

April 2021

# Fixed-Base Operator Analysis

Aspen-Pitkin County Airport



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# 1. INTRODUCTION

## 1.1 BACKGROUND

In November 2019, Pitkin County (County) retained Ricondo & Associates, Inc. (Ricondo) to provide airport business and financial consulting services related to the evaluation of delivery potential options for fixed-base operator (FBO) services at Aspen-Pitkin County Airport (ASE or the Airport). The Airport is owned and operated by the County, and a 1993 FBO Lease and Use Agreement (Agreement) that the County entered into with a private entity to provide approved aeronautical services to the public from the designated leasehold granted in the Agreement expires in September 2023. The County is interested in understanding its potential options for future delivery of FBO services.

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This Report is organized as follows:

- Chapter 1: Introduction
- Chapter 2: Existing Fixed-Base Operator Lease and Use Agreement Summary
- Chapter 3: Benchmarking Analysis
- [REDACTED]
- [REDACTED]
- [REDACTED]
- Chapter 7: Summary of Findings

[REDACTED]

## 1.2 DATA SOURCES

Data to inform this Report were obtained from the following sources:

- County / Airport historical activity and financial records
- October 1993 Agreement between the County and Airport Base Operation, Inc. (ABO), and the subsequent September 2001 First Amendment
- October 1993 Redevelopment Agreement between the County and ABO, and the subsequent September 2001 Partial Termination of the Redevelopment Agreement
- [REDACTED]
- [REDACTED]
- [REDACTED]
- literature review:
  - Airport Cooperative Research Program
  - 2012 Aspen-Pitkin County Airport Master Plan
- public online sources that provided airport operating budgets, comprehensive annual financial reports, and airport data
- [REDACTED]

Each data source is cited throughout the Report, and a complete bibliography is provided.

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<sup>1</sup> The ASE Vision process is the community engagement process undertaken by the County in 2019-2020 to assist with establishing a vision for the future of Airport. The purpose of the ASE Vision process was to advise the BOCC on how the Pitkin County-Aspen Airport should be modernized to accommodate the community's air service needs and reflect changes in the air service industry, while also remaining true to the character and values of the community. The ASE Vision process also provided recommendations for general aviation facilities which are discussed and incorporated into this Report.

### 1.3 BENCHMARKS

To inform this Report, Ricondo benchmarked the Airport against a range of US airports to compare general aviation fees and rents. Ricondo, working in conjunction with Airport management, identified peer benchmark airports based on comparable demographic measures, including airline activity and enplaned passengers, as well as other airports serving destination markets. For this analysis, 25 airports were selected as benchmarks. The data on benchmarked airports were drawn from the FAA's Form 5100-127, *Operating and Financial Summary*, which airport sponsors must file annually to report revenues, expenses, and other financial information. The most current data are from fiscal year 2019 (FY 2019).<sup>2</sup>

### 1.4 FINANCIAL FRAMEWORK

From an accounting perspective, the County operates the Airport as an independent, standalone enterprise fund separate and distinct from other County enterprises and general government funds. It has established the "Airport Fund" to account for Airport activity in which a fee is charged to users for goods and services. Annual Airport operating and maintenance expenses are funded through the Airport Fund solely by revenue generated from Airport concessions, rentals of terminal space, landing fees, lease and license agreements, and other charges. Airport capital improvements are funded in part with: (1) revenues from the Airport Fund; (2) federal, state, and other forms of grants-in-aid; (3) Customer Facility Charge Revenues; and (4) Passenger Facility Charge Revenues.

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<sup>2</sup> Peer airport information obtained from FAA Form 5100-127, *Operating and Financial Summary*, reflects actual FY 2019 information but may have different fiscal year dates.

## 2. EXISTING FIXED-BASE OPERATOR LEASE AND USE AGREEMENT SUMMARY

### 2.1 SUMMARY OF CURRENT FIXED-BASE OPERATOR LEASE AND USE AGREEMENT TERMS AND CONDITIONS

In 1992, the County issued an RFP process for the lease and operation of certain land and FBO facilities at the Airport. As the result of this RFP process, the County selected ABO, and in October 1993 the parties entered into an FBO Agreement, as well as a Redevelopment Agreement. Through the Agreement, the County granted ABO the lease and use of a portion of the Airport's general aviation facilities, while the Redevelopment Agreement established the terms and conditions for the construction of facilities by ABO to serve general aviation customers at the Airport.

#### 2.1.1 THE AGREEMENT

The Agreement has a term of 30 years and expires on September 30, 2023. In October 2005, ABO assigned its interest in the Agreement to Trajen Flight Support, LP (Trajen). In June 2006, Atlantic acquired Trajen and assumed the rights and responsibilities of the Agreement; therefore, Atlantic is the current Lessee.

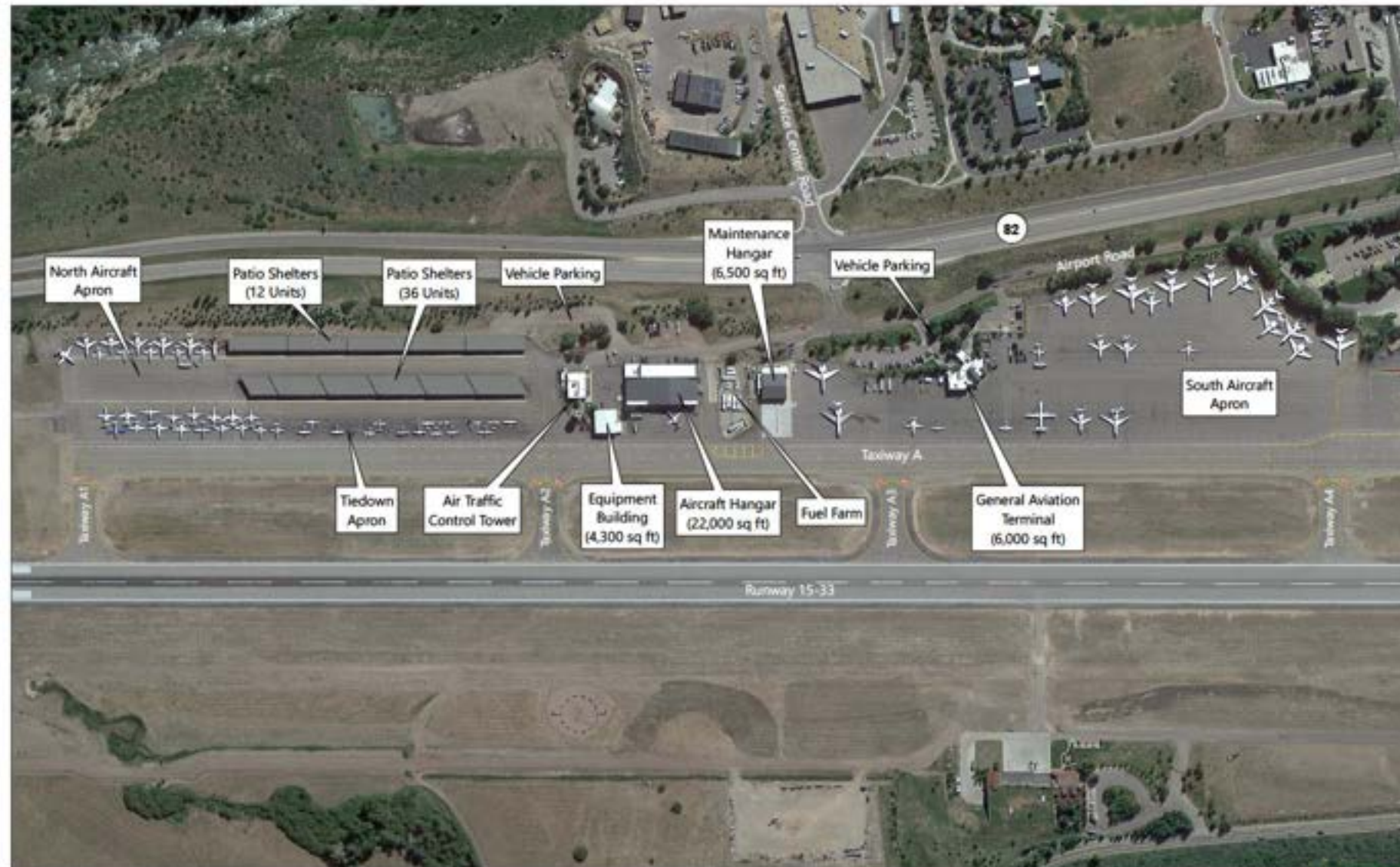
**Exhibit 2-1** depicts the Airport premises that comprise the current leased premises assigned to Atlantic and constructed by ABO through the Redevelopment Agreement. The facilities and improvements comprising the leased premises generally include:

- a 6,000-square-foot general aviation terminal building
- three aircraft hangars totaling 30,000 square feet of space
- a fuel farm with the following storage tank capacities:
  - four 25,000-gallon aboveground Jet-A tanks (100,000-gallon capacity)
  - one 12,000-gallon aboveground AvGas tank
  - one 2,000-gallon aboveground gasoline tank
  - one 2,000-gallon aboveground diesel tank
  - one 1,000-gallon aboveground waste-oil tank
- a general aviation terminal building loop access road
- 86 automobile parking spaces (three areas)

In addition, the Agreement requires the Lessee to operate and manage the following facilities on behalf of the County:

- 32 tiedowns (100 percent of all rents and fees are retained by the Lessee)
- 48 bay patio shelters (Lessee retains 15 percent of rents and fees; balance is remitted to the County)
  - one double-sided unit with 36 bays
  - one single-sided unit with 12 bays





SOURCES: Google Earth Pro, June 23, 2017 (aerial photography - for visual reference only, may not be to scale); Ricondo & Associates, Inc., February 2020 (general aviation facility areas).

