

Specific Focus Areas

NORTHERN COLORADO
REGIONAL AIRPORT

- Historical Background
- Obligations & Funding
 - Self-generated revenues
 - Capital funding
 - Grants what they are and what they can be used for
 - Funding sources and formulary contributions and match requirements
- Operational cost centers
 - Personal services
 - Supplies
 - Professional services
- Cities support and benefits

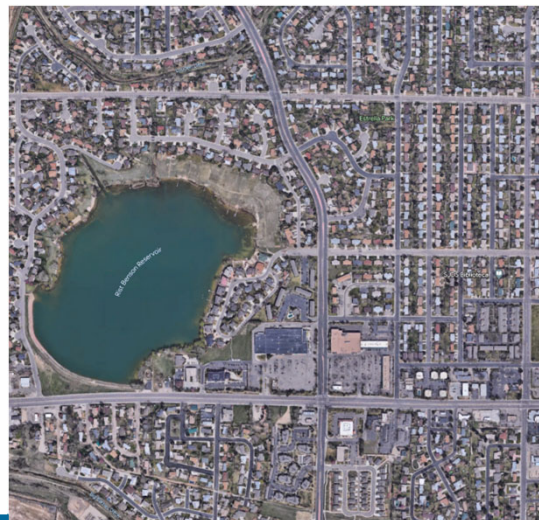


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Historical Background

NORTHERN COLORADO
REGIONAL AIRPORT

- Cities desired to partner and construct a larger facility to combine their two smaller 1920's era airports
 - Christman Field in Fort Collins still exists
 - Loveland Municipal is to the right
- Airport property acquisition & construction
 - Federal land and capital infrastructure grant in 1964
 - Runway, taxiways, and facilities
 - Required to be used for aviation purposes, and continued federal funding acceptance bind the Cities to these provisions



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Historical Background

NORTHERN COLORADO
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- The intergovernmental agreement between the Cities outlines the management and authority for the airport
- Current IGA had its origins from 1994, after the property was annexed into the City of Loveland in 1986
- Conclusion was that Loveland was “the logical managing partner” due to their ability to collect revenues from the airport and geographical proximity.



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Obligations & Funding: Grants

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- Publicly funded improvements made over time specific to supporting aviation needs
 - Federal funds pay up to 90%
 - State funds pay for 5%
- Acceptance of federal and state grants require airport property be used for supporting aeronautical purposes
 - Or municipalities must repay undepreciated grant amounts **plus the value of property**



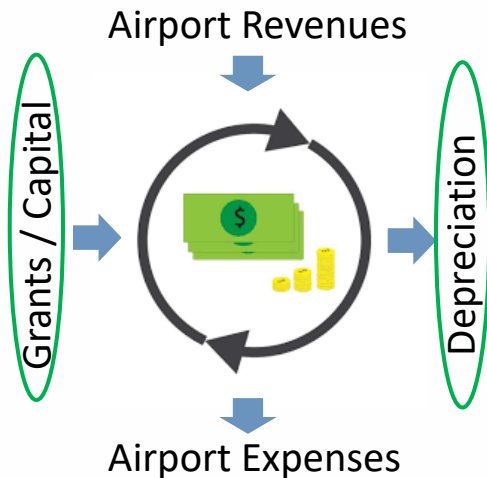
Federal Aviation
Administration



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Obligations & Funding: Grants

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REGIONAL AIRPORT



- Federal Grant Assurances require that the Airport be operated and managed as self-sustaining as possible
 - All revenues must be reinvested into airport operational expenses
 - Grants provide the capital needed to maintain the safety of airport users- primarily focused on runways, taxiways, and navigational aids
 - Life limited = depreciation of assets
 - Require sponsor to maintain the facilities and provide for revenue generating needs

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Obligations & Funding

NORTHERN COLORADO
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- FAA Exemption: Northern Colorado Law Enforcement Training Center
 - 43-acre site originally purchased through the federal land grant required the Cities obtain approval from the FAA to use the land for non-aviation purposes
 - Approval requires property be leased at fair market value and paid directly to the Airport
- Other non-aeronautical property exists, but is limited and shown on FAA approved Airport Layout Plan

