



# **OPERATING AND CAPITAL BUDGETS**

Fiscal Year 2018

---



# TABLE OF CONTENTS

Executive Summary _____	2
Management Recommendation _____	3
Introduction _____	4
Budget Approach _____	9
Current Year Projected Budget _____	11
2018 Proposed Budget _____	13
2018 Proposed Capital Outlays _____	16
2018 Projected Reserve Balance _____	18
Review of Key 2017 Business Objectives _____	20
Key 2018 Business Objectives _____	25



# Boca Raton Airport Authority

## Executive Summary

As required in the Special Act, the Airport Authority adopts an operating and capital budget by September 30<sup>th</sup> of each year. The 2018 Operating, Capital Outlay, and Capital Improvement Plan Budgets cover the operation, maintenance, and improvement costs necessary to operate the Boca Raton Airport and construct planned infrastructure projects.

The Airport Authority sustains the Airport's operations by generating revenue from land leases and fuel fees. The Operating and Capital Budgets for FY 2018 reflect a modest increase revenues, reflecting cautious optimism that the economy will continue to improve and business and sport and recreational activity will continue to grow in the Greater Boca Raton Area.

In 2018, Airport Management is planning for a new source of revenue with the opening of the new US Customs and Border Protection Facility. User Fees generated by the new service will make up an estimated 3% of Airport Revenues and will help offset the costs of operating and maintaining the facility.

The majority of Airport revenue, an estimated 53%, is expected to be generated by non-aviation leases with Boomers, Cinemark, and City Furniture. Aviation land rent and fuel flowage fees make up 22% and 13% of total revenue respectively, generated by the Atlantic Aviation and Boca Aircraft Owners leases and the Signature Flight Support sublease with Premier Aviation.

Total budgeted operating revenues in 2018 are expected to total \$3,699,435. This is an increase of \$277,009 or 8.1% compared with the 2017 budget and a \$140,983 or 4.0% increase compared with current year projected.

Total operating expenses before depreciation in 2018 are proposed at \$3,048,934. This is an increase of \$477,447 or 18.6% over current year budget and \$733,308 or 31.7% compared with 2017 projected. This increase is attributable to \$448,839 in grant reimbursable, project-related expenses and \$248,478 in expenses required for the operation of the new US Customs Facility.

Based on anticipated revenues of \$3,699,435 and proposed expenses before depreciation of \$3,048,934, operating income before depreciation is budgeted at \$650,500. This is \$200,439 or 23.6% less than current year budget and \$592,326 or 47.7% less than current year projections.

The 2018 Operating Budget also includes \$359,071 in non-operating revenue from grant reimbursements. The resulting income before capital contributions from operating and non-operating revenue minus expenses, not including depreciation, would total \$1,009,571 in 2018.

## 2017 Budget vs. 2018 Proposed Budget

	2017 Budget	2018 Proposed Budget	Change from Prior Year	
<b>Total Operating Revenues</b>	\$3,422,426	\$3,699,435	\$277,009	8.1%
<b>Total Operating Expenses</b>	\$2,571,487	\$3,048,934	\$477,447	18.6%
<b>Operating Income Before Depreciation</b>	\$850,939	\$650,500	\$(200,439)	-23.6%

## 2017 Projected vs. 2018 Proposed Budget

	2017 Projected	2018 Proposed Budget	Change from Prior Year	
<b>Total Operating Revenues</b>	\$3,558,452	\$3,699,435	\$140,983	4.0%
<b>Total Operating Expenses</b>	\$2,315,626	\$3,048,934	\$733,308	31.7%
<b>Operating Income Before Depreciation</b>	\$1,242,826	\$650,500	\$(592,326)	-47.7%

The 2018 Capital Budget includes several projects totaling \$3,661,644 million. FAA and FDOT grant contributions are projected to total \$2,801,095. The Airport Authority contribution is projected to total \$860,549.

The proposed Fiscal Year 2018 Budget includes capital outlays of \$35,000 for the replacement of one of the two Airport Operations pickup trucks.

Based on the proposed Fiscal Year Operating, Capital Outlay, and Proposed Capital Improvement Plan Budgets, the projected Airport Reserve Balance is \$5,839,992.

The Budget report also includes a review of projected revenues, expenses, and operating income for the current year ending September 30, 2017.

A summary of Key Business Objectives completed in 2017 and Business Objectives planned for 2018 is also included.

## Management Recommendation

On behalf of Boca Raton Airport Management, I respectfully present the Fiscal Year 2018 Operating, Capital Outlay, and Capital Improvement Plan Budgets.

Clara Bennett  
Executive Director  
August 16, 2017

## Introduction

The Boca Raton Airport (BCT) 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 runway 5-23 is 6,276 feet long and 150 feet wide.

BCT is home to approximately 270 based aircraft and has an estimated \$173 million economic impact on the local economy annually. The Airport is also home to more than 50 aviation and non-aviation business who together employ over 1,400 people.

### The Boca Raton Airport Authority

Boca Raton Airport is operated by the Boca Raton Airport Authority (BRAA), a seven member Board established by the Florida Legislature as an Independent Special District that is not part of any other unit of local government. 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 BRAA was established 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 surrounding communities; eliminate financial subsidies by local taxpayers and the Board of Trustees; and limit the potential for operational liability by the State of Florida.

BRAA has developed a Strategic Business Plan that articulated the Airport's mission to be a world class public use general aviation facility that benefits our growing business and regional communities and its mission to operate a first class public use general aviation facility dedicated to embracing its core values; promoting safety, efficiency, and environmental excellence; and advancing aeronautical and economic benefits to our business and regional communities.

The Airport's Strategic Goals are to:

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

In 2016 the Airport Authority Board held a Visioning Workshop that affirmed these goals and outlined objectives to meet current needs.

## Boca Raton Airport

The Airport Authority sustains the Airport's operations by generating revenue from land leases and fuel fees, requiring no funding from property taxes or general funds of local governments. Operating surpluses are reinvested in improvements included in the Airport Capital Improvement Program and are used to match FAA Airport Improvement Program and Florida Department of Transportation Aviation Work Program grants.