EXHIBIT 2-1

EXISTING GENERAL AVIATION AREA FACILITIES



**Exhibit 2-2** generally depicts the limits of the current leased premises assigned to the Lessee through the Agreement. The leased area encompasses approximately 972,572 square feet of space consisting of the following:

- buildings – 38,800 square feet
- apron pavement – 724,255 square feet
- vehicle/other pavement – 130,400 square feet
- 32 aircraft tiedown positions
- other areas – 79,117 square feet

The leased area was originally configured into two distinct lots (Lot 1 and Lot 2). When Route 82 was relocated, Lot 2, the area to the north of the air traffic control tower, was adjusted and the County granted the Lessee additional land at no extra cost or rent. The leasehold area was further adjusted by the parties in 2001, as more fully described in Section 2.1.2.

The Agreement sets forth certain fees and payments that the Lessee is required to submit to the County for the use, occupancy, and privileges granted by the County, including:

- minimum annual guarantee (MAG) fuel flowage fee of \$120,000 per year
- fuel flowage fee – excess over the MAG
- rent
- monthly patio shelter fees

Throughout the term, these fees and rents have been periodically adjusted. Pursuant to the Agreement, the rent is increased annually by the Consumer Price Index-U or 4 percent, whichever is greater. In addition, the fuel flowage fee is set by Ordinances approved by the Pitkin County Board of County Commissioners (Board). The Board adjusts the fuel flowage fee at its discretion. For the County's fiscal year ending December 31, 2019, the rent was \$0.23 per square foot, the fuel flowage fee was \$0.12 per gallon of fuel delivered to the fuel farm, and patio shelter fees averaged \$425 per month per unit.

The Agreement also requires that the Lessee provide office and support space for Specialized Fixed-Based Operators (S-FBO), as defined and required in the Airport Minimum Standards.<sup>1</sup> Currently, the following S-FBOs are operating within the leased premises under separate agreements with the Lessee:

- WestStar Aviation (aircraft maintenance) – subleases hangar/office from Lessee
- Mayo Aviation (aircraft charter) – subleases hangar/office from Lessee
- Bubba Air (aircraft charter) – subleases office from Lessee
- Aspen Aero (flight instruction and aircraft Rental) – subleases office from Lessee

In addition to providing commercial aeronautical services to the public, as described in the Agreement and the Airport Minimum Standards, the Lessee is required to maintain, repair, and equip all facilities at its own expense and pay for the cost of utilities. As such, the Agreement is structured to be a triple net lease, whereby the Lessee is obligated to pay all taxes, insurance, and maintenance for the facilities included in the leasehold area. The County provides snow removal on the aircraft parking apron.

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<sup>1</sup> Pitkin County Code, Title 10, Division I, Section 10.04.010.





## 2.1.2 REDEVELOPMENT AGREEMENT

Concurrent with execution of the Agreement, the County and ABO entered into a Redevelopment Agreement, which established the scope of improvements ABO would finance and construct at the Airport. This scope included the demolition of then existing FBO facilities and construction of the following:

- general aviation terminal building and aircraft parking apron
- automobile parking areas
- fuel farm
- storage hangar and aircraft parking apron
- repair and maintenance hangar/shop and aircraft parking apron
- T-hangar facility
- S-FBO facility
- deice pad facility

Through subsequent amendments to the Redevelopment Agreement, both the County and ABO agreed to delete the requirement for ABO to construct the S-FBO facility, T-hangar facility, and deice pad facility. In September 2001, the County and ABO entered into an amendment to the Redevelopment Agreement acknowledging that ABO had completed, and the County had accepted, all facilities constructed by ABO under the Redevelopment Agreement. At the same time, the County and ABO entered into an amendment to the Agreement that adjusted the boundaries of the leased premises to allow the County to assume a portion of the north ramp area for construction of patio shade hangars.

Upon expiration of the Agreement, all facilities and improvements constructed by ABO through the Redevelopment Agreement are to revert to the ownership of the County.

## 2.2 FIVE-YEAR HISTORICAL OVERVIEW OF FUEL AND FINANCIAL PERFORMANCE (FY 2015 – FY 2019)

**Table 2-1** presents the volume of Jet-A, 100 LL (AvGas), and airline in-to plane fuel (gallons) delivered to the Airport for the period FY 2015 to FY 2019.

TABLE 2-1 HISTORICAL GENERAL AVIATION AND AIRLINE IN-TO PLANE FUEL VOLUMES  
(FY 2015 – FY 2019)

	ACTUAL FY 2015	ACTUAL FY 2016	ACTUAL FY 2017	ACTUAL FY 2018	ACTUAL FY 2019	CAGR 2015-2019
Jet-A Fuel Sales (gallons)	3,842,191	4,209,196	4,392,275	4,076,412	4,327,682	3.0%
100 LL Fuel Sales (gallons)	28,028	32,966	40,825	24,389	31,757	3.2%
Airline in-to plane (gallons)	2,157,087	2,601,432	3,106,374	3,963,861	3,902,011	16.0%

**NOTES:**

Fiscal years ending December 31.

FY – Fiscal Year

CAGR – Compound Annual Growth Rate

SOURCE: Pitkin County, January 2021.



**Table 2-2** presents the rents and fees paid by the Lessee to the County for the period FY 2015 to FY 2019.

**TABLE 2-2 HISTORICAL RENTS AND FEES (FY 2015 – FY 2019)**

	ACTUAL FY 2015	ACTUAL FY 2016	ACTUAL FY 2017	ACTUAL FY 2018	ACTUAL FY 2019	CAGR 2015-2019
Fuel Flowage MAG	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	0.0%
Fuel Flowage Excess	\$344,426	\$389,059	\$411,972	\$372,096	\$403,133	4.0%
FBO Rent	\$190,199	\$197,807	\$205,719	\$218,184	\$211,829	2.7%
GA South Ramp Space Rental	\$4,781	\$2,954	\$1,469	\$5	\$0	0.0%
Monthly Patio Shelter Fees	\$183,442	\$187,037	\$196,273	\$208,427	\$196,518	1.7%
<b>Total FBO Rents and Fees</b>	<b>\$842,848</b>	<b>\$896,857</b>	<b>\$935,433</b>	<b>\$918,712</b>	<b>\$931,480</b>	<b>2.5%</b>

**NOTES:**

Fiscal years ending December 31.

FY – Fiscal Year

CAGR – Compound Annual Growth Rate

MAG – Minimum Annual Guarantee

FBO – Fixed-Base Operator

GA – General Aviation

SOURCE: Pitkin County, January 2021.

As indicated on Tables 2-1 and 2-2, all categories of rents and fees, as well as fuel volumes, posted increases during this 5-year period. The annual number of local aircraft operations, as recorded by the FAA's air traffic control tower and reported in the FAA's historical Terminal Area Forecast<sup>2</sup> (TAF) for the Airport, indicates the number of annual local "civil" aircraft operations decreased 7.4 percent per year during this 5-year period. Since these aircraft operations are more generally aligned with fixed-wing piston aircraft activity, the type of aircraft that use AvGas fuel, it is reasonable to assume a decreasing trend in aircraft operational counts by this type of aircraft would also indicate a decrease in AvGas fuel consumption. The decrease in AvGas annual fuel volume also mirrors a nationwide trend relative to both the number of general aviation fixed-wing piston aircraft and their associated activity levels. The FAA's *Aerospace Forecast for Fiscal Years 2019–2039*<sup>3</sup> projects a continued decline in the national fleet of fixed-wing piston aircraft. The FAA indicates in its forecast that "unfavorable pilot demographics, overall increasing cost of aircraft ownership, coupled with new aircraft deliveries not keeping pace with retirements of aging fleet are the drivers of the decline."

The annual number of aircraft operations, as recorded by the FAA's air traffic control tower and reported in the FAA's historical Terminal Area Forecast<sup>4</sup> (TAF) for the Airport provides a means to explain the increases in fuel volume over the 5-year period. According to the TAF, number of annual general aviation aircraft operations increased approximately 0.6 percent per year during this 5-year period, while air taxi operations (which includes general aviation charter operations) increased at an annual average rate of 2.8 percent over the period.

<sup>2</sup> Federal Aviation Administration, Terminal Area Forecast, [https://www.faa.gov/data\\_research/aviation/taf/](https://www.faa.gov/data_research/aviation/taf/) (accessed April 8, 2021; Aspen-Pitkin County Airport, 2015–2019 historical data).

<sup>3</sup> Federal Aviation Administration, FAA Aerospace Forecast, Fiscal Years 2019–2039, [https://www.faa.gov/data\\_research/aviation/aerospace\\_forecasts/media/FY2019-39\\_FAA\\_Aerospace\\_Forecast.pdf](https://www.faa.gov/data_research/aviation/aerospace_forecasts/media/FY2019-39_FAA_Aerospace_Forecast.pdf) (accessed February 19, 2020).

<sup>4</sup> Federal Aviation Administration, Terminal Area Forecast, [https://www.faa.gov/data\\_research/aviation/taf/](https://www.faa.gov/data_research/aviation/taf/) (accessed February 19, 2020; Aspen-Pitkin County Airport, 2015–2019 historical data).

While AvGas and general aviation Jet-A fuel volumes increased approximately 3.0 per year, airline in-to plane volume increased 16.0 percent per year. Again, historical TAF data provide a means to explain these trends in fuel volume. The TAF indicates air carrier aircraft operations at the Airport increased from 8,798 in FY 2015 to 11,347 in 2019, representing a compound annual growth rate of 6.6 percent. General aviation itinerant activity at the Airport fluctuated during this period from a low of 15,318 in FY 2015 to a peak of 16,178 operations in FY 2016 and then slowly decreased each year to 15,694 by FY 2019, thereby producing a compound annual growth rate of 0.6 percent. While not a one-to-one correlation, increasing trends in aircraft operations in these categories are contributing factors to the trend toward increased Jet-A fuel consumption at the Airport by airlines and general aviation aircraft.