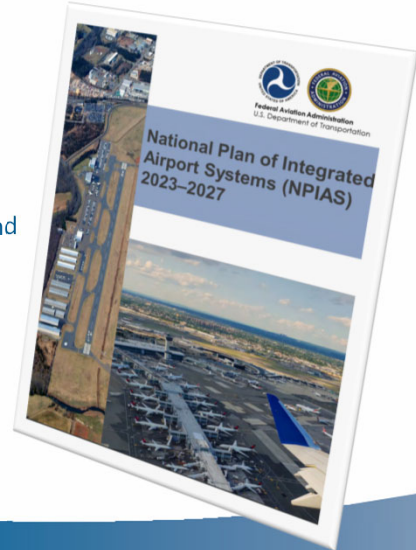


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Grant Funding: Federal

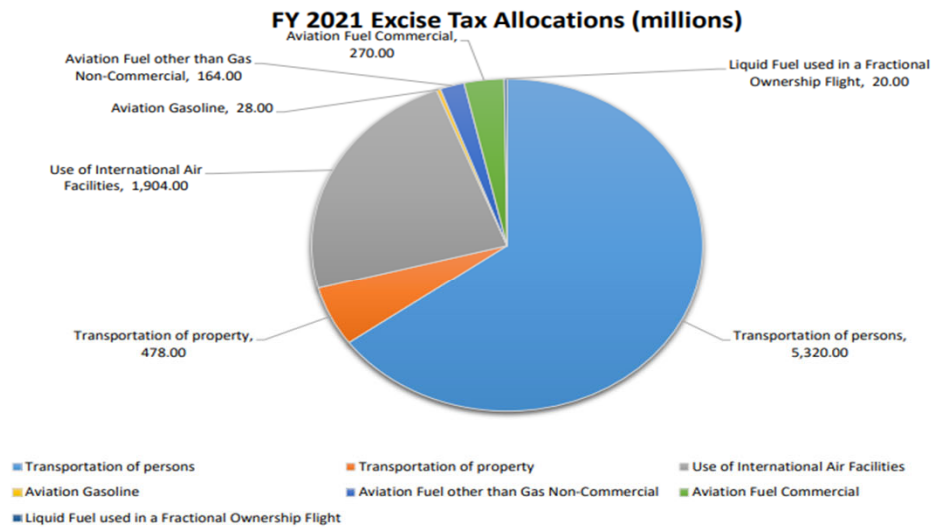


- Federal
 - National Plan of Integrated Airport Systems
 - Majority of the federal funding provided to airports are self generated by the aviation industry through the taxation of aviation
 - 90% or greater is derived from commercial airline ticket and fuel taxes
 - Less than 10% is generated from all other aviation users
 - All goes into Federal Airport and Airway Trust Fund (AATF)
 - FAA distributes the funding based on need and formula, sometimes funding comes through USDOT directly
 - Safety is the top priority



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AATF FY 2021 Excise Tax Revenues




Total excise tax revenue \$8,186*

*In FY21, there were refunds from the trust fund of \$5.09M for aviation fuel taxes and \$8.18M for aviation taxes other than gasoline.


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Grant Funding: Federal




NORTHERN COLORADO
REGIONAL AIRPORT

- Airport & Airways Trust Fund
- Airport Improvement Program
 - Formulary Grants
 - Discretionary Grants
- Temporary Rules
 - Pandemic grants, such as the CARES Act, ARPA, & CRSSA
 - BIL/ IIJA: 5 years of additional federal funding
- New General Aviation Airport Classification for FNL: National



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Grant Funding: Federal




NORTHERN COLORADO
REGIONAL AIRPORT

- FNL qualified as a Primary nonhub airport in 2022 with Avelo Airlines
 - Brings \$2+ million in formulary grants in 2024 (\$1m AIP, \$1m BIL)
- No scheduled commercial flights in 2023 other than charter flights, which will likely result in a Nonprimary Commercial Service airport reclassification

Airport Categories	Criteria	Known as:
Commercial Service	Public-owned airports with more than 2,500 annual enplanements (passenger boardings) and scheduled air carrier service	
• Large Hub	Receives 1% or more of the annual U.S. commercial enplanements	Primary
• Medium Hub	Receives 0.25 to 1.0% of the annual U.S. commercial enplanements	Primary
• Small Hub	Receives 0.05 to 0.25% of the annual U.S. commercial enplanements	Primary
• Nonhub	Receives less than 0.05% but more than 10,000 of the annual U.S. commercial enplanements	Primary
• Nonprimary Commercial Service	Also referred to as nonhub nonprimary, these airports have scheduled passenger service and between 2,500 and 10,000 annual enplanements.	Nonprimary
Reliever	An airport designated by the Secretary to relieve congestion at a commercial service airport and to provide more general aviation access to the overall community.	Nonprimary
General Aviation	A public-use airport that does not have scheduled service or has scheduled service with less than 2,500 passenger boardings each year.	Nonprimary

