. The financial recast (Table 4 and Table 5) identifies (1) all revenues generated by the Airport, (2) all costs incurred by the City related to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport that are not covered by federal or state AIP, and (3) capital expenses related to historical, current, and reserves for future development projects. Table 5 reflects an operating income of \$45,756. This is before a Capital Project reserve of \$250,000. This reserve is for future capital projects not eligible for AIP funding or the City’s AIP match. Including this reserve results in a \$204,244 deficit.

**Table 4 – Financial Analysis Summary (Revenues)**

Operating Revenues	Airport	
	% of Total	Amount
<b>Aeronautical Rent</b>		
Land Rent	51.26%	\$ 777,020
Ramp Rent	16.04%	\$ 243,145
Hangar Rent	10.39%	\$ 157,544
Percentage of Gross Receipts	-16.03%	\$ (243,034)
<i>Total Revenue</i>		\$ 934,675
<i>% of Total Revenue</i>		61.67%
<b>Fees</b>		
Fuel Flowage Fees	20.24%	\$ 306,706
Percentage of Gross Receipts	16.03%	\$ 243,034
<i>Total Fees Revenue</i>		\$ 549,740
<i>% of Total Revenue</i>		36.27%
<b>Other Income</b>		
Agricultural Leases	0.46%	\$ 6,993
Other Revenues	1.60%	\$ 24,300
<i>Total Other Income Revenue</i>		\$ 31,293
<i>% of Total Revenue</i>		2.06%
<b>Summary</b>		
<b>TOTAL REVENUE</b>		<b>\$ 1,515,708</b>
<b>GROSS MARGIN</b>		<b>\$ 1,515,708</b>

It is important to note the revenue generated by the existing general aviation fee program of \$549,740 are included in Table 4 and Table 5 but removed when determining the total cost recovery amount.

**Table 5 – Financial Analysis Summary (Expenses)**

Operating Expenses	Airport	
	% of Total	Amount
<b>Operating Expenses</b>		
Bad Debts	0.13%	\$ 1,899
Communications and Connectivity	0.18%	\$ 2,585
Dues/Subscriptions	0.25%	\$ 3,739
Employee Benefits	6.78%	\$ 99,693
Insurance	2.82%	\$ 41,513
License, Fees, and Business Taxes	0.02%	\$ 282
Maintenance	-0.33%	\$ (4,780)
Marketing and Public Relations	0.02%	\$ 323
Payroll	37.31%	\$ 548,487
Payroll Taxes	2.55%	\$ 37,542
Professional Services	3.01%	\$ 44,202
Supplies and Materials	0.55%	\$ 8,022
Training	0.21%	\$ 3,064
Travel, Meals, and Entertainment	0.10%	\$ 1,537
Utilities	3.84%	\$ 56,507
Vehicle/Equipment Operations	2.12%	\$ 31,129
Pension Expense	8.89%	\$ 130,637
Admin Transfers	30.99%	\$ 455,497
Bond Sales Expense	0.55%	\$ 8,074
<b>OPERATING EXPENSES</b>		<b>\$ 1,469,952</b>
<b>OPERATING INCOME (EBITDA)</b>		<b>\$ 45,756</b>
<b>Capital Expenditure</b>		
Capital Projects Funding/Reserves	100.00%	\$ (250,000)
<b>Deficit</b>		<b>\$ (204,244)</b>

### C. Establishment of Fees

As indicated previously, regardless of the types of general aviation fees the City ultimately decides to charge, AMCG suggests (consistent with a best practices approach) that all costs relating to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport (not covered by federal or state AIP) be identified and quantified to the greatest extent possible.

Once this is accomplished, revenues should be deducted from costs to determine the gap and the City should establish a general aviation fee program that closes the gap (if reasonable, 100% of the gap should be targeted by the City).

As identified in Table 5, the deficit is \$204,244. AMCG eliminated the existing general aviation fee revenue (\$549,740) to determine the annual full cost recovery total of \$753,984 for Fiscal Year 2024.