Overall, general aviation rents and fees from the Lessee to the County increased an average of 2.5 percent each year during this period, increasing from \$842,848 in FY 2015 to \$931,480 in FY 2019. Each year, general aviation fuel sale volumes exceeded the fuel flowage MAG. Annual FBO rent increases were slightly less than the required annual adjustment stipulated in the Agreement (2.7 percent per year rather than 4.0 percent per year), while the monthly patio hangar fees increased 1.7 percent per year.

## 2.3 PROJECTION OF FINANCIAL PERFORMANCE

	ACTUAL FY 2019	ESTIMATED FY 2020	BUDGET FY 2021			
Fuel Flowage MAG	\$120,000	\$120,000	\$120,000			
Fuel Flowage Excess	\$403,133	\$414,953	\$471,123			
FBO Rent	\$211,829	\$211,829	\$400,929			
GA South Ramp Space Rental <sup>1</sup>	\$0	\$5,100	\$0			
Monthly Patio Shelter Fees <sup>1</sup>	\$196,518	\$184,000	\$0			
<b>Total FBO Rents and Fees</b>	<b>\$931,480</b>	<b>\$935,882</b>	<b>\$992,052</b>			

### NOTES:

Fiscal years ending December 31.

FY – Fiscal Year

MAG – Minimum Annual Guarantee

FBO – Fixed-Base Operator

GA – General Aviation

<sup>1</sup> Beginning in FY 2021, FBO rent includes south ramp space rental and monthly patio shelter fees.

SOURCE: Pitkin County, January 2021.

### 3. BENCHMARKING ANALYSIS

To provide context and background to the relative rents, fees, and charges generated by FBOs and other general aviation activity, Ricondo benchmarked the Airport against 25 other airports. **Table 3-1** presents FBO and general aviation revenues for the airports evaluated, as reported to the FAA for FY 2019. For purposes of this benchmarking effort, Ricondo created subsets of the 25 airports with 21 being evaluated based upon their size, location, and type and the remaining 4 being reviewed against the Airport based upon the fact that these airports have either entered into a management contract for FBO services or exercised their proprietary right to provide these services.

As depicted on **Exhibit 3-1**, the Airport had the third highest reported FBO and general aviation revenues in 2019 (\$3.61 million) of the other 21 airports evaluated based upon size, location, and type. Nearly 80 percent of the Airport's FBO and general aviation revenues are comprised of general aviation and military landing fees, whereas none of the other 21 airports shown has a majority of its general aviation revenues being derived from these fees. University Park Airport (UNV) reported the second-highest level of FBO and general aviation revenues (\$3.66 million). Jackson Hole Airport (JAC) reported the highest level of FBO and general aviation revenues at \$4.68 million. JAC's and UNV's FBO and general aviation revenue was primarily derived from fuel sales, net profit/loss or fuel flowage fees. The Pennsylvania State University, as owner and operator of UNV, has exercised its proprietary exclusive rights in accordance with FAA regulations and operates the FBO at UNV, while JAC was served by a traditional FBO for the 2019 FAA reporting period.

**Exhibit 3-2** shows general aviation revenues per itinerant operation in 2019 for the 22 airports (including ASE) shown on Exhibit 3-1. The median (\$56.80) is lower than the average (\$95.40) due to distribution of general aviation revenues and itinerant operations among the airports. As shown, general aviation revenues per itinerant operation at the Airport are above both the median and the average. At \$231.04 for general aviation revenue per itinerant operation, the Airport has the third-highest general aviation revenue per itinerant operation of the 22 airports.





TABLE 3-1 BENCHMARKING ANALYSIS – AIRPORT GENERAL AVIATION REVENUES (2019)

	GA AND MILITARY LANDING FEES	FBO REVENUE – CONTRACT OR SPONSOR- OPERATED	CARGO AND HANGAR RENTALS	FUEL SALES NET PROFIT/LOSS OR FUEL FLOWAGE FEES	TOTAL GENERAL AVIATION REVENUES	GA ITINERANT OPERATIONS	GA REVENUES PER ITINERANT OPERATION
Durango-La Plata County (DRO)	\$0	\$28,114	\$64,783	\$34,227	\$127,124	4,789	\$26.54
Gunnison County (GUC)	\$0	\$31,793	\$62,367	\$49,743	\$143,903	4,938	\$29.14
Fanning Field (IDA)	\$0	\$96,215	\$131,559	\$36,748	\$264,522	13,058	\$20.26
Key West International (EYW)	\$1,200	\$162,105	\$91,959	\$64,909	\$320,173	29,821	\$10.74
Cherry Capital (TVC)	\$90,473	\$0	\$117,597	\$225,088	\$433,158	32,288	\$13.42
Gallatin Field (BZN)	\$198,236	\$48,140	\$31,209	\$199,899	\$477,484	33,855	\$14.10
Glacier Park International (GPI)	\$0	\$157,680	\$213,983	\$143,461	\$515,124	12,359	\$41.68
Yampa Valley (HDN)	\$0	\$335,545	\$0	\$187,894	\$523,439	3,699	\$141.51
Charlottesville-Albemarle (CHO)	\$0	\$498,130	\$97,411	\$7,028	\$602,569	34,374	\$17.53
Grand Junction Regional (GJT)	\$0	\$0	\$53,466	\$541,482	\$594,948	21,338	\$27.88
Missoula International (MSO)	\$75,253	\$233,190	\$310,016	\$92,379	\$710,838	9,768	\$72.77
Jackson Hole (JAC)	\$0	\$1,094,050	\$36,712	\$3,548,713	\$4,679,475	11,400	\$410.48
South Bend Regional Airport (SBN)	\$109,032	\$580,837	\$18,746	\$135,249	\$843,864	14,003	\$60.26
San Luis Obispo County (SBP)	\$1,200	\$255,249	\$477,556	\$521,176	\$1,255,181	35,157	\$35.70
Friedman Memorial (SUN)	\$0	\$190,610	\$653,601	\$363,004	\$1,207,215	14,983	\$80.57
Shenandoah Valley Regional (SHD)	\$1,124	\$95,787	\$371,045	\$734,807	\$1,202,763	7,802	\$154.16
Palm Springs International (PSP)	\$0	\$521,020	\$612,115	\$0	\$1,133,135	19,766	\$57.33
Montrose County (MTJ)	\$0	\$1,054,643	\$125,475	\$385,816	\$1,565,934	13,500	\$116.00
Colorado Springs (COS)	\$72,288	\$1,540,074	\$42,996	\$332,974	\$1,988,332	35,327	\$56.28
Eagle County Regional (EGE)	\$606,797	\$1,644,057	\$46,603	\$347,521	\$2,644,978	17,989	\$147.03
University Park (UNV)	\$158,095	\$1,013,648	\$339,895	\$2,145,642	\$3,657,280	10,965	\$333.54
Aspen-Pitkin County (ASE)	\$2,883,633	\$211,829	\$0	\$513,691	\$3,609,153	15,621	\$231.04
Greenville-Spartanburg International (GSP)	\$0	\$1,206,025	\$4,466,931	\$5,189,378	\$10,862,334	9,209	\$1,179.53
Rickenbacker International (LCK)	\$0	\$5,577,627	\$1,259,402	\$2,088,525	\$8,925,554	5,162	\$1,729.09
Lovell Field (CHA)	\$0	\$0	\$1,729,352	\$9,115,852	\$10,845,204	25,892	\$418.86
Naples (APF)	\$0	\$857,000	\$2,565,000	\$12,492,000	\$15,914,000	69,364	\$229.43
<b>Average</b>	<b>\$161,436</b>	<b>\$670,514</b>	<b>\$535,376</b>	<b>\$1,519,123</b>	<b>\$2,886,449</b>	<b>19,478</b>	<b>\$217.50</b>
<b>Average, without GSP, LCK, CHA, and APF</b>	<b>\$190,788</b>	<b>\$445,123</b>	<b>\$177,232</b>	<b>\$482,339</b>	<b>\$1,295,481</b>	<b>18,036</b>	<b>\$95.36</b>

## NOTES:

Revenue data are for each airport's fiscal year 2019.

General aviation itinerant operations data represent the most recent data reported in the AirportIQ 5010 database, as of January 6, 2021.

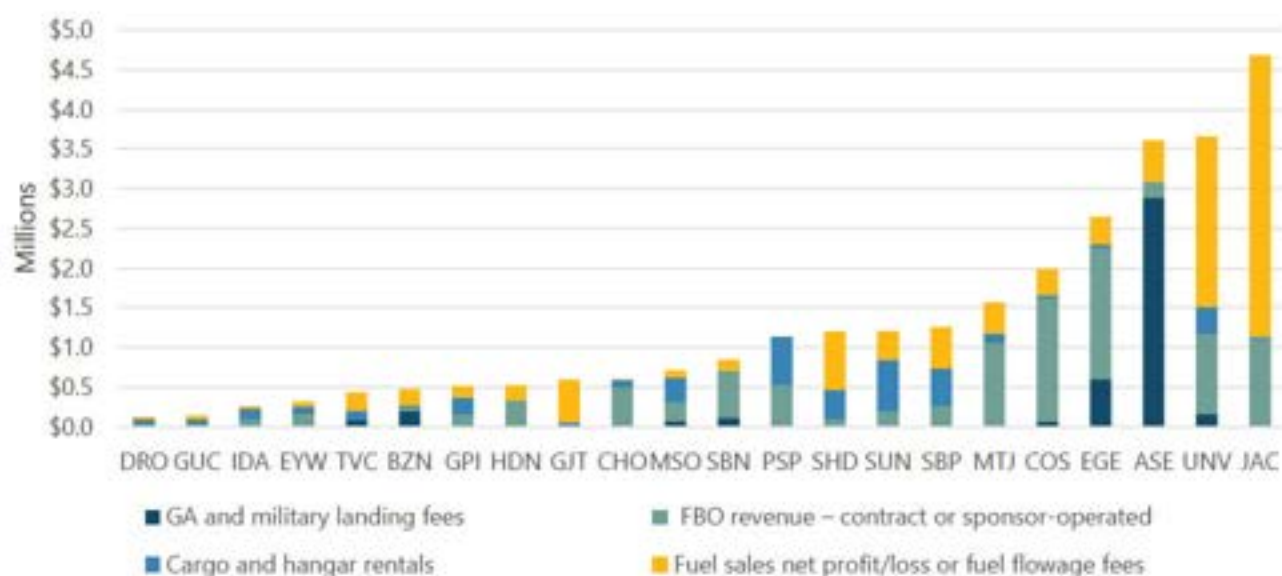
GA – General Aviation

FBO – Fixed-Base Operator

SOURCES: Federal Aviation Administration, Certification Activity Tracking System (CATS), January 2021 (revenues); AirportIQ 5010, January 2021 (operations).



