



BOCA RATON AIRPORT AUTHORITY OPERATING AND CAPITAL BUDGET

Fiscal Year 2016

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About the Boca Raton Airport Authority

The Boca Raton Airport is publicly-owned by the State of Florida and is designated as a general aviation transport facility, serving the corporate, recreational, and flight training needs of the region. It is located on 220 acres in Boca Raton off of I-95 between Spanish River Boulevard and Glades Road. The Airport's one runway 5/23 is 6,276 feet long and 150 feet wide.

The Airport is operated by the Boca Raton Airport Authority, a seven member Board established by the Florida Legislature as an Independent Special District of the State of Florida. Five members are appointed by the Boca Raton City Council and two are appointed by the Palm Beach County Commission. Each Board member serves a term of two years.

The Airport Authority was established in order to operate, maintain, and develop the Boca Raton Airport in a safe, professional manner; enhance services and facilities available to the Airport's tenants and users; improve the Airport's relationship with the surrounding community; eliminate financial subsidies by local taxpayers and the Board of Trustees; and limit the potential for operational liability by the State and the local community.

In October 2011, the Airport Authority developed a Strategic Business Plan that identified the Airport's mission to be a world class Public Use General Aviation facility that benefits our growing business and regional communities.

The Airport's Strategic Goals are to:

1. Strengthen Community Relations
2. Mitigate Noise Impacts
3. Enhance Financial Performance
4. Effectively Operate in a Changing Government Environment
5. Explore Land Opportunities

The Airport Authority sustains the Airport's operations by generating revenue from land leases and fuel fees. Operating surpluses are reinvested in infrastructure improvements included in the Airport Capital Improvement Program and used to match FAA Airport Improvement Program and Florida Department of Transportation Aviation Work Program grants.

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2015 Highlights

2015 has been a busy and productive year for the Boca Raton Airport Authority as we've worked to meet the Authority's Strategic Goals. With guidance from the Board, input from Airport tenants and users, and support from the local community, we've completed a number of key projects and initiatives identified in the 2015 Business Objectives.

In the current Fiscal Year, we:

- Obtained grant funding for the US Customs facility, completed a Design Criteria Manual, and initiated facility design
- Completed design of the Engineered Material Arresting System for the Runway 23 End – a significant safety enhancement for airfield operations – and released an Invitation to Bid for construction
- Addressed community concerns regarding airport operations, noise, and pollution in a timely manner
- Strengthened community relations by participating in and supporting important community events both on and off the Airport
- Continued to build on relationships with local, state, and federal officials through enhanced outreach, advocacy, and communication
- Developed a Capital Improvement Plan that maximizes airfield safety and efficiency and consists of nearly \$15 million in infrastructure improvements
- Ensured financial effectiveness by maximizing grant funding opportunities
- Successfully completed the external audit with no findings
- Are nearing completion of the administration building construction, consolidating airport operations and reducing long-term operating costs
- Oversaw construction of tenant improvements including the Tilted Kilt Restaurant and Boca Aircraft Owners pavement rehabilitation
- Released several Requests for Proposals to enhance operational efficiency and reduce costs
- Initiated a Wildlife Hazard Assessment to enhance safety
- Implemented Electronic Airfield Inspection Reporting
- Implemented a Digital NOTAM (Notice to Airmen) Manager for faster, more efficient notification of airfield conditions
- Completed a rewrite and update of construction bid technical specifications to current regulatory and legal standards

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- Continued to develop and implement Security Program improvements
- Obtained input from tenants and users on a planned update to the Minimum Business Standards
- Updated Emergency Plans and enhanced cooperation and communication with the Boca Raton Police and Fire Departments
- Explored cost effective enhancements to the Noise Abatement Program
- Developed a Technology Plan
- Reviewed the Authority's Investment Guidelines to ensure compliance with Florida Statutes and maximize returns
- Revised internal accounting procedures and the Procurement Code to maximize efficiency and internal controls
- Revised the Airport Authority Bylaws
- Strengthened relationships with FAU and the FAU Research Park
- Enhanced the Airport's national presence by speaking at several industry events including the National Air Transportation Association Aviation Business Roundtable, the American Association of Airport Executives Airport Law Conference, and the Florida Airports Council Annual Conference

2015 Financial Highlights

Total Operating Revenues for the 2015 Fiscal Year (current year) are projected to be down by 4.5% overall compared with 2014 audited actuals. This is due to receipt of insurance proceeds in 2014 for a fuel spill and an overall decline in fuel flowage fee revenue during the current year versus 2014. Excluding the one-time insurance proceeds, revenues are projected to be down by 2.7% compared with prior year. Interest income is up by 23% compared with FY 2014.