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Grant Funding Federal



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- National classification will provide \$845,000 annually guaranteed from the FAA
 - \$150K AIP, \$695K BIL
- BIL/IIJA additional formulary funding expire in 2026

A 5-year, \$25 billion investment in the nation's air transportation system.




Category	Amount	Description
Air Traffic Facilities	\$5B	For airport projects that increase safety and expand capacity.
Airport Infrastructure	\$15B	For airport projects that increase safety and expand capacity.
Airport Terminals	\$5B	To replace aging terminals and airport-owned towers, increase terminal energy efficiency and accessibility, and more.

BIPARTISAN INFRASTRUCTURE LAW

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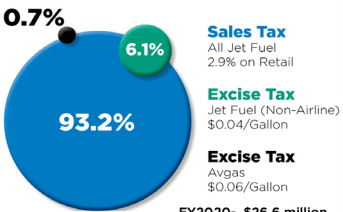
Grant Funding: State



NORTHERN COLORADO
REGIONAL AIRPORT

- Funds are 100% self generated through taxation of aviation fuel
- Colorado Department of Transportation Division of Aeronautics
 - Funded through the 2.9% sales tax on aviation fuel
 - Distributes 2/3 of this back to the airport in which the fuel sale originated
 - Remaining 1/3 is put into the discretionary grant program
- Denver Airport provides 80% of state funding


Aviation Tax Revenue Structure



Category	Percentage	Details
Excise Tax	93.2%	Jet Fuel (Non-Airline) \$0.04/Gallon; Avgas \$0.06/Gallon
Sales Tax	6.1%	All Jet Fuel 2.9% on Retail
Administration	0.7%	

FY2020- \$26.6 million
 FY2021 - \$17.0 million
 FY2022 - \$43.6 million
 FY2023- \$63.0 million


Aviation Tax Expenditures



Category	Percentage
Administration	67%
Aviation Tax Refunds	30%
Aviation Grants/Statewide Initiatives	3%



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Grant Funding: State




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- State funding provides for the following at FNL:
 - Remote Tower (100%)
 - Federal Grant Matches (50% of local share or 10% split 5%/5%)
 - State-Local Grants (up to 90%)
 - Surplus Equipment (80%)
 - Internships (50%)

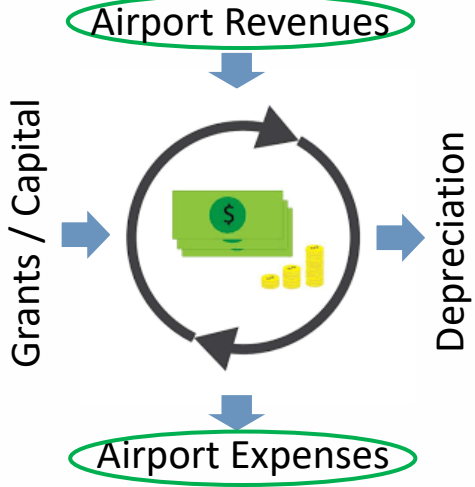
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Self-Generated Revenues



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- The airport has been operated as a quasi-business seeing that much of the revenues that it generates are used to sustain its expenses.
- This is primarily for the operations and maintenance of the facility
- The airport has been self-sustaining since 2019 for operations and maintenance