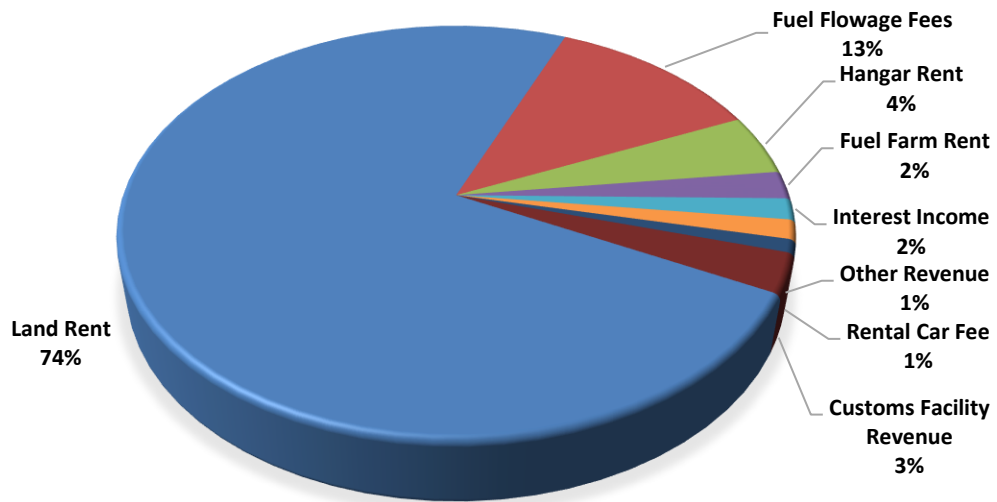
BCT is categorized as a general aviation reliever airport by the Federal Aviation Administration. Reliever airports are airports designated by the FAA to relieve congestion at commercial service airports and to provide improved general aviation access to the overall community.

In May 2012, the FAA released an 18-month study titled General Aviation Airports: A National Asset. The study evaluated nearly 3,000 general aviation airports identified in the National Plan of Integrated Airport Systems (NPIAS). This study highlights the role general aviation airports play in the aviation system and in meeting important social and community needs.

The study also aligned the GA airports into four categories – national, regional, local, and basic – based on their existing activity levels and number and types of based aircraft. Boca Raton Airport was identified as a national airport, meaning that it serves national and global markets with very high activity levels by jets and multiengine propeller aircraft and serves the community by providing a broad spectrum of services including emergency preparedness and response, critical community access, all types of aviation functions, commercial industrial and economic activities, and connectivity to major destinations and special events.

## Major Sources of Revenue

The majority of Airport revenues, approximately 75%, are generated by the Authority's six land leases: Atlantic Aviation, Premier Aviation, Boca Aircraft Owners, Boomers, Cinemark and City Furniture. Fuel flowage fees make up the second largest source of revenue at approximately 13% of total revenue. Other sources include hangar rent, fuel farm rent, interest income, and rental car fees. The Airport Authority is also planning for revenue generated from the operation of the US Customs Facility opening in Q1 2018 to offset operating costs of the facility.

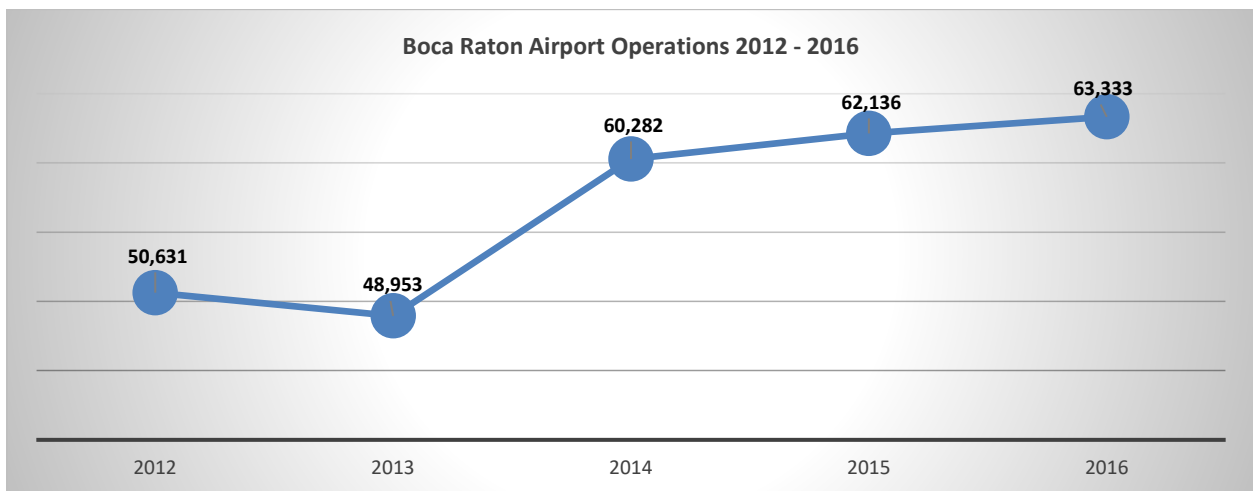


**Boca Raton Airport Revenue Sources**

#### Air Traffic Activity

Airport traffic increased in 2016 by 2% compared with 2015 for a total of 63,333 takeoffs and landings. This has been a consistent trend for the past three years as a result of the upturn in the economy. Total operations year to date have increased by 10% through July 2017, with 42,173 total takeoffs and landings. This activity occurred as a result of a high number of aircraft diverting from Palm Beach International Airport during the Temporary Flight Restrictions (TFRs) associated with Presidential visits in Q2 and Q3.

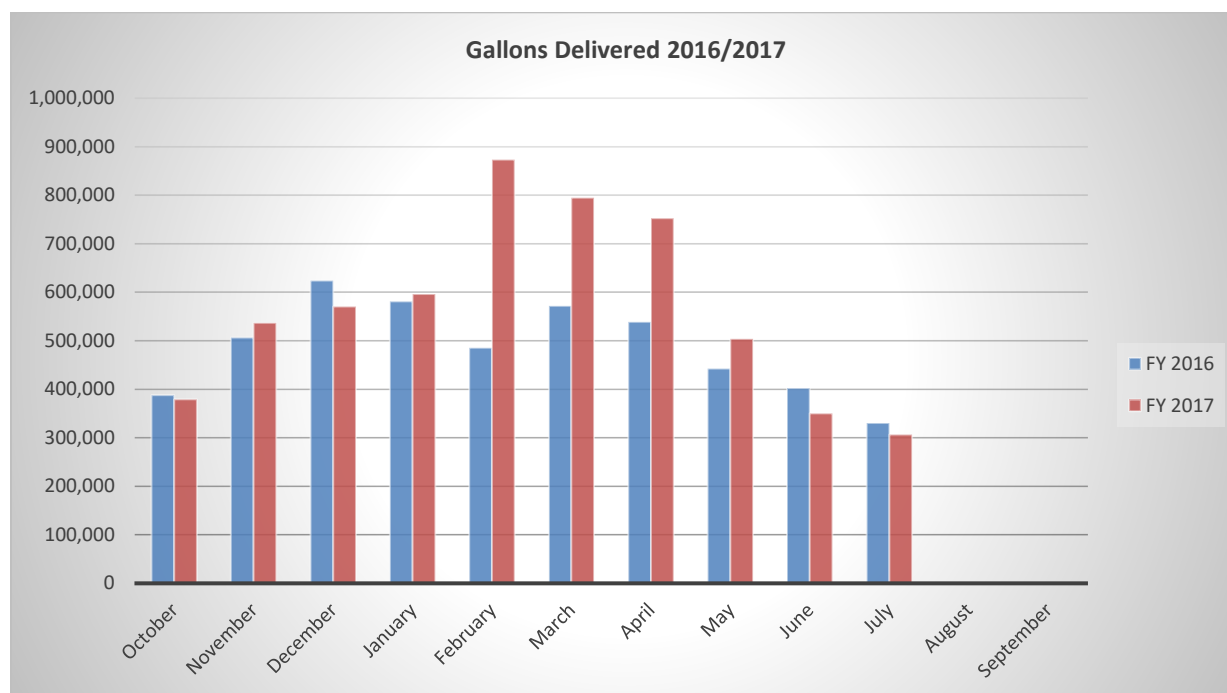
The trend has continued into the summer months, primarily as a result of increased flight training activity. Operations are expected to continue to increase in 2018 as the two based flight schools continue to expand their programs, and with additional anticipated Presidential visits during the winter months.