Total Operating Expenses are down 10% over the prior year. Some key areas comprising this overall decrease in operating expenses are:

- Personnel Expenses are 9.5% less than prior year actual expenses
- Professional Services are less 9.5%
- Airport Maintenance expenses are down 21%
- Insurance Expenses are down 18%

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Despite decreases in revenues, our projected surplus of revenues minus expenses is \$1,125,828, which is 8.9% higher than the actual surplus in 2014.

2014 ACTUAL VS. 2015 ACTUAL

	2014 Actual	2015 Projected	Change over Prior Year Actuals	
Total Revenues	\$ 3,627,932	\$ 3,463,589	\$ (164,343)	-4.5%
Total Expenses	\$ 2,593,905	\$ 2,337,761	\$ (256,144)	-9.9%
Surplus, Before Depreciation	\$ 1,034,027	\$ 1,125,828	\$ 91,801	8.9%

The Fiscal Year 2015 projected actual revenues compared with budgeted figures reflect a projected decrease in revenues of 0.5% overall, due mainly to a projected decrease in Fuel Flow revenue of 9.2%, and only a slight increase in actual Consumer Price Index adjustments to the land leases in 2015. Interest revenue, though not a large source of revenue for the Authority is up by 44% due to the reevaluation of the Authority's investments into higher yielding CDs.

Total Operating Expenses are down 6.4% in the current year compared with budget. The projected decrease is a result of significantly lower Personnel Expenses compared with budget, reduced Airport Maintenance and Air Traffic Control Tower Expenses, and lower Airport Security Contract costs as a result of the new security services contract.

2015 BUDGET VS. ACTUAL

	2015 Budget	2015 Projected	Inc./Dec. over Budget	
Total Revenues	\$ 3,480,953	\$ 3,433,589	\$ (47,364)	-1.4%
Total Expenses	\$ 2,496,300	\$ 2,307,761	\$ (188,539)	-7.6%
Surplus, Before Depreciation	\$ 984,653	\$ 1,125,828	\$ 141,175	14.3%

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Looking Ahead

2016 KEY BUSINESS OBJECTIVES

- Continue to operate the Airport in a safe, efficient, and fiscally responsible manner
- Complete design and initiate construction of the US Customs Facility
- Develop an operational plan for the US Customs Facility including appropriate hours of operation and user fees
- Install the Runway 23 End Engineered Materials Arresting System with 95% grant funding
- Design the Runway 5 End Engineered Materials Arresting System
- Complete safety projects including:
 - Safety Area Drop Off Corrections
 - Obstruction Evaluation Analysis
 - Pavement Conditions Evaluation
- Rehabilitate the Air Traffic Control Tower
- Implement the Airport Marketing Plan
- Coordinate an Emergency Exercise with Boca Raton Fire and Police Departments
- Coordinate a Safety Fair with Airport tenants and users
- Evaluate and improve the Airfield Security Program
- Update the Airport Capital Improvement Program
- Conduct an Airport Authority Governance Workshop
- Review internal operating structure
- Update the Airport Rules and Regulations
- Conduct quarterly presentations to the City of Boca Raton and meet regularly with City Council Members and County Commissioners on Airport matters
- Continue to advocate for Air Traffic Control Tower funding
- Develop partnership opportunities with the Palm Beach County School District
- Develop a Financial Management Model
- Release a Request for Proposals for Airfield Landscape Maintenance

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LONG-TERM GOALS

- Enhance landside access to Airport facilities including improvements to Airport Road
- Rehabilitate airfield signage and electrical systems
- Address lease reversions
- Conduct a Safety Management System gap analysis
- Develop mutual aid agreements with local area governments
- Explore land opportunities
- Explore partnerships with FARDA
- Develop an Airport Tour Program
- Update the Airport Master Plan
- Work with FAA Air Traffic Organization to establish a Standard Instrument Departure to reduce noise over residential communities
- Implement airfield security enhancements

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Proposed 2016 Fiscal Year Operating Budget

FINANCIAL SUMMARY

In response to the reduction in Fuel Flow revenue experienced in the current fiscal year, the proposed budget for the 2016 Fiscal Year reflects a projected overall decrease in Total Budgeted Operating Revenues of 1.8%. The majority of the projected decrease is comprised of reduced Budgeted Fuel Flow Fees of 13.8%.