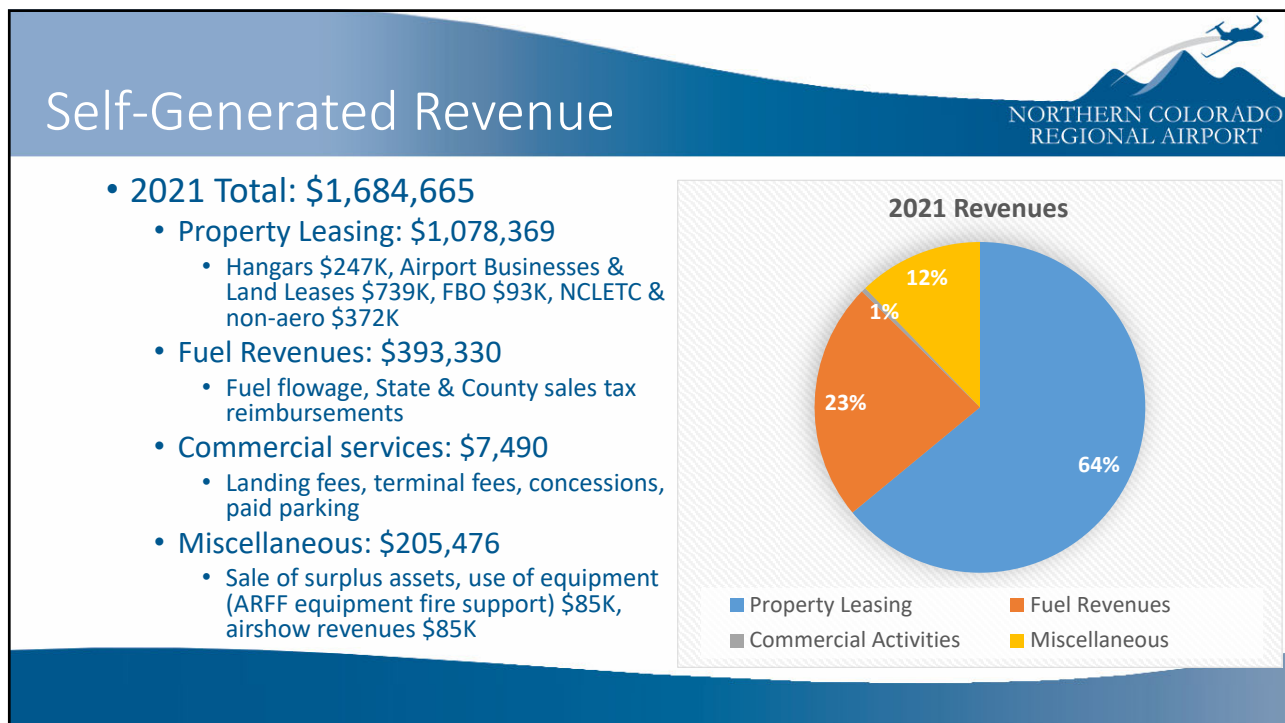
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            graph TD
                Revenues[Airport Revenues] --> Expenses[Airport Expenses]
                Expenses --> Grants[Grants / Capital]
                Grants --> Revenues
                Revenues --> Depreciation[Depreciation]
            
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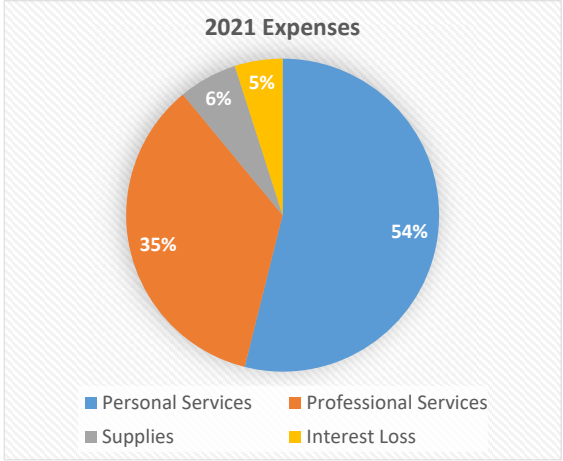
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Expenses



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- **2021 Total: \$1,178,641**
 - Personal Services \$668,421
 - Salaries & benefits for 7 FTE
 - Professional Services \$435,275
 - Contracted services, utilities, training, travel, administrative fees, maintenance, insurance, marketing
 - Supplies \$74,945
 - Consumables, fuel, materials, deice, janitorial, tools, office equipment, etc.
 - Interest Losses \$61,294
 - Rare loss of investment interest due to pandemic



Category	Percentage
Personal Services	54%
Professional Services	35%
Supplies	6%
Interest Loss	5%


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Capital Investments & Transfers