## Fuel Sales

Fuel sales increased by 4% to 5,501,549 in Fiscal Year 2016 compared with 5,282,679 in Fiscal Year 2015. Fuel sales as of July 2017 totaled 5,664,760 gallons pumped. This represents an increase of 16% compared with the same time last year. The increase in fuel sales volume is attributable to increased demand during the Q2 and Q3 resulting from the TFRs.

It is unclear whether the frequency of Presidential visits will be the same in 2018 and whether BCT will experience the same level of activity due to aircraft diverting from Palm Beach International Airport. Therefore, Airport Management proposes to take a conservative approach to budgeting for fuel flow revenue in 2018, budgeting an increase in collected fuel revenue of \$50,000 over current year budget.



## General Aviation Industry Forecast

According to the FAA's 2016-2037 aviation forecasts, the long-term outlook for general aviation is stable to optimistic, as growth at the high end offsets continuing retirements at the traditional low end of the general aviation segment. The expected steady growth in GDP and corporate profits is expected to result in continued growth of the jet and helicopter fleets, while the fixed wing piston aircraft segment of the fleet is expected to continue to shrink over the forecast period.

The anticipated growth in the general aviation fleet is minimal, however, the number of general aviation hours flown is projected to increase an average of 0.9% per year through 2037. Fixed wing piston hours are forecast to decrease by 0.8%, the same rate as the projected declines in the fixed wing piston fleet.



According to the FAA, pilot demographics, overall increasing cost of aircraft ownership, and the inability of new aircraft deliveries to keep pace with retirements of the aging fleet are the drivers of the anticipated decline. Growth in the number of jet, helicopter, and experimental hours is expected to offset the decline in fixed wing piston hours.

Countering this trend, hours flown by jet aircraft (including helicopters) are forecast to increase 2.4% yearly over the forecast period. Jet aircraft are expected to account for most of the increase, with hours flown increasing at an average annual rate of 3.0% over the forecast period. The large increases in jet hours result mainly from the increasing size of the business jet fleet, along with estimated increases in utilization rates.

General aviation operations (which accounted for 51% of total operations in 2016) are forecast to increase an average of 0.3% a year as increases in turbine powered activity offset declines in piston activity.



# Budget Approach

## *Budget Process:*

As required in the Special Act, the Airport Authority adopts an operating and capital budget by September 30<sup>th</sup> of each year. The budget covers the operation, maintenance, and improvement costs necessary to operate the Boca Raton Airport and construct planned infrastructure projects.

In accordance with the Airport Authority's Bylaws, Airport Management prepares the annual budget based on a thorough analysis of anticipated operational, contractual, and programmatic needs for the coming year. Airport Management utilizes a zero-based budget approach in which each line item is evaluated on its own merit every year. Each department prepares individual line item requests by reviewing planned work goals and identifying resources necessary to achieve the Airport's strategic priorities, meet the day-to-day needs of operating the Airport, and implement the required Airport infrastructure improvements.

This structured process has built a culture of cost management as each team member strives to reduce costs and maximize efficiency while enhancing service levels for Airport tenants and the community.

## *Budget Overview:*

The Boca Raton Airport Authority functions as an enterprise fund in governmental accounting. Enterprise Funds function as business-like funds of a state or local government and provide goods or services to the general public for a fee, with the purpose of being self-supporting. In accordance with standards for Enterprise Funds and similar to businesses, the Authority's financial records are maintained on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States. Enterprise Funds are also required to record expenses not normally recorded by general funds. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred and all assets and liabilities are included on the balance sheet.

Enterprise Funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The operating revenues of the Airport Authority primarily consist of rent. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Capital assets which include property, plant and equipment, and infrastructure assets such as pavement rehabilitation, the Blast Fence, Perimeter Road, and the new EMAS System once completed, are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Depreciation is recorded using the straight-line method over the estimated useful life of the asset or, in the case of leasehold improvements, the shorter of useful life or lease term. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

The 2018 budget reflects a 12% increase in depreciation compared with 2017. Below is a summary of 2018 budgeted depreciation by capital asset type. The categories showing zero are not being depreciated.

Buildings	\$196,085	13%
Infrastructure	\$600,151	40%
Machinery, Equipment, and Fixtures	\$330,709	22%
Leasehold Improvements	\$359,885	24%
Land Avigation Easement	\$-	0%
Avigation Easement	\$-	0%
Procurement Fee	\$-	0%
Projects In Progress	\$-	0%
<b>Total Depreciation</b>	<b>\$1,486,831</b>	



# Current Year Projected Budget

## *Current Year Operating Revenues:*

Total Operating Revenues for the 2017 Fiscal Year (current year) are projected to total \$3,558,452. This is an increase of approximately \$136,026 or 4.0% in overall revenues compared with the 2017 budget and a \$202,361 or 6.0% increase compared with 2016 (prior year) audited actual revenues.

Some key areas comprising the overall increase in operating revenues in the current year are:

- Rent revenues, which constitute the largest source of revenue for the Airport, are projected to total \$2,867,584, an increase of \$53,358 or 1.9% compared with current year budget resulting from lease adjustments. This is a 1.7% increase from 2016 actuals.
- Fuel Flow Revenues are up primarily due to an increase in gallons sold during the Temporary Flight Restrictions at Palm Beach International Airport associated with Presidential visits during Q2 and Q3. As a result, fuel flow revenues are projected to total \$585,055, which is a 31.3% increase compared with the current year budget and 38.1% compared to prior year actuals.
- Interest Revenues are projected to total \$53,000, a decrease of \$5,500 or 9.4% compared with budget and a 1.9% decrease compared with 2016 actuals. The decrease is due to lower investment balances throughout the year resulting from increased capital contributions and pending grant reimbursements.
- Other Revenue, which includes revenue from car rentals and miscellaneous fees, is projected to total \$79,813, a decrease of 10% compared with budget and an increase of 2.2% compared with prior year actuals. This is primarily as a result of fewer cars being rented by the FBOs as passengers chose other surface transportation options.

## *Current Year Operating Expenses:*

Total Operating Expenses before depreciation are projected to total \$2,315,626 at the end of Fiscal Year 2017. This represents a 9.9% decrease compared with the 2017 budgeted expenses and a 14.4% decrease in expenses compared with 2016 audited actuals.

