

AIRPORTS

**BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA**

SERVICE AREA: TRANSPORTATION

DEPARTMENT/PROGRAM: AIRPORTS/DESTIN-FORT WALTON BEACH AIRPORT (VPS) – OPERATIONS AND MAINTENANCE

PROGRAM DESCRIPTION: Destin-Fort Walton Beach Airport operates and maintains a 130 acre facility with a 121,000 square foot terminal building to provide scheduled airline service to over 800,000 passengers annually through four (4) airlines. Seven (7) rental car companies and other concessions provide services to an additional 1 million visitors.

REVENUE: Destin-Fort Walton Beach Airport generates revenue from concession agreements, parking fees, landing fees and terminal rents. Passenger Facility Charges (PFC) associated with airline tickets and Customer Facility Charges (CFC) associated with rental car agreements provides revenue for specific projects.

MAJOR ACCOMPLISHMENTS LAST YEAR:

- Maintained an upgraded bond rating from Standard & Poor's of BBB+ with stable outlook for 6th straight year
- New Air Service provided by two (2) new carriers to nine (9) new cities
- Awarded the Airport Rescue and Firefighting (ARFF) construction contract
- Negotiated and awarded Airline and Rental Car agreements that will cover five (5) years with five (5) extensions
- Coordinated an amendment to the Enhanced Used Lease that includes an extended 50 year lease, new lease fee payment, modification to the Joint Use Agreement terms and permission to construct a gas station
- Replaced two Regional Boarding Ramps with Passenger Loading Bridges
- Baggage Inspection System modernization/upgrade
- Increased financial controls with full implementation of automated financial system (Prop Works), establishment of compliance system for leases and contracts, and new staff with a focus on internal controls
- Established an audit program for Airport concessions to ensure compliance with General Accepted Accounting Practices and accurate reporting of revenue

PROGRAM GOAL: To provide safe, affordable, dependable air transportation and support services in a premier facility that ensures comfort and convenience for business, military and leisure travelers.

KEY OBJECTIVES:

1. Exceed all federal (FAA, TSA, etc.) and state (FDOT) regulatory operating standard for safety and security.
2. Provide a financially self-sufficient enterprise where airport specific revenue exceeds expenditures.
3. Continue to develop air carrier services and support businesses that provide a positive economic impact on the community that exceeds \$500 million annually.
4. Build upon successful advertising and marketing campaigns to showcase the attributes of VPS to prevent passenger leakage to other competing airports in the region.
5. Maintain the lowest cost per enplaned passenger in the region.
6. Keep all operations and maintenance related expenses at the lowest possible level.
7. Increase sources of non-airline revenue to lower airport rates and charges.

PERFORMANCE MEASURES:

Performance Measures		Actual FY2015	Estimated FY2016	Approved FY2017
	Achieve the lowest Cost per Enplaned Passenger (CEP)	\$4.99	\$4.55	\$4.97
	Maintain lowest debt per enplaned passenger	\$44.18	\$42.87	\$40.32
	Maintain high debt service coverage ratio	1.78	1.62	1.86
	Increase non-airline revenue per sq. ft. of terminal space	\$47.91	\$56.67	\$53.79
	Achieve high non-airline revenue per enplaned passenger	\$14.82	\$16.52	\$15.63
	Compare enplaned passengers per employee	7,856:1	8,168:1	7,881:1
	Operating Expense Ratio	97%	92%	93%

**BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA**

SERVICE AREA: TRANSPORTATION

DEPARTMENT/PROGRAM: AIRPORTS/DESTIN EXECUTIVE AIRPORT (DTS), GENERAL AVIATION

PROGRAM DESCRIPTION: This program consists of the operation and maintenance of the general aviation airport in Destin which provides excellent accessibility to coastal communities and resorts. Revenues are derived from leases and fees charged through business operations based at the airport. With over 65,000 annual flight operations of private and corporate aircraft, and approximately 395 acres DTS serves a variety of travelers via two fixed base operators.

REVENUE: Destin Airport generates revenue from landing fees, hangar leases and fixed-base operators.

MAJOR ACCOMPLISHMENTS LAST YEAR:

- The Destin Air Traffic Control Tower (ATCT) has been constructed and will be operational in Nov. 2016
- Noise Wall project has been designed and bid; planning for a Aug 2016 award
- Hangar Inspection program established to monitor lease compliance and ensure FAA grant assurances are met

The following projects are planned for FY2017:

- Design and reconstruction of taxiway, including adding new connector and widening intersections.