EXHIBIT 3-1 FIXED-BASE OPERATOR AND GENERAL AVIATION REVENUES (2019)



## NOTES:

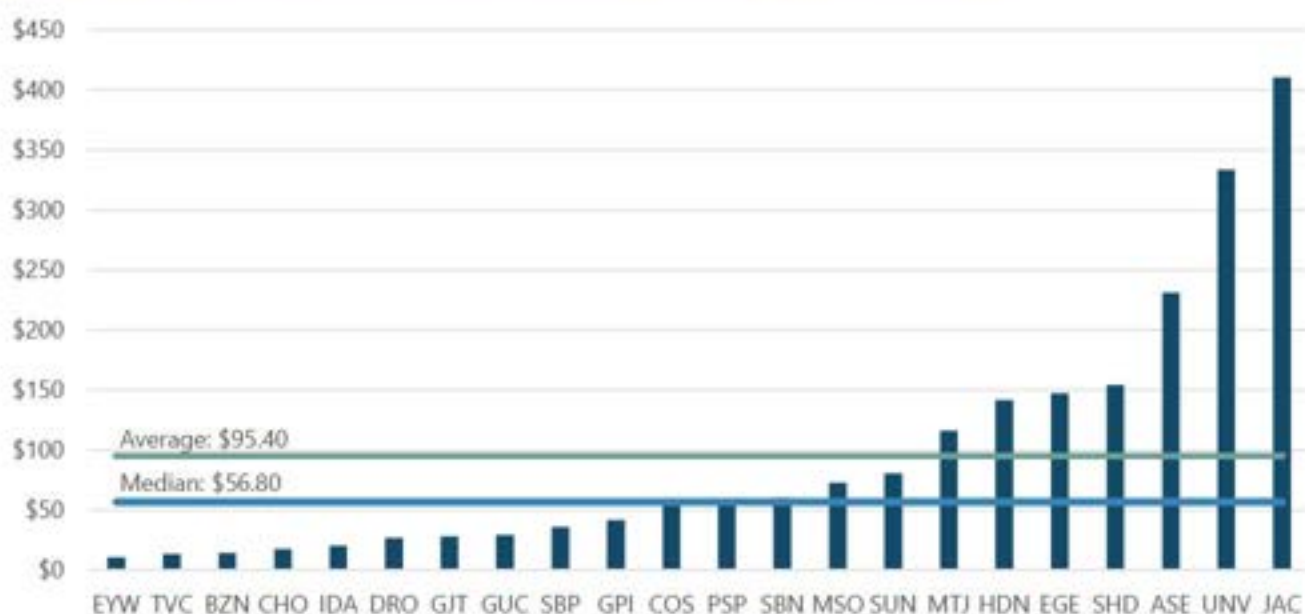
Revenue data are for each airport's fiscal year 2019.

GA – General Aviation

FBO – Fixed-Base Operator

SOURCE: Federal Aviation Administration, Certification Activity Tracking System (CATS), January 2021.

EXHIBIT 3-2 GENERAL AVIATION REVENUES PER ITINERANT OPERATION (2019)



## NOTES:

Revenue data are for each airport's fiscal year 2019.

General aviation itinerant operations data represent the most recent data reported in the AirportIQ 5010 database, as of January 6, 2021.

SOURCES: Federal Aviation Administration, Certification Activity Tracking System (CATS), January 2021 (revenues); AirportIQ 5010, January 2021 (operations).

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Bar Index	Approximate Length (Percentage)
1	100%
2	95%
3	45%
4	40%
5	35%
6	30%
7	25%
8	20%
9	15%
10	10%
11	5%

#### 4. POTENTIAL OPTIONS FOR FUTURE DELIVERY OF FIXED-BASE OPERATOR SERVICES

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[REDACTED]

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## 5. ANALYSIS OF PROPOSED FIXED-BASE OPERATOR CAPITAL IMPROVEMENT PROGRAM

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

Fixed-Base Operator Analysis | 5-2 | Analysis of Proposed Fixed-Base Operator Capital Improvement Program

## 5.2 FIXED-BASE OPERATOR CAPITAL IMPROVEMENT PROGRAM FUNDING AND DEBT SERVICE

[REDACTED]