Some key areas comprising the overall decrease in operating expenses in the current year compared to budget are:

- Personnel Expenses are down by \$155,075, or 14.8% compared with budget. This is as a result of vacancies and the elimination of the Public Affairs position. Personnel expenses are down by 14.7% compared with 2016 actuals.
- Professional Services are projected to decrease by 26.8% for a total of \$94,300 compared with budget as a result of reductions in legal expenses and consulting fees. These expenses increased by 41.8% compared with 2016 actuals due to specialized consulting projects that were conducted in 2017, including the Noise Contour Update.
- Office Operating Expenses are down by \$7,676 or 3.2% compared with budget and 6.5% compared with prior year as a result of reduced postage and travel and training expenses.
- Airport Operations and Maintenance expenses are projected to decrease by 7.2% for a total reduction of \$33,181 compared with budget and increase by \$16,760 or 4.1% compared with 2016. The savings are derived from the Emergency Repairs account, which has remained unused throughout the year.
- Insurance expenses are down by \$38,075 or 21% compared with budget as a result of reduced premiums and the deferral of the Runway 5 EMAS insurance policy.
- Marketing and Special Events expenses are projected to decrease by \$10,752 or 6.7% with the deferral of the Customs Facility Grand Opening. These expenses increase by \$44,496 or 42.1% compared with 2016 as a result of the expiration of the FDOT grant that offset the expense during the year.

Included in current year operating expenses are project expenses totaling \$152,438 associated with the Pavement Management Assessment, SMS Gap Analysis, and the 3700 Building Assessment. These expenses were included in the current year Capital Improvement Plan, but paid out of the operating budget and were eligible for 80% reimbursement through grants from the Florida Department of Transportation.

#### *Current Year Operating Income:*

The overall operating income (surplus of revenues minus expenses) before depreciation is projected to total \$1,242,826, which is \$391,887 or 46.1% higher than 2017 budget as a result of higher revenues from fuel flow fees and reduced operating expenses. Compared with 2016, operating income before depreciation is projected to increase by \$591,416 or 90.8% due to higher revenues and lower operating and project expenses incurred in the current year.

An additional \$121,950 is projected as non-operating revenue resulting from grant reimbursements for project expenses included in the operating budget. The resulting income before capital contributions, not including depreciation, would total an estimated \$1,364,776 in 2017.



# 2018 Proposed Budget

## *2018 Operating Revenues:*

Total Budgeted Operating Revenues are expected to total \$3,699,435 in 2018. This is an increase of \$277,009 or 8.1% compared with the 2017 budget and \$140,983 or 4.0% compared with current year projected. This budgeted increase in revenues is based on the following key assumptions:

- Overall rent revenue is expected to increase by \$170,885 or 6.1% compared with the 2017 budget and \$117,527 or 4.1% compared with current year projected due to lease adjustments. This includes an increase of an estimated \$96,604 in rent collected from Boca Aircraft Owners (BAO) due to the reversion of Hangar Buildings A1-A5. Actual rents collected will be based on gross rents collected by BAO on the hangar buildings, in accordance with the Tenth Amendment to Lease Agreement, and may vary due to changing market conditions.
- Due to variability in fuel prices and the difficulty in predicting sales volume, Management proposes to budget \$475,000 in fuel flow revenue, which is a decrease of \$83,055 or 14.9% compared with current year projected and an additional \$50,000 or 11.8% compared with current year budget.
- Customs Facility Revenue is budgeted at \$108,000, which includes a planned 50% user fee discount during the first three months of operation.
- Other revenue will decrease by \$6,989 compared with current year projected due to reductions in car rental fees and miscellaneous fees.

## *2018 Operating Expenses:*

Total operating expenses before depreciation in 2018 are proposed at \$3,048,934. This is an increase of \$477,447 or 18.6% over current year budget and \$733,308 or 31.7% compared with 2017 projected. This increase is attributable to grant reimbursable project-related expenses and expenses required for the new US Customs Facility.

Expenses for the coming year are budgeted based on the following key assumptions:

- Personnel expenses are expected to decrease by \$49,876 or 4.8% compared with budget but are expected to increase by \$105,199 compared with 2017 projections with the expectation that the workforce will be stable in 2018 and the Airport will have fewer vacancies than were experienced in 2017.

- Professional services are reduced by \$132,200 or 37.6% compared with the 2017 budget and \$37,900 or 14.7% compared with 2017 projected due to a \$50,000 reduction in the legal services budget and an \$85,000 reduction in consulting fees.
- Office operating expenses are budgeted at an additional \$2,340 compared with current year budget and \$10,016 compared with projected as a result of increased IT expense for the purchase of replacement computers.
- Airport operations expenses are expected to increase by \$13,129 or 2.8% compared with budget and \$46,310 compared with projected as a result of increased landscaping and security contract expenses and increased costs for maintaining the airfield signage and electrical systems and the AWOS.
- Insurance expense will remain relatively the same as current year budget but will increase by \$39,492 or 27.5% compared with projected to include insurance coverage for the two EMAS Systems and the Customs Facility.
- Air Traffic Control Tower expenses are expected to increase by \$3,000 compared with current year budget and \$6,432 compared with projected as a result of increasing costs of equipment repairs.
- Expenses for operating the new Customs Facility are budgeted at \$248,478 based on the required reimbursement to the Department of Homeland Security for the costs of for the Customs Officer and data processing as well as the anticipated costs for operating the building.
- Marketing and Special Event expenses are expected to increase by \$20,128 or 12.5% compared with current year budget and \$30,880 compared with current year projected to account for the planned donation to the Civil Air Patrol and the anticipated Customs Facility Grand Opening.

Also included in the 2018 Operating Budget are project expenses totaling \$448,839 including \$280,000 for Phase 2 of the Air Traffic Control Tower Rehabilitation, the completion of the 3700 Building Assessment, and the Safety Management Systems (SMS) Gap Analysis.

These projects are eligible for 80% reimbursement through Florida Department of Transportation grants. These types of projects had been budgeted in the Capital Improvement Plan in the past, but are now accounted for in the operating budget in accordance with generally accepted accounting principles. The related grant revenue is accounted for as non-operating revenue.

#### *2018 Operating Income:*

Based on anticipated revenues of \$3,699,435 and proposed expenses before depreciation of \$3,048,934, including project-related expenses, operating income before depreciation is budgeted at \$650,500, which is \$200,439 or 23.6% less than current year budget and \$592,326 or 47.7% less than current year projections. The 2018 Operating Budget includes \$359,071 in non-operating revenue from grant reimbursements. The resulting income before capital contributions from operating and non-operating revenue minus operating (including projects) expenses, excluding depreciation, would total \$1,009,751 in 2018.