**1. Fee Calculation Analysis**

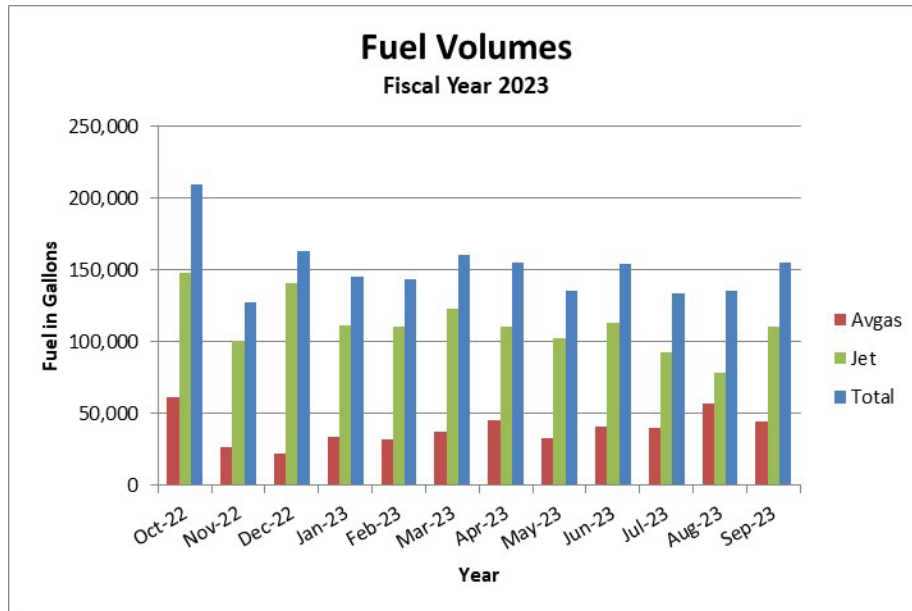
Based on the full cost recovery total, AMCG calculated the rate for each of the general aviation fees selected by Airport management. Table 6 outlines the fee calculations, the recommended fee structure, and the resulting rate calculated for each general aviation fee.

The following key underlying assumptions were utilized in development of the general aviation fees:

**a. Key Underlying Assumptions**

- General aviation fuel volumes based on Fiscal Year 2023 actual fuel volumes.

**Figure 1 – General Aviation Fuel Volumes**



- Percentage of Gross Receipts based on Fiscal Year 2023 revenue consistent with current lease agreements.
- Landing Fee based on analysis of Virtower aircraft operations from January 1, 2024 – June 30, 2024.

**Figure 2 – Non-Based Aircraft Arrivals**

Landing Fees	Total Arrivals (6 Months)	Arrivals (6 Months)	Percent of Arrivals	Arrivals (12 Months)	Average MGLW (per arrival)	Average MGLW (per 1,000 lbs.)
<b>Non-Based Aircraft Operations</b>						
Light Sport	25,450	45	0.18%	90	Less than 5,000	N/A
Piston Single-Engine		23,417	92.01%	46,834	Less than 5,000	N/A
Turbine Single-Engine		243	0.95%	486	8,250	8.25
Piston Multi-Engine		593	2.33%	1,186	5,485	5.49
Turbine Multi-Engine		514	2.02%	1,028	13,185	13.19
Business Jet		453	1.78%	906	22,125	22.13
Helicopter		155	0.61%	310	Less than 5,000	N/A
Other/Military		30	0.12%	60	N/A	N/A

- Aeronautical Permit Fee based on existing number of aeronautical operators.
- Airport Access Fee is based on the current number of access media issued.

Utilizing a cost recovery approach with consideration given to the findings from the comparable and competitive airports, AMCG calculated the rate for each fee selected by Airport management. The calculated rates are conveyed in the *Aeronautical Fee Schedule* provided in Section VII.