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REGIONAL AIRPORT

- The airport must ensure that adequate savings are available for operational reserves and for capital grant matches
- Capital plan indicates a significant amount of funding to be applied toward large capital projects in the short-term future
- **2021 Capital**
 - Terminal design expenses
 - Revenues & Expenses: \$631,385
 - Due to 100% funding of this grant
- **2021 Transfer to Capital: \$444,730**



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Costs to the Cities in 2021




NORTHERN COLORADO
REGIONAL AIRPORT

- The Airport pays for certain services that the City of Loveland provides for administrative support
- Airport paid: \$169,496
- Loveland allocation: \$330,206
- Fort Collins allocation: ~\$10,000
 - City Council, CM, Legal, Clerk
 - Estimated based on workload for the year

Service Center	Loveland Provides	Fort Collins Provides	Airport Pays
City Council	\$ 1,355	\$ 1,200	
City Manager Office	\$ 7,540	\$ 3,000	
Legal Services	\$ 4,554	\$ 2,000	
City Clerks	\$ 58,827	\$ 2,000	
Public Information	\$ 1,208	\$ -	
Finance	\$ 72,696	\$ -	
General Fund Admin	\$ 311	\$ -	\$ 23,450
Budget	\$ 2,059	\$ -	
Human Resources	\$ 16,596	\$ -	
Employee Benefits	\$ 1,819	\$ -	
Information Technology	\$ 32,530	\$ -	
Facilities	\$ 640	\$ -	
Risk Management	\$ 1,221	\$ -	
LFRA (estimate)	\$ 125,000	\$ -	\$ 17,000
Liability Insurance	\$ -	\$ -	\$ 31,682
Property Insurance	\$ -	\$ 1,800	\$ -
Fleet Management	\$ 3,850	\$ -	\$ 36,310
Financial Audit	\$ -	\$ -	\$ 13,960
Storm Water	\$ -	\$ -	\$ 21,383
Street Maintenance	\$ -	\$ -	\$ 25,711
Total	\$ 330,206	\$ 10,000	\$ 169,496


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Direct Benefits



NORTHERN COLORADO
REGIONAL AIRPORT

- Fort Collins = \$0
 - No capability to collect taxes or fees
- Loveland = \$252,585
 - Aviation fuel sales tax = \$125,170
 - Property tax = \$131,466
 - Includes TTF properties with taxiway access
- Balance
 - Fort Collins cost = ~\$10,000
 - Loveland cost = \$73,843
 - Total cost = \$330,206
 - Total tax revenue = \$256,636

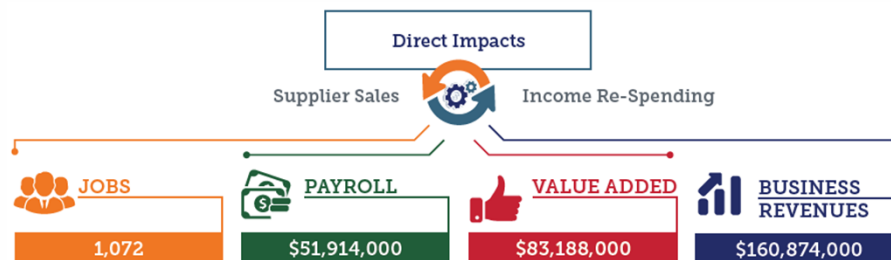


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Indirect Benefits

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- A 2020 Economic Impact study performed by the Colorado Department of Transportation Division of Aeronautics identified that the airport provides **\$296 million** of economic benefit annually.
 - These include all that use, operate, benefit from, and visit through the airport each year.



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Conclusion

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REGIONAL AIRPORT

- The Airport is financially highly self sufficient
 - Operational and maintenance needs are met through self-generated revenues
 - Capital improvements are challenging to support due to rising costs and limited funding sources
 - Air service can be a revenue driver that could support other airport investment needs
- Intergovernmental agreement shifted the administrative oversight logically to the City of Loveland primarily due to the benefit from tax revenues
 - Airport costs haven't changed since the mid-1990's and should be reviewed as part of the governance investigation

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Future



- Airport infrastructure needs are ineligible or low priority for grant funding is needing to be addressed
 - General Aviation infrastructure
 - Vehicle access roads and parking lots
 - Airport operations and maintenance facilities
 - Utility infrastructure
 - Landscaping and signage
- Cities need to strategically balance the ability to operate the Airport as a business with responsibilities of also adhering to regulatory requirements as a public use facility