# 2018 Proposed Operating Budget

	FY 2016 Actual	FY 2017 Budget	FY 2017 Projected	FY 2018 Budget	Change from 2017 Projected	
REVENUES SOURCES						
Rent Revenue	\$2,819,737	\$2,814,226	\$2,867,584	\$2,985,111	\$117,527	4.1%
Fuel Flowage Fees	404,185	425,000	558,055	475,000	(83,055)	-14.9%
Interest Income	54,046	58,500	53,000	58,500	5,500	10.4%
Customs Facility Revenue	-	36,000	-	108,000	108,000	100.0%
Other Revenue	78,123	88,700	79,813	72,824	(6,989)	-8.8%
Total Revenue	3,356,091	3,422,426	3,558,452	3,699,435	140,983	4.0%
OPERATING EXPENSES						
Personnel Expenses	1,045,466	1,046,654	891,579	996,778	105,199	11.8%
Professional Services	181,797	352,000	257,700	219,800	(37,900)	-14.7%
Office Operating Expenses	247,642	239,339	231,663	241,679	10,016	4.3%
Airport Operations	411,750	461,691	428,510	474,820	46,310	10.8%
Insurance Expense	141,428	181,711	143,636	183,128	39,492	27.5%
ATCT Facility	49,162	51,432	48,000	54,432	6,432	13.4%
Customs Facility	-	77,808	12,000	248,478	236,478	1970.7%
Marketing & Special Events	105,604	160,852	150,100	180,980	30,880	20.6%
Projects	521,831	-	152,438	448,839	296,401	194.4%
Total Operating Expenses	2,704,681	2,571,487	2,315,626	3,048,934	733,308	31.7%
Total Operating Income Before Depreciation	651,410	850,939	1,242,826	650,500	(592,326)	-47.7%
Depreciation	1,486,832	1,327,849	1,327,849	1,486,832	158,983	12.0%
Net Operating Income/(Loss)	(835,422)	(476,910)	(85,023)	(836,332)	(751,309)	883.7%
Non-Operating Revenues	368,298	\$ -	121,950	359,071	237,121	194.4%
Income before Capital Contributions	(467,123)	(476,910)	36,927	(477,261)	(514,188)	-1392.4%
Capital Contributions from State and Federal Grants	6,243,371	9,207,633	7,439,710	3,648,160	(3,791,550)	-51.0%
Change in Net Position	\$5,776,245	\$8,730,723	\$7,476,637	\$3,170,899	\$(4,305,738)	-57.6%





# 2018 Proposed Capital Outlays

The proposed Fiscal Year 2018 Budget includes capital outlays of \$35,000 for the replacement of one of the two Airport Operations pickup trucks. Replacement of both trucks was included in the 2016 budget, but the purchases were deferred. One vehicle was replaced this year with a 4-wheel drive pickup truck. Airport Management recommends replacing the second vehicle with an SUV that will facilitate tours of the Airport for invited guests. The cost of the vehicle replacement will be off-set by proceeds from the disposition of the asset.

## 2018 Proposed Capital Outlays

Description	Proposed Budget
Furniture & Fixtures	-
Airfield & Office Equipment	-
Information Systems Equipment	-
Airport Vehicles	35,000
<b>Total Capital Outlay</b>	<b>\$35,000</b>



# 2018 Proposed Capital Improvement Plan

The Boca Raton Airport Authority (BRAA) is continuously striving to implement programs and develop facilities that enhance the safety and security 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 Fiscal Year 2018 Budget continues the Airport's commitment reinvesting in its facilities and infrastructure through to the Five-Year Capital Improvement Plan (CIP).

The Capital Improvement Plan for 2018 includes two projects for improving Airport Road including design and construction of improvements to address road surface issues and enhance landscape, lighting, signage and pedestrian safety.

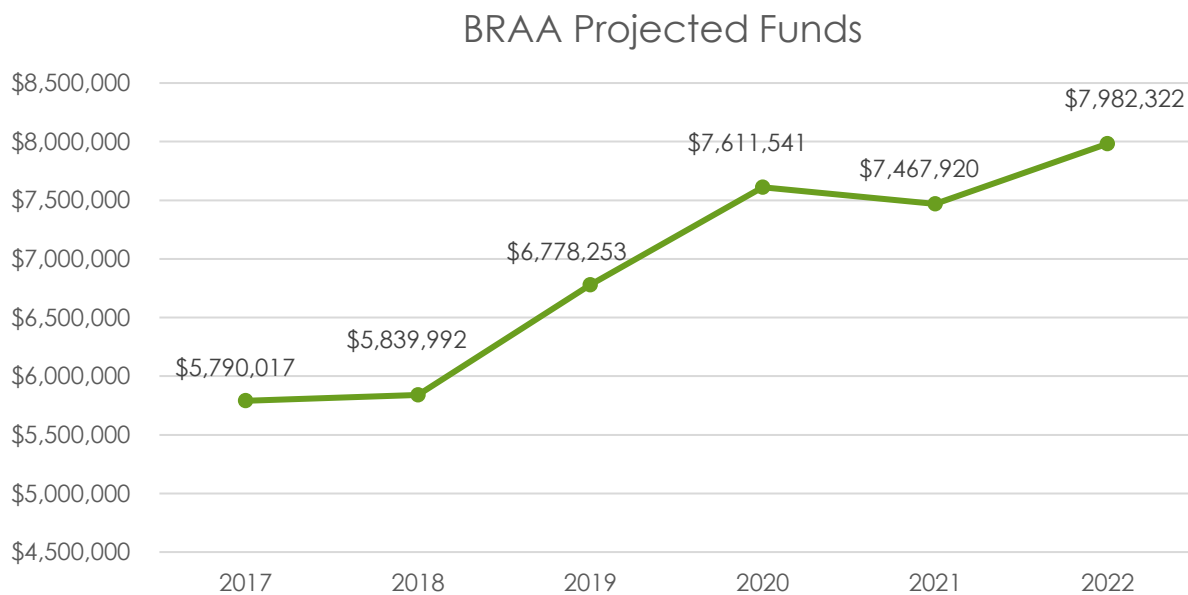
The CIP also includes design and construction of widening of Taxiways Papa 4, Charlie and Foxtrot to meet design standards, application of an airfield pavement rejuvenator to extend the life of the runway pavement, airfield lighting improvements, and development of a Wildlife Hazard Management Plan.

## Proposed Fiscal Year 2018 CIP

Description	FAA	FDOT	Local	Total
Expand Airport Road And Utility Corridor	-	\$1,200,000	\$300,000	\$1,500,000
Landside Access Pavement Rehabilitation	-	280,000	70,000	350,000
Taxiways Papa 4, Charlie & Foxtrot Widening - Design & Construction	150,000	300,000	300,000	750,000
Airfield Pavement Rejuvenator	-	728,000	182,000	910,000
Displaced Threshold Lights & REILs - Design & Install	119,074	6,615	6,615	132,304
Wildlife Hazard Management Plan	17,406	-	1,934	19,340
<b>Total</b>	<b>\$286,420</b>	<b>\$2,514,615</b>	<b>\$860,549</b>	<b>\$3,661,644</b>

# 2018 Projected Reserve Balance

Based on the proposed Fiscal Year Operating, Capital Outlay, and Proposed Capital Improvement Plan Budgets, the projected Airport Reserve Balance is \$5,839,992. This represents an increase of \$49,975 compared with Fiscal Year 2017 projected year-end balances.