PROGRAM GOAL: To provide a general aviation airport environment that is beneficial, distinctive, and conducive for private and business aircraft operations. DTS will provide a safe and secure operating environment that is an exceptional value for customers while minimizing noise impact and improving compatibility with surrounding residential areas.

KEY OBJECTIVES:

1. Exceed all federal (FAA, TSA) and state (FDOT) regulatory operating standards for security and security.
2. Provide a financially self-sufficient enterprise where airport specific revenue exceeds expenditures.
3. Implement recommendations of FAA Part 150 Noise Study.
4. Complete construction of the new Air Traffic Control Tower.
5. Develop residential noise mitigation plan to include voluntary home insulation or purchase.

PERFORMANCE MEASURES:

Performance Measures		Actual FY2015	Estimated FY2016	Approved FY2017
	Compare aircraft operations to employees (ratio)	16,250:1	16,250:1	16,250:1
	Divide O&M expense by annual activity levels (ratio).	\$3.11:1	\$3.82:1	\$4.26:1
	Determine cost per day acre by dividing annual O&M expense by facility size.	\$512.29	\$628.88	\$700.32
	Operating Expense Ratio	29%	47%	37%

**BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA**

SERVICE AREA: TRANSPORTATION

DEPARTMENT/PROGRAM: AIRPORTS/BOB SIKES AIRPORT (CEW) GENERAL AVIATION

PROGRAM DESCRIPTION: This program consists of the operation and maintenance of the Bob Sikes general aviation airport near Crestview. CEW serves as the region's logistical base providing a home to several aerospace manufacturing and modification companies. With over 1,080 acres and an ILS equipped 8,000 foot runway, the facility accommodates over 43,000 aircraft operations annually. An adjoining County industrial park is also home to several non-aviation related companies and forms a designated Enterprise Zone for future development opportunities. Over \$26 million has been invested in airport infrastructure over the past three years in anticipation of future growth.

REVENUE: Bob Sikes Airport revenue comes from fuel flowage fees, land and building leases and percentage of gross sales by the Fixed Base Operator as well as other land and building (hangar) leases.

MAJOR ACCOMPLISHMENTS LAST YEAR:

- Environmental and Design for a new Airport Access Road
- Continue design efforts and construction on Foy Shaw Parkway
- Hangar Inspection program established to monitor lease compliance and ensure FAA grant assurances are met

The following projects are planned for FY2017:

- Design Parking and Aircraft Apron rehabilitation

PROGRAM GOAL: To provide a general aviation airport environment that is beneficial, distinctive and conducive for business activity and industrial operations. CEW will provide a safe and secure operating environment that is an exceptional value for customers and business partners.

KEY OBJECTIVES:

1. Exceed all federal (FAA, TSA) and state (FDOT) regulatory operating standards for safety and security.
2. Provide a financially self-sufficient enterprise where airport specific revenue exceeds expenditures.
3. Attract new companies and expand tenant occupancy on airfield and industrial park through aggressive marketing.
4. Support military related programs and assist on-site aerospace companies with related operational requirements needed to win contracts.
5. Work with Economic Development Council and other agencies to fast track development initiatives.
6. Operate facility with efficiency and lowest possible O&M expense.

PERFORMANCE MEASURES:

Performance Measures		Actual FY2015	Estimated FY2016	Approved FY2017
	Compare aircraft operations to employees (ratio)	10,750:1	10,750:1	10,750:1
	Divide O&M expense by annual activity levels (ratio)	\$6.10:1	\$6.01:1	\$5.71:1
	Determine cost per acre by dividing annual O&M expense by facility size. Includes land purchase debt service.	\$242.80	\$239.48	\$227.39
	Operating Expense Ratio	65%	79%	48%

HISTORICAL STAFFING SUMMARY:

Category	FY2014	FY2015	FY2016	FY2017
Full-time Administrative & Support	26	26	28	32
Full-time Management & Professional	6	6	7	8
Full-time Operations & Trades	10	10	8	8
Relief	10	10	10	10
Total	52	52	53	54

EXPENDITURES:

Category	Expenditures		Budget		FY16/FY17 +/-	Increase/ Decrease
	FY2014 Actual	FY2015 Actual	FY2016 Approved	FY2017 Approved		
Personnel Services	\$2,228,730	\$2,395,171	\$2,659,031	\$2,765,761	\$106,730	4.0%
Operating Expenses	\$5,315,892	\$5,528,012	\$5,671,186	\$5,625,863	(\$45,323)	-0.8%
Capital Outlay	\$165,628	(\$20,215)	\$57,930	\$225,726	\$167,796	289.7%
Debt Service	\$1,299,671	\$946,118	\$2,189,467	\$1,543,107	(\$646,360)	-29.5%
Other Uses	\$0	\$0	\$18,837,857	\$24,651,249	\$5,813,392	30.9%
Total	\$9,009,921	\$8,849,086	\$29,415,471	\$34,811,706	\$5,396,235	18.3%