Land Lease Revenues, which make up 75% of annual revenues, are expected to remain relatively flat, with a budgeted increase of less than 1%.

Total Budgeted Operating Expenses reflect a modest increase of 4.4%, primarily due to Airport Maintenance Expenses. Other highlights in the 2016 budget are:

- Personnel Expenses reflect a decrease of 3.2%
- Budgeted Rental of Land & Facilities expenses are down 49.7%
- Budgeted Utility Expenses projected to increase with the move to the Administration Building. However, these costs are offset by the reduction in office lease expense
- Insurance Expense will increase with the addition of the EMAS
- Budgeted Airport Maintenance expenses reflect an increase of 22% in order to accomplish a runway markings enhancement project
- Increases in Marketing Expenses are related to the Airport Marketing Plan

Overall the proposed revenues minus expenses reflect a budgeted surplus of \$811,521 in Fiscal Year 2016, not including Depreciation Expense.

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REVENUE SOURCES

	FY 2015	FY 2016	Comparison with CY Budget	
Land Rent	\$ 2,529,300	\$ 2,553,161	\$ 23,861.00	0.9%
Hangar Rent	\$ 161,267	\$ 161,363	\$ 96.00	0.1%
Fuel Farm Rent	\$ 76,086	\$ 76,086	\$ -	0.0%
Non-Aviation Surcharge	\$ 7,000	\$ 7,000	\$ -	0.0%
Rental Car Fee	\$ 26,500	\$ 22,500	\$ (4,000.00)	-15.1%
Fuel Flowage Fees	\$ 650,000	\$ 560,000	\$ (90,000.00)	-13.8%
Other Revenue	\$ 8,000	\$ 6,000	\$ (2,000.00)	-25.0%
Interest Income	\$ 22,800	\$ 31,920	\$ 9,120.00	40.0%
Total Revenue	\$ 3,480,953	\$ 3,418,030	\$ (62,923.00)	-1.8%

EXPENSE CATEGORIES

	FY 2015	FY 2016	Comparison with CY Budget	
Personnel Expenses	\$ 1,135,686	\$ 1,098,950	\$ (36,736.00)	-3.2%
Professional Services	\$ 335,200	\$ 340,980	\$ 5,780.00	1.7%
Office Expenses	\$ 87,309	\$ 112,115	\$ 24,806.00	28.4%
Rental of Land & Facilities	\$ 94,889	\$ 47,750	\$ (47,139.00)	-49.7%
Flight Tracker	\$ 84,255	\$ 87,649	\$ 3,394.00	4.0%
Utilities Expense	\$ 52,913	\$ 87,179	\$ 34,266.00	64.8%
Airport Maintenance	\$ 199,057	\$ 243,620	\$ 44,563.00	22.4%
Airport Security	\$ 230,380	\$ 193,433	\$ (36,947.00)	-16.0%
Insurance Expense	\$ 132,335	\$ 186,355	\$ 54,020.00	40.8%
ATCT Facility	\$ 43,276	\$ 45,286	\$ 2,010.00	4.6%
Travel and Training	\$ 25,000	\$ 31,200	\$ 6,200.00	24.8%
Marketing & Special Events	\$ 51,000	\$ 106,992	\$ 55,992.00	109.8%
Ken Day Scholarship	\$ 25,000	\$ 25,000	\$ -	0.0%
Total Expenses	\$ 2,496,300	\$ 2,606,509	\$ 110,209.00	4.4%

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Fiscal Year 2016 Proposed Capital Outlay

The proposed Fiscal Year 2016 Budget includes total capital outlays of \$175,000 to enhance airfield management and response capabilities. The equipment proposed purchases include a tractor loader backhoe for response capability to safety area damage or erosion issues, security gate repairs, fence line repair. The tractor will include a broom attachment that will allow Airport Operations to remove debris from runway and taxiway pavement after airfield incidents or accidents and immediately following weather events.

Also included is installation of a Pilot Controlled Lighting (PCL). These systems are standard at airports. The airfield lights are currently on throughout nighttime hours, adding to pilot confusion and increasing electricity costs. We estimate that the system will pay for itself in three years as a result of lower operating costs including electricity and bulb replacements.