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## 6. PROJECTION OF FUTURE FINANCIAL PERFORMANCE

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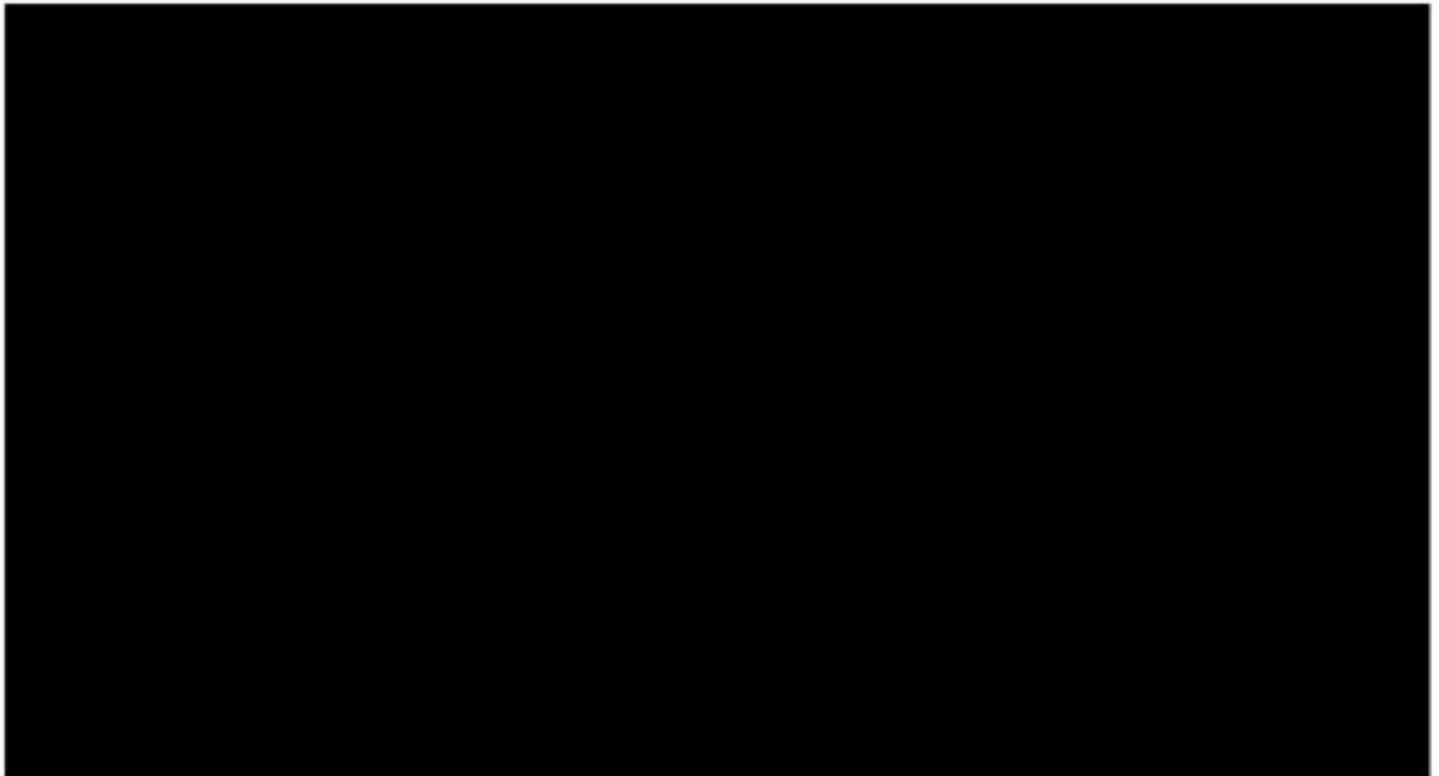
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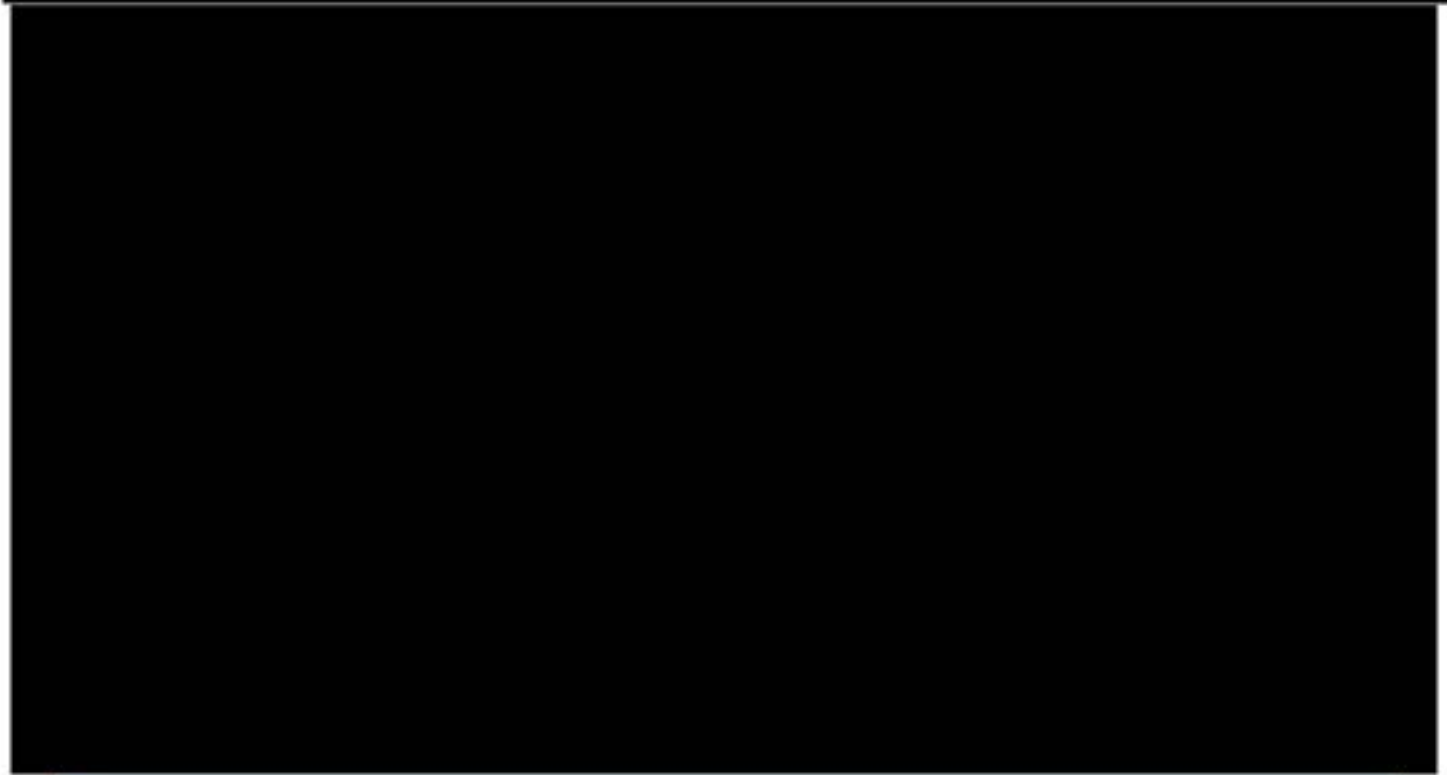
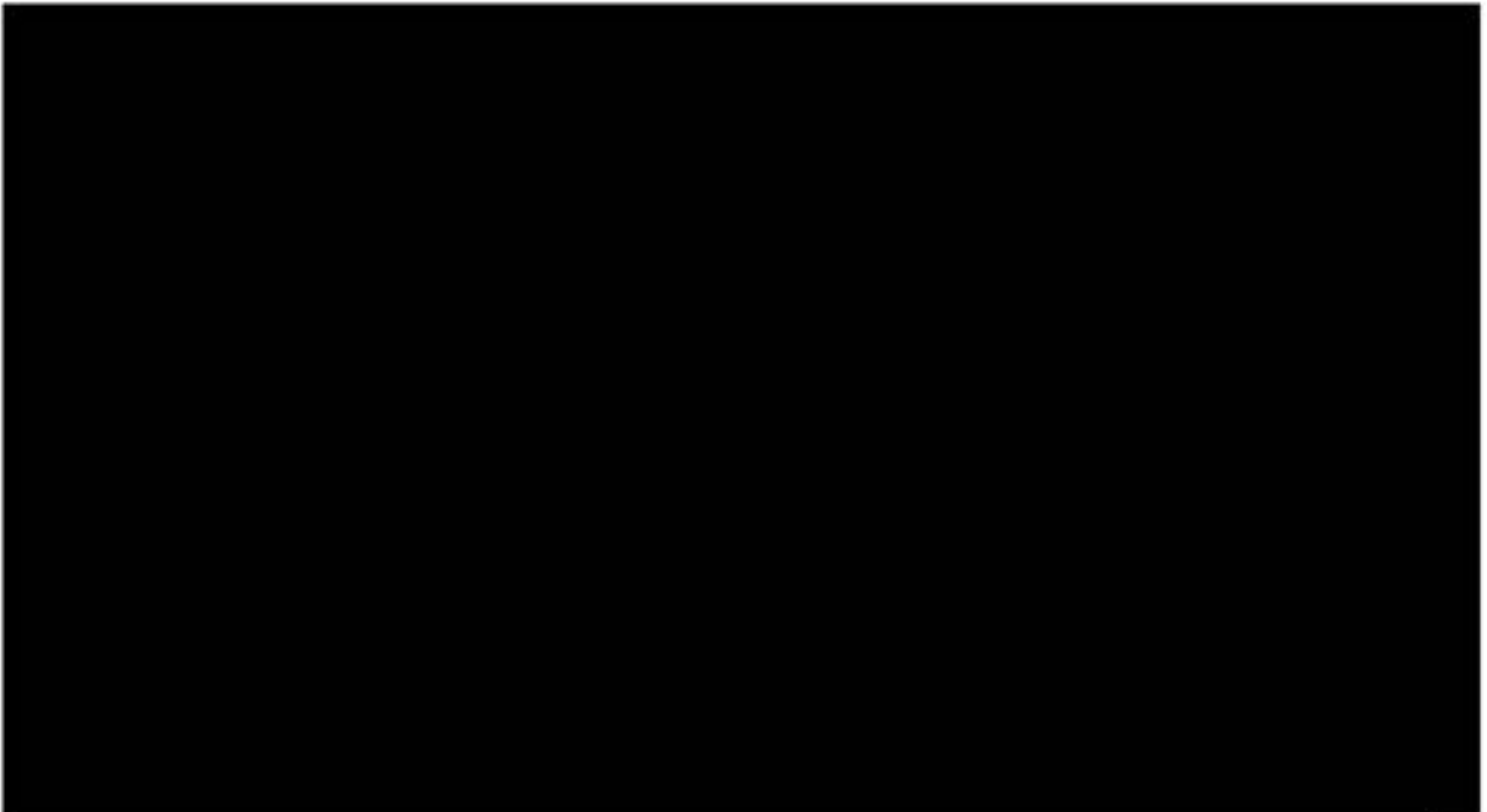
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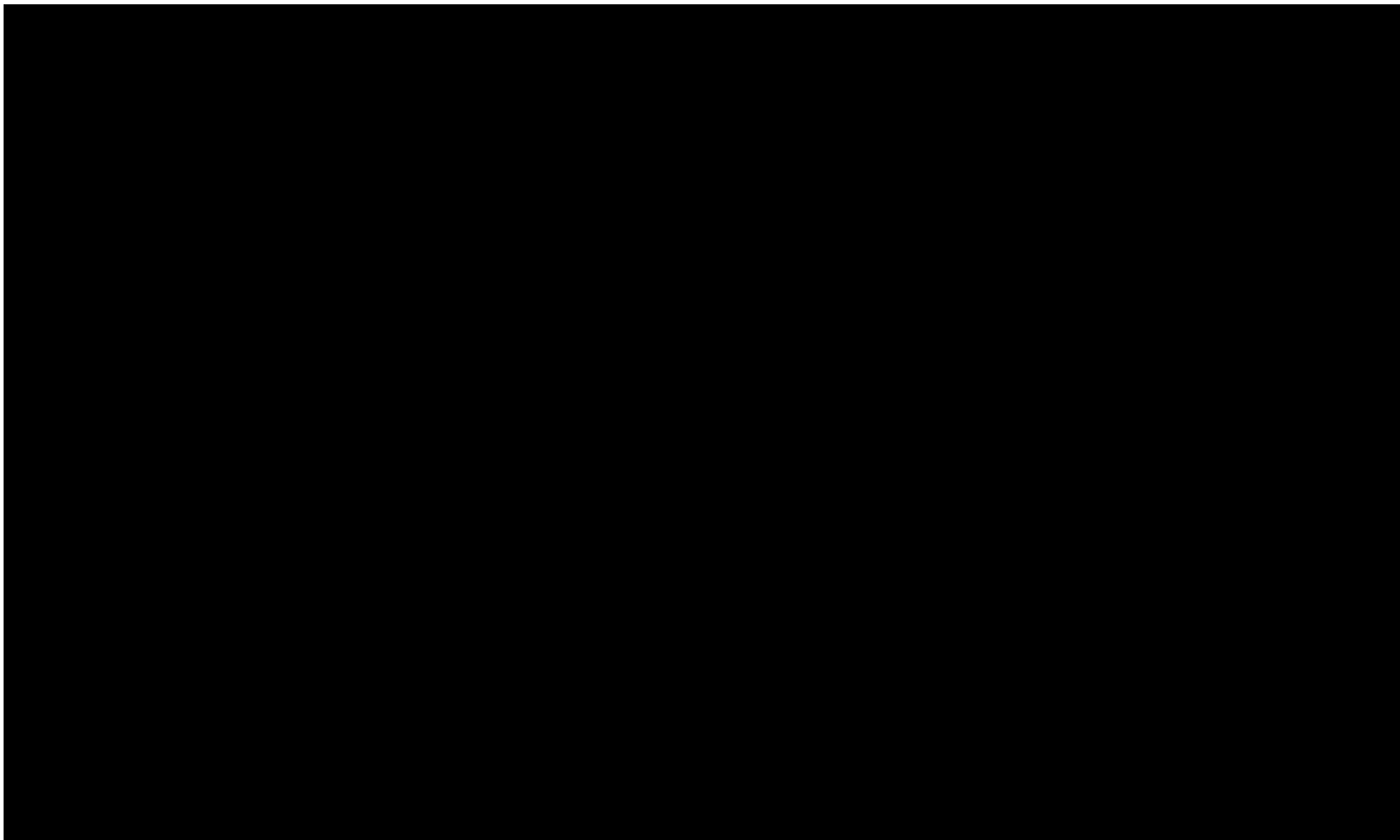
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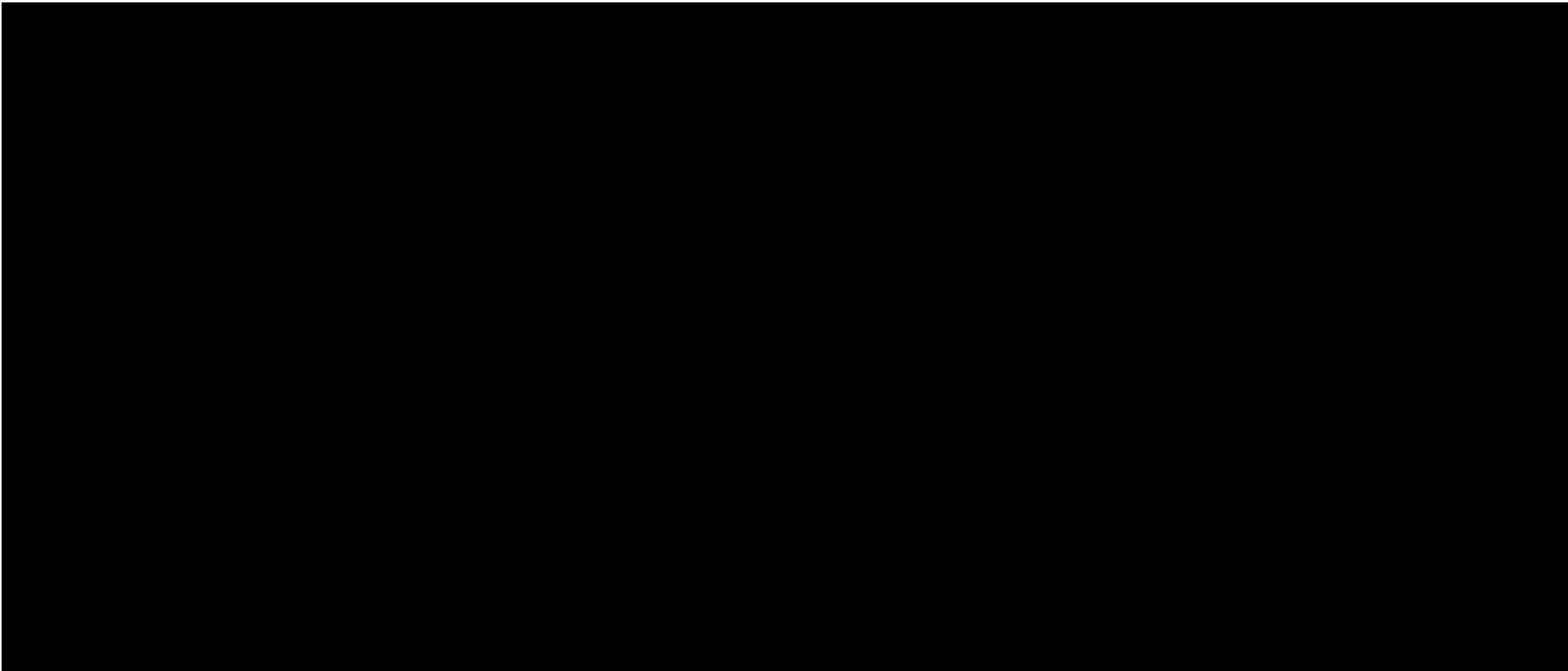
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## 7. SUMMARY OF FINDINGS