ACCOUNTS:

Code	Category	FY2015 Approved	FY2016 Approved	FY2017 Approved	FY16/FY17 +/-	Increase/ Decrease
10	Salaries & Wages	\$1,797,151	\$1,853,827	\$1,972,943	\$119,116	6.4%
Increase is due to a Contracts and Lease Coordinator position transferred from the General Fund and the \$800 per employee raises.						
20	Benefits	\$703,256	\$805,204	\$792,818	(\$12,386)	-1.5%
31	Professional Services	\$369,550	\$287,900	\$331,000	\$43,100	15.0%
Amount requested includes costs for professional services and is \$89k below the current expenditures in FY2016.						
32	Accounting & Auditing	\$36,500	\$36,500	\$40,000	\$3,500	9.6%
Auditing costs are allocated by Department based on cost associated with CAFR preparation. Increase based on FY2016 cost.						
34	Contract Services	\$1,724,271	\$1,730,416	\$1,811,702	\$81,286	4.7%
40	Travel & Per Diem	\$32,870	\$33,290	\$24,400	(\$8,890)	-26.7%
41	Communications Services	\$26,960	\$24,150	\$22,286	(\$1,864)	-7.7%

42	Freight & Postage	\$2,400	\$2,500	\$2,940	\$440	17.6%
43	Utility Services	\$810,000	\$761,500	\$917,144	\$155,644	20.4%
Based estimate on average utility invoices during this FY; Electric is expected to increase 27% over FY2016 requested.						
44	Rent & Leases	4581,400	\$568,133	\$588,018	\$19,885	3.5%
45	Risk Management Allocation	\$273,503	\$311,160	\$240,078	(\$71,082)	-22.8%
46	Repair & Maintenance	\$727,523	\$724,975	\$551,767	(\$173,208)	-23.9%
Decrease based on historical expenses and review of all know contracts and agreements. In addition, realignment of supply or miscellaneous type purchased into the correct account.						
47	Printing & Binding	\$500	\$1,000	\$1,000	\$0	0.0%
48	Promotional Activity	\$308,500	\$341,000	\$358,000	\$17,000	5.0%
Increase based on additional air service and passenger traffic. In addition, we're requesting to carry forward \$20k that was approved in FY15/16 for rebranding.						
49	Miscellaneous Charges	\$25,738	\$16,450	\$20,750	\$4,300	26.1%
51	Office Supplies	\$13,250	\$12,010	\$7,010	(\$5,000)	-41.6%
52	Operating Supplies	\$739,026	\$758,452	\$659,448	(\$99,004)	-13.1%
Decrease is largely due to the decrease in energy costs- Gas & Special Fuel account was decreased \$100k based on the monthly average of the last 12 months.						
54	Books/Pubs/Subs & Memberships	\$18,830	\$24,800	\$25,070	\$270	1.1%
55	Training & Education Expenses	\$47,870	\$36,950	\$25,250	(\$11,700)	-31.7%
Approval for all training and related organization membership costs will be approved by the Airports Director; requested budget is based on historical annual expenses.						
60	Capital Outlay	\$1,675,591	\$57,930	\$225,726	\$167,796	289.7%
Capital equipment purchases to include two electric shuttles (approved in FY2016), mower replacement, computer refresh (3), security camera replacements, and replacement of a roof at CEW (\$40k-approved in FY2016 budget).						
71	Principal	\$1,066,406	\$1,292,949	\$794,965	(\$497,984)	-38.5%
2007 & 2014 Bond Schedules used to budget for Debt Principal Payments.						
72	Interest	\$870,661	\$893,318	\$744,942	(\$148,376)	-16.6%
2007 & 2014 Bond Schedules used to budget for Debt Interest Payments.						
73	Other Debt Service Costs	\$3,000	\$3,200	\$3,200	\$0	0.0%
99	Reserves	\$12,108,074	\$18,837,857	\$24,651,249	\$5,813,392	30.9%
	TOTAL	\$23,962,830	\$29,415,471	\$34,811,706	\$5,396,235	18.3%

Variances within the account categories are due to the realignment of costs within expense accounts. A detailed analysis of actual expenses was used to generate the FY2017 budget.