# BRAA Business Objectives

The Airport Authority's Mission and Vision drive the Airport's Strategic Plan and identify five strategic focus areas that are used to align annual business objectives and actions. These strategic goals are:

## **Effectively Operate in a Changing Government Environment**

Prepare for and respond to changes in federal, state, and local governments.

## **Enhance Financial Performance**

The BRAA must sustain existing and create new revenue streams to maintain a positive cash flow. Additionally, the BRAA will continue to secure ongoing federal, state, and local funding to support its Capital Improvement Program.

## **Strengthen Community Relations**

The BRAA must proactively serve and satisfy multiple stakeholder groups, each of which has unique interests in the Airport.

## **Mitigate Airport Noise Impacts**

The BRAA must continue to seek collaborative Airport noise solutions that positively affect stakeholders.

## **Explore Land Opportunities**

The BRAA has an immediate opportunity to explore land parcels that are directly adjacent to the Airport. Each parcel presents an opportunity for the BRAA to address existing and future user needs consistent with its vision.

## **People**

Additionally, with the support of the Airport Authority Board, Management has worked to create a culture of continuous improvement through individualized an employee devolvement program that enhances efficiencies and productivity, reduces costs, and attracts and retains industry leaders.

## **Core Values**

The following Core Values guide the behavior and decision making process of the BRAA:

### **Integrity**

*Do the right thing*

### **Leadership**

*Shape a better future*

### **Quality**

*Demand safety, efficiency, and excellence*

### **Collaboration**

*Leverage collective ideas*

## Review of Key 2017 Business Objectives

Airport Management develops performance goals to guide the organization each year. These goals are focused on the Authority's Strategic Goals of **Ensuring Operational Effectiveness and Efficiency, Enhancing Financial Performance, Strengthening Community Relations, Mitigating Airport Noise Impacts, Maximizing Land Opportunities**, and developing its **People**.

### *Ensuring Operational Effectiveness and Efficiency*

**US Customs Facility** – The Customs and Border Protection (CBP) service is a much anticipated service for aviation and marine users that will reduce unnecessary flights over the area by allowing aircraft to land directly at Boca Raton Airport when returning from international flights. The building is expected to be operational in October 2017.

**Runway 23 Engineered Materials Arresting System** – Construction of the Runway 5 EMAS was completed in July 2016. Airport Management and the consulting team commenced design and procurement of the Runway 23 end in Q1 of this fiscal year. The project will be completed in September 2017.

**Landside Pavement** – Management initiated an evaluation of all landside pavements to determine the existing pavement condition, remaining life, and suitability for new traffic conditions, and recommend a systematic paving schedule. The final engineer's study was submitted in May 2017. Portions of the improvements have been included as part of the US Customs project and additional improvements are in process.

**Electrical Vault and Airfield Lighting** – A project to upgrade the airfield electrical vault, airfield lighting control management system, and Runway End Identifier Lights (REILs) was started in Q1. The improvements were bid as part of the Runway 23 EMAS project in order to reduce cost and minimize impacts to Airport tenants. Work is planned for completion in September 2017.

**Safety Management Systems GAP Analysis** – The SMS Gap analysis began in Q4. The analysis looks at existing and proposed safety procedures and programs in place at the Airport and makes recommendations on improvements. The kick off meeting was held with Airport tenants in July and interviews and analysis are currently underway. The report will be finalized Q1 of 2018.

**Runway 5/23 Threshold Lights** – This project is necessary to bring the Airport into compliance with current FAA standards for airport lighting systems. The project was bid as part of the Runway 23 EMAS project in order to reduce costs and minimize impacts on Airport tenants. Work is planned for completion in September 2017.

**Emergency Response Planning** – Management meets regularly with Boca Raton Police and Fire Services Departments to discuss incident response and security issues and has disseminated updated Airport information and maps to both Departments. Airport Management conducted a two week airport/aircraft response training exercise with Boca Raton Fire Services in July and August of 2017. The training included classroom briefings, Airport tours, and hands on aircraft training throughout the airfield.

**Airfield Security Program** – Airport operations implemented quarterly training meetings for the contract security guards this year. All security report forms have been standardized and included in the inspection apps. Increased signage has been deployed around the perimeter fence line and at vehicle gates.

**CPR/AED Training** – An adult First Aid/CPR/AED course was held in Q1 for employees of Airport tenants and members of the Airport Management Team. The course provided instruction on recognizing and caring for a variety of first aid emergencies such as burns, cuts, scrapes, sudden illnesses, head, neck, back injuries, heat and cold emergencies and responding to breathing and cardiac emergencies.

**Fire Extinguisher Training** – With support from the Boca Raton Fire Department, employees of Airport tenants and members of the Airport Management Team were provided fire extinguisher including a hands-on live fire exercise in Q3.

### *Enhancing Financial Performance*

**Clean Audit** – Management worked with the Authority's Independent Auditor to conduct an audit in accordance with federal, state and local requirements. For the third year in a row, there were no findings and a clean audit was presented to the Board in June.

**Grant Funding** – The Airport constructed \$9,971,466 in capital improvements in 2017. Working with the FAA and FDOT, over 75% of the project costs were reimbursed through grants totaling \$7,439,710, for a total Airport Authority contribution of \$2,531,756.

**US Customs Facility Fee Schedule** – The Airport Authority approved a fee schedule for the new service opening in the fall. Airport management is working with the marketing services provider to create a campaign to promote the new service and help the Airport achieve its goal of collecting sufficient user fees to offset the costs of operating the facility.

**Accounting Policy and Procedure Manual** – A comprehensive update was completed to ensure compliance with Office of Management Budget Uniform Guidance and recommendations of the Authority's external auditors.

**Asset Management Program** – Using the iAuditor app, Airport Management developed a new asset management program that includes work order tracking and inventory and expense monitoring as a way of managing and minimizing inventory and repair costs.

**Minimum Standards Audit** – A review of all tenant leases and subleases was completed in July to determine compliance with the Airport Authority's Minimum Standards and insurance requirements.

**General Consultant/Engineer of Record** – A new contract for General Consultant/Engineer of Record was procured in accordance with state and federal regulations and awarded to Ricondo and Associates in Q1.

**Airport Legal Counsel** – A new contract for continuing legal services was awarded in Q1. The new legal team was selected for their comprehensive experience in public governance, contract law, real estate, Federal Aviation Regulations, and FAA requirements for public airports.