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## APPENDIX A

# Resolution 2020-1, Resolution of City of Naples Airport Authority

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## **RESOLUTION 2020-1**

### **RESOLUTION OF CITY OF NAPLES AIRPORT AUTHORITY DELEGATING CERTAIN ADMINISTRATIVE AND OPERATIONAL POWERS AND DUTIES TO THE EXECUTIVE DIRECTOR; AND REPEALING RESOLUTION NO. 2019-1.**

**WHEREAS**, City of Naples Airport Authority created by the City of Naples Airport Authority Act, Laws of Fla. Ch. 69-1326, as amended (“the Enabling Act”), is governed by a Board of Commissioners appointed by the Council of the City of Naples; and

**WHEREAS**, Sec. 4. [Powers.] (m) of the Enabling Act authorized the City of Naples Airport Authority (“the Authority”) through the Board of Commissioners to do all acts and things necessary or convenient to carry out the powers granted by the Enabling Act; and

**WHEREAS**, the Authority has in prior years adopted policy directives delegating administrative and operational powers and duties to the Executive Director for the purpose of carrying out the powers granted by the Enabling Act; and

**WHEREAS**, the Bylaws for the Governance and Operation of City of Naples Airport Authority adopted on September 20, 2018 (the “Bylaws”), at Article IV, Section 2, state that the Executive Director shall act as the chief operating officer, chief financial officer, and Secretary to the Board of Commissioners; and

**WHEREAS**, the Board of Commissioners of the City of Naples Airport Authority (the “Board”) has, from time to time, found it prudent to review and revise the powers and duties delegated to the Executive Director, and

**WHEREAS**, the Board now intends to restate and confirm the powers and duties delegated by it to the Executive Director and to repeal Resolution No. 2019-1:

#### **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD AS FOLLOWS:**

1. Resolution No. 2019-1 is hereby repealed.
2. The following Resolution on the delegation of administrative and operational powers and duties to the Executive Director is hereby adopted:

#### **I. GENERAL PROVISIONS**

A. This Resolution is adopted by the Board of Commissioners of the City of Naples Airport Authority for the purpose of defining the administrative and operational powers and duties of the Executive Director and authorizing the Executive Director to employ personnel and to delegate to them such administrative or operational control as is necessary and advisable for the efficient exercise of the Executive Director's responsibilities.

B. This Resolution delegates specific powers and duties to the Executive Director. The Executive Director may appoint Authority employees to act in the place of the Executive Director with regard to the powers and duties delegated herein. Nonetheless, the responsibility for all Authority administration and operations rests with the Executive Director, subject to and consistent with the delegation of powers set forth herein.

C. This Resolution requires that the Executive Director promulgate policies and establish procedures controlling the administration, finance, operations, human resources, airport facilities, communications, information technology, engineering, and planning for airport facilities of the Authority.

D. This Resolution directs the Executive Director to consult with Authority Counsel and with the Board at all times that such consultation will further the intent of the Enabling Act.

E. This Resolution delegates to the Executive Director such decision-making authority as is consistent with his roles as chief operating officer, chief financial officer, and Secretary to the Board obtaining, when necessary or appropriate, the advice and consent of the Board. These titles shall incorporate the duties and responsibilities of chief executive officer of the Authority.

F. This Resolution directs the Executive Director to manage the operations of the Authority in strict compliance with all applicable federal, state and local laws, statutes or ordinances and to consult with the Authority's Counsel at any time in order to effectuate the general intent of this Resolution that the Authority be in compliance with the law.

## **II. NAPLES MUNICIPAL AIRPORT FACILITIES**

The Authority leases approximately one square mile of land from the City of Naples and has legal title to additional land along the eastern bank of the Gordon River. Upon this land the Authority has constructed airport facilities as defined in Section 2 of the Enabling Act and has been charged, in Section 3 of the Enabling Act, with the duty of operating and maintaining the airport facilities thereon.

A portion of the land and airport facilities are leased or licensed by the Authority to public and private entities who, upon the prior written consent of the Authority, may further lease their interest to additional airport users. The administration of all land and airport facilities is herein delegated to the Executive Director under the following terms and conditions:

A. The leasing of land and airport facilities by the Authority shall be administered by the Executive Director as follows:

1. All leases of land and airport facilities shall be in writing, in a form approved by Authority Counsel, executed by the tenant and guaranteed as required by the Executive Director.

2. The Executive Director is authorized to execute, consent to and amend all leases which have initial and/or renewal/extension terms in the aggregate not exceeding five (5) years (each individually a "Short Term Lease"). All leases for (and all amendments to leases with) terms in excess of a Short Term Lease shall be approved by the Board.

3. The Executive Director is authorized to renew or extend all leases when such renewals or extensions are provided for in the lease; the material terms of the lease remain unchanged; rent adjustments provided for in the lease are made; and, neither the lease nor any other agreement between the Authority and the tenant is in material default.

4. The Executive Director may authorize a change in the name of a tenant or guarantor of a lease provided that the majority ownership and control of the actual leasing entity remains unchanged.

5. The Executive Director may approve and consent to (i) transfers of title to and (ii) mortgages and other encumbrances on all leasehold condominiums located on the airport facilities.

6. The Executive Director shall enforce the terms and conditions of all lease agreements. The Executive Director may issue appropriate notices of default and notices of termination with regard to all lease agreements. The Executive Director will, in his discretion, keep the Board advised with respect to lease default and termination notices. The Executive Director may default or terminate all lease agreements pursuant to the terms and conditions contained therein. Upon default or termination of any Short Term Lease, the Executive Director may take all action necessary, including commencing and/or settling litigation, notwithstanding anything to the contrary in Article IX hereof, to enforce the lease agreement governing the Short Term Lease, to take possession of the leasehold property demised under the Short Term Lease and/or to recover for the Authority all remedies and damages, including obligations and sums due pursuant to the lease agreement governing the Short Term Lease.

7. The Executive Director shall from time to time establish and promulgate comprehensive leasing standards and procedures, including form leases, for the leasing of all land and airport facilities.