Also included as a contingency measure is replacement of the two airport trucks, which may be the subject of a buy-back recall required by the federal government of Dodge trucks, including the Airport's vehicles. Replacement would be with four-wheel drive vehicles for enhanced operational effectiveness, particularly after rain events.

PROPOSED FISCAL YEAR 2016 CAPITAL OUTLAYS

Description	Proposed Budget
Airfield & Office Equipment	\$ 80,000.00
Pilot Controlled Lighting	\$ 10,000.00
Tractor Loader Backhoe	\$ 70,000.00
Information Systems Equipment	\$ -
Airport Vehicles	\$ 95,000.00
Airport Vehicles (2)	\$ 80,000.00
Diesel Utility Vehicle	\$ 15,000.00
Total Capital Outlay	\$ 175,000.00

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Fiscal Year 2016 Proposed Capital Improvement Plan

The Boca Raton Airport Authority (BRAA) is continuously striving to implement programs and develop facilities that enhance the safety of aircraft operations, meet the needs of the flying public, and provide economic benefit to the community. As a means of accomplishing these goals, the Proposed Fiscal Year 2016 Budget includes an aggressive Capital Improvement Plan (CIP) developed in concert with the Airport's General Consultant Ricondo and Associates, the Federal Aviation Administration (FAA), and the Florida Department of Transportation (FDOT).

Of note in the proposed CIP is the design and construction of the US Customs Facility, as approved by the Airport Authority in October 2014. The facility will serve Boca Raton-based travelers who currently depart the Airport for international destinations, but who must return via an interim stop at another local airport to clear Customs. The interim stop required prior to final arrival at Boca Raton Airport increases operating costs, increases fuel consumption and impacts air quality, and reduces the safety of the airspace surrounding the Airport.

The facility, which will also be available for use by boaters, will be funded with a \$1.5 million grant from the Florida Department of Transportation and \$1.5 million from Airport Capital Project Funds.

Another critical, large-scale project is the installation of an Engineered Materials Arresting System at both ends of Runway 5-23. This project is mandated by the FAA as the only practicable means of enhancing the Airport's Runway Safety Areas, given its physical constraints and the proximity of Spanish River Boulevard and the City of Boca Raton Utility Services Facility.

In August 2015, the Airport Authority will apply for a federal grant for 90% of the approximately \$5.6 million cost to install the system and the Runway 23 End and is scheduled to accept an FDOT grant for 5% of the project cost.

PROPOSED FISCAL YEAR 2016 CIP

Description	FAA	FDOT	Local	Total
Air Traffic Control Tower Repairs	\$ -	\$ 160,000	\$ 40,000	\$ 200,000
Customs and Border Protection Facility	\$ -	\$ 1,497,000	\$ 1,497,000	\$ 2,994,000
Engineered Materials Arresting System Construct Runway 23 End	\$ 5,103,727	\$ 265,767	\$ 301,313	\$ 5,670,807
Engineered Materials Arresting System Design & Construct Runway 5 End	\$ 6,570,000	\$ 365,000	\$ 365,000	\$ 7,300,000
Runway/Taxiway Safety Area Correction	\$ -	\$ 280,000	\$ 70,000	\$ 350,000
Obstruction Assessment Study and Atlas	\$ -	\$ 160,000	\$ 40,000	\$ 200,000
Pavement Management Assessment	\$ -	\$ 64,000	\$ 16,000	\$ 80,000
Total Capital Improvement Projects	\$ 11,673,727	\$ 2,791,767	\$ 2,329,313	\$ 16,794,807

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Projected Airport Reserve Balance

Based on the proposed Fiscal Year Operating, Capital Outlay, and Proposed Capital Improvement Plan Budgets, the budgeted Airport Reserve Balance is \$5,945,150. This represents a decrease of \$1,692,790 compared with Fiscal Year 2015 projected year-end balances. The reduction in the projected Airport Reserve Balance is directly attributable to the planned \$1.5 million share of the design and construction costs of the US Customs Facility and the Airport's matching share of the mandated EMAS project.

Airport Management Recommendation

On behalf of the Boca Raton Airport staff and the Finance Committee, I respectfully present the Fiscal Year 2016 Operating, Capital Outlay, and Capital Improvement Plan Budgets for consideration by the Airport Authority.

Clara Bennett
Executive Director
August 19, 2015