**Landscape Maintenance** – A Request for Proposals for a specialized landscape maintenance provider was issued in Q3. The new contract includes service for additional landscape needs associated with the new Customs facility and Airport Road maintenance.

**Disadvantaged Business Enterprise (DBE) Program** – Airport Management developed a five-year DBE plan in accordance with Federal Aviation Regulations Part 26 and as required by FAA and FDOT grant assurances. The Airport Authority adopted the plan in July 2017.

**Business Continuity Plan** – A draft Continuity of Operations Plan was prepared in July and will be completed in Q4. The plan provides detailed steps Airport Management will take to minimize disruption during a disaster in order to maintain the operational and financial viability of the Airport.

### *Strengthening Community Relations*

**Tenant Appreciation/Outreach Events** – With support from Atlantic Aviation and Signature Flight Support, the Airport held two Airport sponsored tenant appreciation events this year. Both events were well attended and provided an opportunity for the Authority to interact with and update tenants on various Airport initiatives. Additional outreach throughout the year included CPR/AED and fire extinguisher training for airport tenants and employees and participation in local charitable events.

**Marketing and Business Outreach with the City of Boca Raton** – Airport Management has collaborated City's Economic Development Department to develop a marketing brochure that showcases the area's numerous assets and features the Airport and the new Customs Facility. The brochure is being produced by the marketing services provider and will be used as part of the City's business attraction and retention programs.

**Educational Partnerships** – Airport Management worked throughout the year on a variety of programs with Florida Atlantic University, Lynn University, Palm Beach State College, and the Palm Beach County School District. These programs were aimed at introducing area high school and college students to the vast array of employment opportunities at the Boca Raton Airport, including the field of aviation and in the areas of science, technology, engineering, and math.

**Aviation Career Days** – Several school visits and Airport tours were conducted throughout the year.

**Job Shadowing and Mentoring** – Airport staff participated in career mentoring with Palm Beach State College.

**Internship program** – The Airport has continued its internship program throughout the year. Business and accounting interns were hired from FAU, operations interns from Lynn University, and a summer intern from St. Andrews Academy.

**Scholarship and sponsorship opportunities** – The authority revamped its scholarship program this year introducing the Boca Raton Airport Scholarship in association with the George Snow Scholarship Foundation. The Airport also increased its support level for the Civil Air Patrol, allowing CAP to add a new aircraft to their capabilities.

**Airport Tour Program** – Working with the FBOs and the Air Traffic Control Tower Manager, the Airport developed a standardized tour program to maximize student engagement on the airfield.

### *Mitigating Airport Noise Impacts*

**Standard Instrument Departure (SID)** – The Airport submitted a request to the FAA to evaluate a SID to minimize flights over residential areas and revise the departure and arrival procedures. These requests are aimed at reducing noise impacts in the surrounding communities. The FAA has combined these requests into their South Florida Metroplex Airspace Redesign program. Initial changes to the flight paths are expected to be presented by FAA for Airport review in the fall of 2017.

**Noise Contour Map Update** – The Airport kicked off an update the Airport’s Noise Contour Map. The Noise Contour Map is developed in accordance with Federal Aviation Regulations Part 150 and defines the levels of noise exposure around the Airport. The updated map will be accessible for public viewing on the Airport Authority’s website and will be completed in Q1 of 2018.

**Noise Monitoring Terminal Installation** – The Airport worked with members of the community to identify a location for a new permanent Noise Monitoring Terminal. The data collected will be used to analyze noise impacts from increased activity and shifting flight paths as new procedures are proposed by the FAA.

**Pilot Outreach Program** – The Airport conducted a comprehensive update to the Pilot Outreach Program with new and revised informational material to ensure that pilots are well informed of the Airport’s Noise Abatement Program. The material is disseminated at various Airport events and through the voluntary curfew reporting program.

**Noise Abatement Procedures Video** – A new video was created to provide additional outreach to the pilot community on the Airport’s noise abatement procedures. The video was completed in April 2017 and is posted on the Airport Authority’s website. Pilots can take a short quiz after viewing the video and receive a free t-shirt.

**City of Boca Raton Plan Review Board Process** – The Airport continues to coordinate with the City of Boca Raton regarding development in the surrounding areas through the City’s Plan Review Board process and submits comments on potential project impacts. The Airport has provided an obstruction atlas to the City to aid in the planning process and has reached out to the City to assist with updating zoning codes in response to Florida Statutes Chapter 333 requirements.

### *Maximizing Land Opportunities*

**Boca Aircraft Owners Reversion** – Hangar buildings A1-A5 on the Boca Aircraft Owners Leasehold reverted to the Airport Authority on May 1, 2017. In accordance with the lease terms, a new rental structure has been negotiated that will increase the revenue stream from the leasehold by an estimated \$96,604 in 2018.

**Adjacent Land** – The Airport Authority continues to explore and assess opportunities for securing adjacent non-Airport parcels, in cooperation with FAU and the Research Park.



## *People*

**Employee Development** – Management has implemented an employee development program that equips employees to live up to the Authority’s core values. This includes opportunities for industry participation, specialized training, and certification. Some highlights for 2017 include:

**Certified Member Designation** – Four members of Authority’s Management Team have received the Certified Member credential from the American Association of Airport Executives (AAAE). The designation is achieved by demonstrating a candidate’s comprehensive knowledge of airport management, regardless of airport size. Three designations were received in the past 18 months.

**Airport Certified Employee** – The Operations Manager has received the AAAE Airport Certified Employee (ACE) – Operations certification. This is a Federal Aviation Regulations Part 139-based (air carrier airport) curriculum designed to educate and challenge airport personnel with airfield operations responsibilities.

**Government Finance** – The Finance and Administration Manager attended specialized training including Florida Government Finance Officers Association (FGFOA) School of Government Finance and FGFOA Palm Beach Chapter Investment Seminar to gain updated knowledge on industry standards, compliance changes, grant guidance, and statutory requirements related to Airport operations.

**Leadership Boca** – The Deputy Director participated in the Boca Raton Chamber of Commerce’s Leadership Boca in order to gain a deeper understanding of issues and concerns facing the community. Areas of concentration included economic development, health, human services, education, environmental awareness, media, government, culture, and tourism.

**Industry Participation** – Several members of the Management Team participated in industry organizations and events, including participation on boards and committees of general aviation industry groups such as the National Air Transportation Association (NATA), the US Contract Tower Association (USCTA), the Florida Airports Council (FAC), and the American Association of Airport Executives (AAAE). Speaking engagements included the General Aviation Issues Conference of AAAE regarding User Fee Customs Facilities, the National Business Aviation Association Annual Expo regarding Unmanned Aerial Systems (UAS), the NATA Aviation Business Conference regarding FBO/Airport Authority Relations, and the Floridians for Better Transportation Annual Meeting regarding trends in aviation.

**Salary Survey** – A new Compensation Market Study and Point Factor Job Rating Analysis was initiated in August. The goal of the study is to ensure that the Airport has in place a fair compensation system to retain management staff and that staff are appropriately compensated for the work they perform.