8. The Executive Director shall from time to time establish and promulgate lease and rental rates for all land and airport facilities.

B. The Executive Director may execute and consent to on behalf of the Authority such other agreements, contracts, instruments and documents, after consultation with Authority Counsel, he deems necessary or appropriate to do all acts and things necessary or convenient for the efficient and prudent operation of the Authority; provided, however,

except as authorized under Article II, Section A hereof, the Executive Director shall not without the advice and consent of the Board at a regular or special meeting:

1. Enter into or consent to any agreement, contract, instrument or document affecting the land or airport facilities having initial and/or renewal/extension terms in the aggregate exceeding five (5) years;
2. Take any actions, or permit any restrictions, liens, encumbrances, subordinations or easements, which unreasonably limit or constrain the future use or development of the land or airport facilities for initial and/or renewal/extension terms in the aggregate exceeding five (5) years; or
3. Enter into any agreement with an air carrier to provide regularly scheduled passenger air service to Naples Municipal Airport.

### **III. AGREEMENTS FOR PERFORMANCE OF PUBLIC WORKS PROJECTS**

A. The Executive Director is designated the administrator for all of the Authority's public works projects, and he may designate a manager for each specific project. The Executive Director is authorized to prepare and advertise solicitations (when required by law and/or the Authority's policies and procedures) and to make recommendations to the Board on all procurement methods and agreements for public works projects.

B. The Executive Director is authorized to execute contracts and agreements for public works projects on the airport facilities in amounts not in excess of \$50,000, provided that the expenditure does not cause the Authority's total operating or capital budget for the current fiscal year to be exceeded.

C. In instances where public works contracts have been awarded and under which the work is in progress and changes in the plans or specifications are deemed necessary in order to accomplish the work, the Executive Director is authorized to execute written change orders to the contract, when the public works contract permits change orders, and the total change orders authorized will not cause the project cost to exceed the project budget.

### **IV. CONTRACTS FOR PROCUREMENT OF COMMODITIES AND CONTRACTUAL SERVICES**

A. The Executive Director is designated the administrator for the procurement of all the Authority's commodities and contractual services, and he may designate a manager for each direct purchase or contract. The Executive Director is authorized to prepare and advertise solicitations (when required by law and/or the Authority's policies and procedures) and to make recommendations to the Board on all direct purchases or contracts for commodities and contractual services.

B. The Executive Director is authorized to directly purchase or execute contracts or agreements for the procurement of commodities or contractual services in amounts not in excess of \$50,000, provided that: (i) the expenditure does not cause the Authority's total operating or capital budget for the current fiscal year to be exceeded; and (ii) the initial and/or renewal/extension terms of such direct purchase, contract or agreement in the aggregate does not exceed five (5) years.

C. The Executive Director is authorized to declare an emergency (an "Emergency") which may require expedited expenditure, approval and implementation authority, and the Executive Director thereafter shall have the authority to acquire, approve and implement, either directly or through the execution of contracts, resolutions and certifications, such materials, equipment, supplies, grants, services and actions necessary to respond to the Emergency. The Executive Director shall, at the next meeting of the Board following the Executive Director's declaration of an Emergency, request that the Board ratify his declaration of an Emergency and any actions taken by the Executive Director in response thereto. Following the declaration of an Emergency, the Executive Director shall conscientiously advise each Commissioner of developments relating to the Emergency and the status of any actions taken by the Executive Director in response thereto. Every contract executed pursuant to the power granted herein upon the declaration of an Emergency by the Executive Director shall contain a clause which states that the contract is subject to ratification by the Board and that, if ratification is not forthcoming, the contract shall terminate. Notwithstanding the foregoing, the contract vendor shall be compensated for services and materials provided to the Authority up to and including the date the Board declined to ratify the contract.

#### **V. SURPLUS PROPERTY**

The Executive Director is designated as the custodian of surplus property. Surplus property shall be disposed of by the Executive Director in accordance with applicable law.

#### **VI. AVIATION FUELS**

The Executive Director shall have the authority to (i) effectuate aviation fuel sales to the Authority's customers, (ii) determine and publish aviation fuel rates and charges and (iii) administer the licensing of private self-fueling activities in accordance with the Authority's Rules and Regulations. The Executive Director shall advise the Board of any material changes to the Authority's Aviation Fuel Program before it is promulgated by the Executive Director.

#### **VII. HUMAN RESOURCES**

The Executive Director shall be responsible for all employees and all personnel matters at the Authority. The Executive Director shall prepare, maintain and distribute an employee handbook which shall contain rules, procedures and guidelines for the employment, retention, training, grievance procedures, benefits, salaries and termination of Authority

employees. The Executive Director shall implement the rules, procedures and guidelines set forth in the employee handbook.

#### **VIII. DISPOSITION OF UNCOLLECTIBLE ACCOUNTS**

The Executive Director is authorized to perfect and enforce lien rights, including, but not limited to, prop locking aircraft, to secure payment of accounts receivable and other fees and charges as may accrue to the Authority. The Executive Director shall consult with Authority Counsel prior to taking enforcement action.

The Executive Director shall establish accounting procedures to report uncollectible accounts receivable incurred in normal Authority operations. Prior to designating an account receivable as uncollectible, the Executive Director shall make a reasonable effort to cause the collection of the account and shall report any uncollectible account receivable in an amount in excess of \$10,000 to the Board for consideration.

#### **IX. LITIGATION**

A. Unless otherwise provided herein, the Executive Director is instructed to recommend to the Board, at a regular or special meeting, the commencement of any litigation or administrative proceeding or the report of a non-emergency incident to any law enforcement agency that, in the judgment of the Executive Director, is prudent or necessary to protect the interests of the Authority. Except as authorized under Article II, Section A, Subsection 3 hereof, no litigation shall be commenced or terminated without the direction of the Board at a regular or special meeting.

B. The Executive Director shall make a reasonable effort to notify each Commissioner of the Authority and the Authority Counsel of any suit or administrative proceedings brought against the Authority, and shall instruct Authority Counsel to represent the Authority.

C. When any action is brought against any Commissioner, the Executive Director or any employee in their official capacity, the Executive Director shall instruct Authority Counsel to defend such person as permitted by Florida law and The Florida Bar Code of Professional Responsibility, unless otherwise directed by the Board.

D. Unless otherwise provided herein, in any suit or proceeding where the Executive Director and Authority Counsel agree that settlement is in the best interest of the Authority, the Executive Director shall advise and consult with the Board at the next regular or special meeting of the Board. Except as authorized under Article II, Section A, Subsection 3 hereof, the power to settle any claim, suit or administrative proceeding is reserved to the Board.



**X. AUTHORITY FUNDS**

The Executive Director shall ensure all funds received from sales, services and rents are deposited in accounts of the Authority in compliance with applicable law. Withdrawal of funds from any accounts of the Authority shall be made only upon authorized signature(s) or other approval(s). Funds as determined by the Executive Director to be in excess of those required to meet current expenses shall be invested in accordance with the Authority's investment policy and section 218.415, Florida Statutes, as amended.

**XI. RULES AND REGULATIONS**

The Executive Director is responsible for the implementation, publication and enforcement of the Authority's Rules and Regulations. The Executive Director shall recommend to the Board for approval any revisions to the Authority's Rules and Regulations as he deems necessary or appropriate.

**XII. CONTINUING RESOLUTION**

This Resolution 2020-1 shall remain in full force and effect until repealed or amended by the Board. The Executive Director is instructed to include on the Board's regular meeting agenda each year an item for the review of this Resolution and for the consideration of amendments.