**Table 6 – Fee Calculation**

General Aviation Fee Calculation	Assumptions		Fee	Revenue
<b>Fuel Flowage Fee</b>	Gallons (CY 2022)		Fee (per gallon)	Revenue
Avgas (Commercial)	476,312		\$0.22	\$104,789
Jet (Commercial)	1,344,331		\$0.22	\$295,753
Avgas/Jet (Non-Commercial)	0		\$0.34	\$0
<b>Percentage of Gross Receipts</b>			Percentage	Revenue
Hangar/Tiedown			12%	\$243,034
<b>Landing Fee</b>	Number of Annual Arrivals	Average MGLW (per 1,000 lbs.)	Fee	Total
All Non-Based Aircraft				
<i>Light Sport</i>	90	Less than 5,000	\$0.00	\$0
<i>Piston Single-Engine</i>	46,834	Less than 5,000	\$0.00	\$0
<i>Turbine Single-Engine</i>	486	8.25	\$1.75	\$7,017
<i>Piston Multi-Engine</i>	1,186	5.49	\$1.75	\$11,394
<i>Turbine Multi-Engine</i>	1,028	13.19	\$1.75	\$23,729
<i>Business Jet</i>	906	22.13	\$1.75	\$35,087
<i>Helicopter</i>	310	Less than 5,000	\$0.00	\$0
<i>Other/Military</i>	60	N/A	N/A	N/A
<b>Aeronautical Permit Fee</b>	Number of Operators		Fee (Annual)	Revenue
Fixed Base Operator	1		\$1,500.00	\$1,500
Aircraft Maintenance Operator	5		\$750.00	\$3,750
Avionics or Instrument Maintenance Operator	3		\$750.00	\$2,250
Aircraft Rental or Flight Training Operator				
<i>Small (10 or less aircraft)</i>	1		\$500.00	\$500
<i>Medium (11-25 aircraft)</i>	2		\$750.00	\$1,500
<i>Large (more than 25 aircraft)</i>	2		\$1,000.00	\$2,000
Aircraft Charter or Aircraft Management Operator	4		\$750.00	\$3,000
Aircraft Sales Operator	3		\$750.00	\$2,250
Aircraft Storage Operator	6		\$750.00	\$4,500
Other Commercial Aeronautical Activities	4		\$750.00	\$3,000
Independent Operator	2		\$500.00	\$1,000
Non-Commercial Flying Club	2		\$750.00	\$1,500
Self-Fueling Permittee	0		\$500.00	\$0
Training Facility	2		\$750.00	\$1,500
<b>Airport Access Fee</b>	Number of Applicants		Fee	Revenue
Annual Renewal	450		\$25.00	\$11,250

**2. Projected Fee Revenue**

Table 7 summarizes the revenue projected based on the findings of Table 6 for each of the fees selected by Airport management, identifies the City’s revenue potential (predicated on the underlying assumptions), and a cost recovery target of 100%.

It is important to note that while the general aviation fees are cost recovery based, general aviation fees should be within the bounds of the market to minimize an overly negative impact on airport activity and overall demand.

**Table 7 – Projected General Aviation Fee Revenue**

<b>Projected General Aviation Fee Revenue</b>	<b>Total</b>	<b>Percent of Goal</b>
Fuel Flowage Fee	\$400,541	52.68%
Percentage of Gross Receipts Fee	\$243,034	31.97%
Landing Fee	\$77,227	10.16%
Aeronautical Permit Fee	\$28,250	3.72%
Airport Access Fee	\$11,250	1.48%
Potential Fees Revenue	\$760,303	
Full Cost Recovery Total	\$753,984	
Cost Recovery Target (Percent)	100%	
Cost Recovery Target (Amount)	\$753,984	
Cost Recovery Reconciliation	\$6,319	

The projected fee revenue is predicated on the below implementation:

- The Fuel Flowage Fee program will be modified to \$0.22 per gallon (commercial) and \$0.27 (non-commercial).
- The Percentage of Gross Receipts Fee will continue in a manner consistent with existing lease agreements.
- A Landing Fee for aircraft over 5,000 pounds MGLW (excluding military aircraft) will be implemented.
- An Aeronautical Fee for different types of operators will be implemented.
- Airport Access Fee will be modified to an annual basis.



**VII. GENERAL AVIATION FEE SCHEDULE**

<b>TYPE OF FEE</b>	<b>FEE</b>
<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

## VIII. RENTAL RATE COMMENTS

In addition to the cost-recovery general aviation fee analysis, Airport management requested input on the current rental rates for Airport property consisting of land and hangars. Based on the current *Airport Rates and Charges Schedule* and an appraisal report conducted by *Airport & Aviation Appraisals, Inc.* (dated November 27, 2022), AMCG understands the following:

- Rent for aeronautical land range from \$0.33 to \$0.41 per square foot per year
- Rent for Small T-Hangars (961 sf) is \$350 per unit per month
- Rent for Medium T-Hangars (1,132 square feet) is \$400 per unit per month
- Rent for Large T-Hangars (1,332 square feet) is \$600 per unit per month
- Rent for Box Hangars (1,287 square feet) is \$4.90 per square foot per year

Consistent with FAA guidance, AMCG recommends rent for airport land and improvements be established through a market-based approach (based on similar land and improvements at comparable and competitive airports), rather than a cost-recovery approach. The appraisal report conducted by *Airport & Aviation Appraisals, Inc.* utilizes a market-based approach, and the conclusions are reasonable and within the market. While there is room within the market to increase the rental rates, the current rental rates do not appear to be unreasonably low for the Airport or market.

AMCG recommends conducting a market-based analysis at least every five years with an index-based adjustment (e.g., consumer price index) adjustment on an annual basis.