## Key 2018 Business Objectives

### *Ensuring Operational Effectiveness and Efficiency*

**Ground Access Improvements** – Several projects to improve the Airport’s ground access are planned to enhance safety and improve aesthetics. Initial phases will address needed improvements along Airport Road including design and installation of landscape, lighting, and signage; roadway resurfacing; and pedestrian walkway improvements. New or improved access to the New Airport Administration Building will also be evaluated with the FAU Research Park.

**Taxiways Papa 4, Charlie, and Foxtrot Widening** – These taxiways will be widened to comply with FAA design standards for the type of aircraft currently using the Airport.

**Airfield Pavement Rejuvenator** – A pavement rejuvenator will be applied to Runway 5-23 in order to increase the life cycle of the asphalt and reduce costs.

**Air Traffic Control Tower Rehabilitation – Phase II** – Additional improvements to the Air Traffic Control Tower will be designed and constructed including replacement of windows and installation of new cabinetry, carpeting, and fixtures.

**Wildlife Management Plan** – A Wildlife Management Plan will be prepared, with funding from the FAA, to identify the specific actions the Airport will take to mitigate the risk of wildlife strikes on or near the Airport.

**Safety Management Systems (SMS) Gap Analysis** – The report will be completed in Q1. The results of the analysis including an articulated safety policy, risk control strategies, and safety promotion will be incorporated into the Airport’s safety programs.

**Emergency Response Planning** – The Airport Emergency Plan will be expanded to include SMS results. Airport Management will conduct annual training with Boca Raton Fire and Police Departments and Airport tenants. The Airport will develop Standard Operating Procedures related to emergency communications.

**Airfield Security Program** – The Airport will to continue to enhance the Airfield Security Program through:

**Security Training** – Quarterly training sessions with security guards will continue. Training will be expanded to include Airport tenants and employees.

**Security Gates** – Airport security access gates will be replaced with funds received from FDOT.

**Perimeter Fencing** – A program to evaluate conditions of the Airport’s perimeter fencing signage and develop a replacement schedule will be established.

**Airport Security Plan** – the Security Plan will be updated in accordance with FDOT requirements for public airports.

**Swale Management Plan** – A plan to manage and maintain the Airport’s swale system will be developed in order to maximize efficiency of the drainage system and improve aesthetics.

**Lightning Protection** – An evaluation of all lightning protection systems will be conducted in order to identify hot spots. Recommended upgrades will be implemented.

**Ramp Permit Program** – A ramp permit program will be implemented to identify authorized vehicles accessing the Air Operations Area (AOA).

**Airport Layout Plan (ALP)** – The ALP will be updated to reflect current Airport facilities in accordance with Federal Aviation Regulations.

### *Enhancing Financial Performance*

**Clean Audit** – Airport Management will work with the Secretary/Treasurer and the Authority’s external auditors to review the year’s financial transactions and conduct an audit in compliance with State Statutes and federal requirements.

**Grant Funding** – The 2018 Capital Improvement Plan includes several projects totaling nearly \$3.7 million. Working with the FAA and FDOT, over 76.5% of the project costs are expected to be reimbursed through grants totaling \$2.8, for a total Airport Authority contribution of \$860,549.

**Lease Review** – Airport Management will conduct a review of all Airport Leases to ensure compliance with financial terms.

**Insurance Program** – Airport Management will conduct a semi-annual review of all lessee and vendor insurance certificates to ensure compliance with the Airport Authority’s requirements.

**Inventory Tracking System** – A new inventory tracking system will be developed and implemented to ensure safety of inventory, track consumption, and eliminate unnecessary purchases.

### *Strengthening Community Relations*

**US Customs Service** – A number of programs will be implemented to promote the new Customs Facility. Specialized marketing initiatives will be rolled out including press releases, media interviews, social media campaigns, and industry outreach.

**US Customs Grand Opening Celebration** – A special event will be held to mark the opening of the new facility and the start of the new service and to thank those in the community, the State of Florida, and US Customs and Border Protection who helped bring the project to fruition.

**Tenant Engagement** – Positive tenant engagement will continue through quarterly meetings, semi-annual appreciation events, and employee recognition programs. Additional outreach will be

accomplished through specialized safety, security, and emergency response training for tenants and employees on a semi-annual basis.

**Corporate Identity and Community Engagement Program** – A number of new elements will be implemented including Airport tour videos, display branding, a visitor’s folder featuring facts about the Airport’s history, economic impact, and role in the community, and an annual report.

**Educational Partnerships** – Educational outreach to area high schools, trade schools, colleges, and universities will continue. New requests from FAU High School and the Henderson Middle School will be incorporated into current programs.

**Internship Program** – Internship opportunities will be expanded to include job shadowing and summer opportunities for highly motivated and qualified high school students.

**Contract Marketing Services** – Airport Management will conduct an evaluation of the Airport’s Corporate Identity and Community Engagement Program to determine future needs as the three-year agreement for contract marketing services expires in Q3.

### *Mitigating Airport Noise Impacts*

**Noise and Operations Monitoring System** – A Request for Proposals will be released to evaluate a replacement for the current system with emphasis on compatibility with existing noise monitoring equipment, user friendliness, and cost effectiveness.

**Informational Campaign** – The Airport will develop an outreach program aimed at providing accurate information regarding air traffic impacts to home buyers, realtors, and new members of the community.

**Noise Program Materials** – All noise program informational materials will be updated to ensure clarity of information provided and consistency with the Corporate Identity Program.

**City of Boca Raton Development Review Process** – The Airport will continue to coordinate with the City of Boca Raton regarding new developments planned in areas near the Airport to provide information regarding potential impacts to the surrounding airspace and impacts from air traffic.

### *Maximizing Land Opportunities*

**3700 Building Assessment** – The assessment will be completed in Q1 and will be used to provide information to the Airport Authority Board regarding opportunities to maximize revenue opportunities when the building reverts to the Airport in 2019.

**Adjacent Land** – Airport Management will continue to explore and assess opportunities for securing adjacent non-Airport parcels, in cooperation with FAU and the Research Park.

## *People*

**Operations Training Manual** – An operations training manual will be developed to ensure proficiency with standardized training procedures.

**Information Technology** – Airport Management will develop an automated IT management system to manage hardware and software upgrades, security protocols, and program updates and will implement quarterly IT user training to ensure best practices and minimize technology risks.

**Pavement Inspection Training** – Operations will attend an airfield pavement inspection course provided by FDOT in order to gain a thorough understanding of the pavement condition assessment process and efficiently conduct daily, monthly, quarterly, and annual airport pavement inspections.

**Employee Development** – Employee development will continue in order to provide opportunities for job growth and to equip employees with critical skills to meet ever-changing conditions. Airport Management will recruit and train a new Operations Coordinator to replace a vacancy created in Q4 of 2017 with the departure of a long-term employee and reassign critical work functions during the recruitment period.