**DULY PASSED AND ADOPTED IN OPEN AND REGULAR MEETING OF THE BOARD**  
this 16th day of January, 2020.

CITY OF NAPLES AIRPORT AUTHORITY

Attest: \_\_\_\_\_  
Christopher A. Rozansky  
Executive Director

By: \_\_\_\_\_  
Name:  
Title: Chair

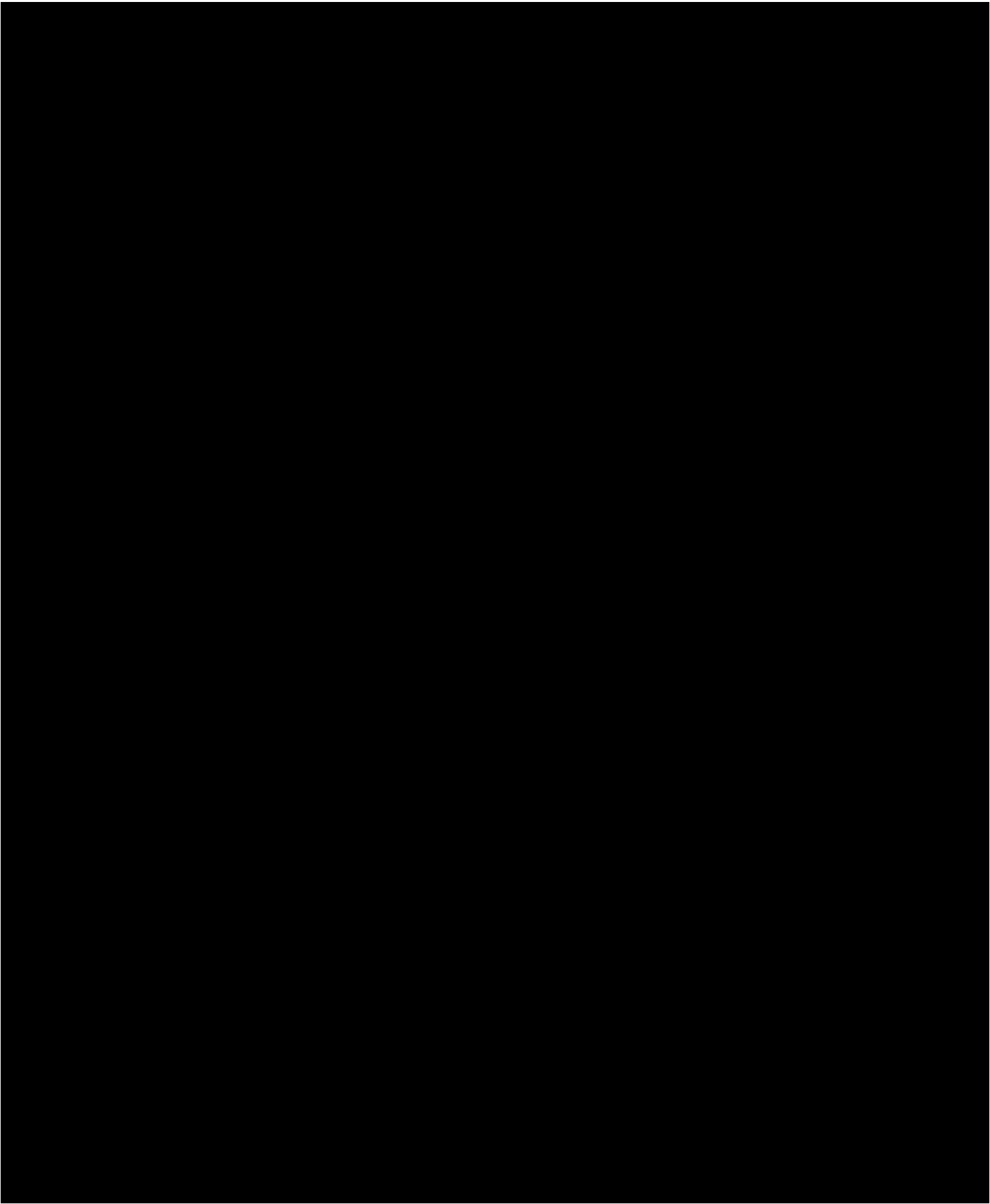
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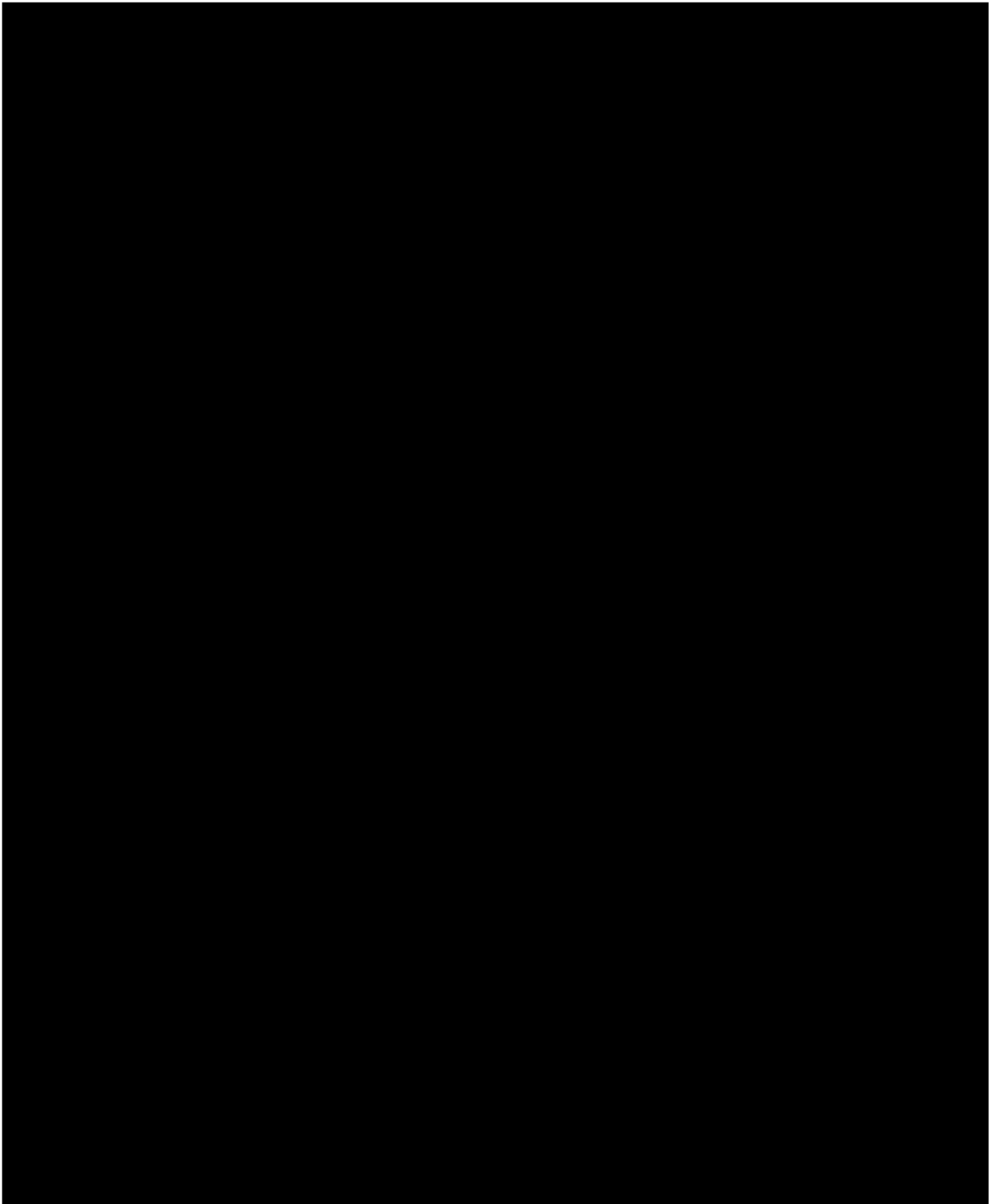
\_\_\_\_\_  
William L. Owens, Esq.  
Counsel to the Authority

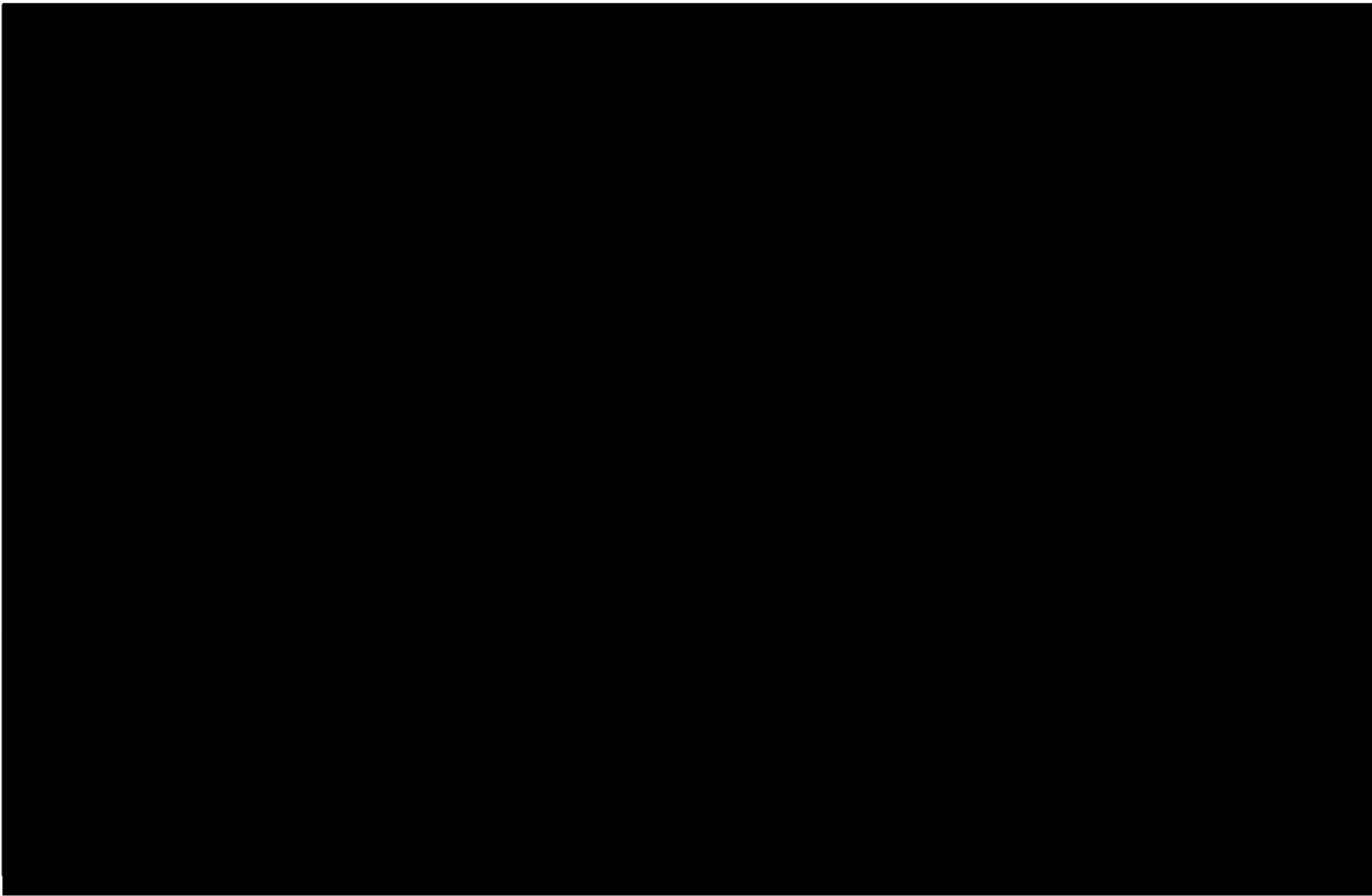


## APPENDIX B











## APPENDIX C

# Bibliography

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