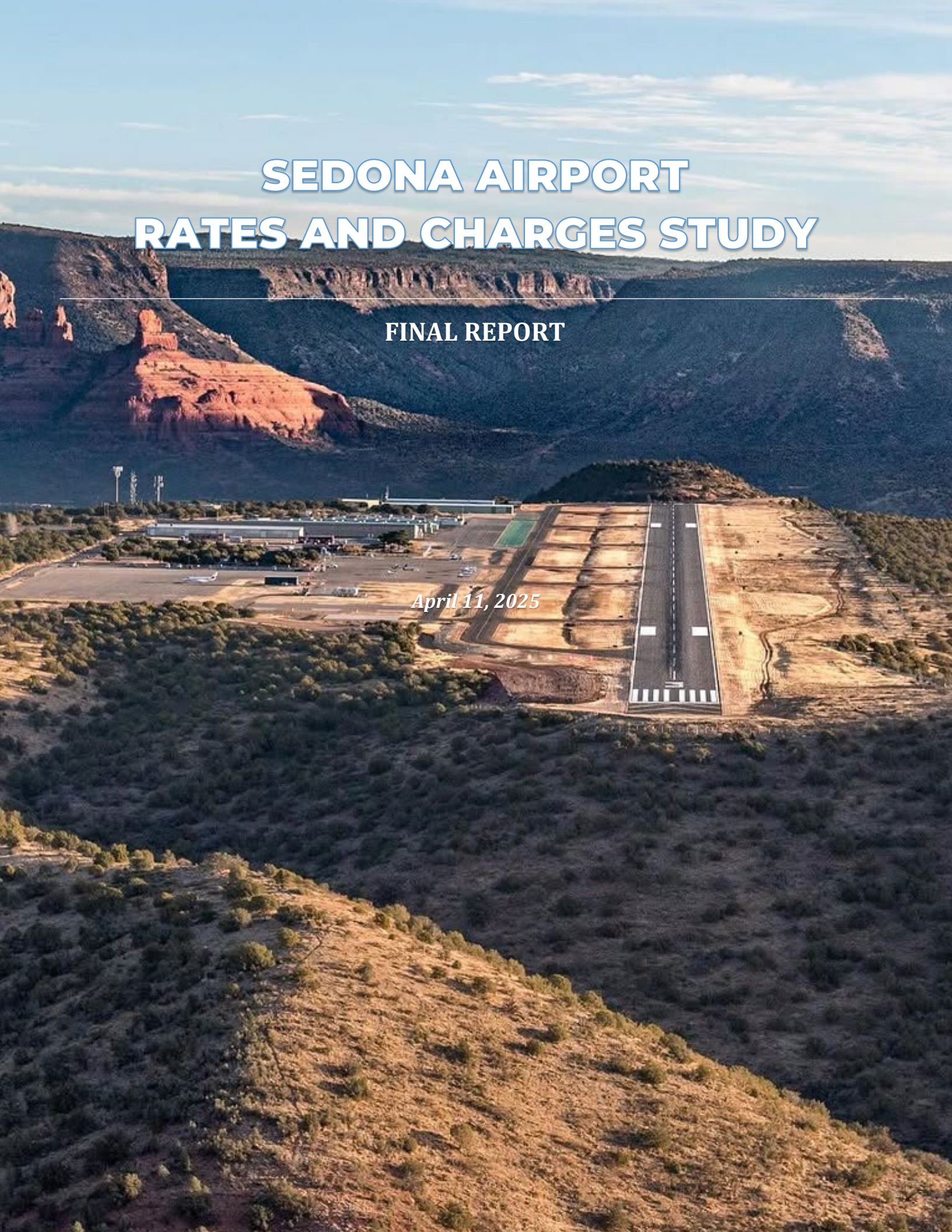


# SEDONA AIRPORT RATES AND CHARGES STUDY

FINAL REPORT

*April 11, 2025*



Sedona Airport (SEZ or Airport) is a non-towered, single runway airport owned by Yavapai County (County or Sponsor) and operated by the Sedona-Oak Creek Airport Authority (SOCAA) for public use. The Airport is categorized as a General Aviation Local role in the Federal Aviation Administration's (FAA) National Plan of Integrated Airport System (NPIAS) with 63 based aircraft on 220 acres located within the City of Sedona, AZ. The Airport lies within the Coconino National Forest on land deeded from the US Forest Service in 1956. The airfield consists of Runway 03/21, a 5,132' x 100' asphalt runway with visual and GPS/RNAV approaches, a six-pack helipad, and a 50'x50' concrete helipad.

The current *Airport Master Plan* was developed in 2017 by Coffman Associates. The Master Plan depicts proposed facilities on the Airport Layout Plan (ALP) in Appendix B. The Airport Capital Improvement Plan (ACIP) projects capital expenses and project phasing of facilities on the ALP in Chapter 6. Coffman Associates updated the ACIP in June 2024 prescribing \$55.8M in capital projects between 2025 and 2030.

Federal grants provide funding equal to approximately 90% of the eligible project costs in exchange for obligations to uphold FAA Grant Assurances. The Sponsor's 10% match is expected to be offset by grants from the Arizona Department of Transportation (ADOT) equal to one-half of the required federal match. However, not all capital projects are eligible for federal and/or state funding. A *Capital Needs Assessment Study* completed by Aviation Management Consulting Group under Kimley Horn in April 2024 identified approximately \$30.0M in additional Airport-funded development projects and equipment acquisition. In all, the Airport has planned to fund \$9.4M in Sponsor contributions to capital projects through 2030 while saving for an expected \$8.6M in Airport-developed hangars beyond the immediate planning period.

SOCAA has engaged Ascension Group Partners (AGP) through Coffman Associates to conduct this *Rates and Charges Study* with the purpose of determining appropriate aeronautical fees sufficient to cover the Airport's operating expenses and funding requirements for planned capital projects. A survey of market-based rates and charges was conducted for a peer set of airports along with a landing fee analysis, which uses a residual cost-recovery methodology to determine landing fees adequate to cover the Sponsor's obligations without accumulating an excessive reserve.

The following options are suggested to meet capital development funding needs at SEZ:

1. Defer non-critical Airport-funded hangar development projects or conduct a Request for Proposal (RFP) for near-term private development of hangars,
2. Establish a Hangar Ground Lease Origination / Transfer fee,
3. Establish a Commercial Non-Aeronautical Recovery fee for off-airport operators,
4. Remove landing fee waivers for transient operators,
5. Explore contracting landing fee collection to a third-party agency, and
6. Standardize monthly Aircraft Parking rates at five times the nightly rate and establish a daily rate for exclusive use of aeronautical facilities based on proportional use.

Sedona Airport is entering a sustained, capital intensive period of facility redevelopment with a substantial reserve to finance construction projects. Through 2030, the Airport is planning to fund \$72.3M in capital projects requiring \$9.4M in Sponsor contributions. The proposed Aeronautical Fee Schedule in Exhibit A would maintain a 35% average of Uncompleted Projects Funding in Reserve over the planning period. The reserve balance is forecast to remain above 15% during the planning period and end with 87% of the funding needed for Airport-developed hangars in 2031.

## 1.0 Airport Rates and Charges

Grant Assurance 24, Airport Fees and Rents, requires the airport maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport. Airport proprietors must employ a reasonable, consistent, and transparent (i.e., clear and fully justified) method of establishing rates and charges, and adjustments on a timely and predictable schedule. FAA will not ordinarily investigate the reasonableness of a general aviation airport's fees absent evidence of a progressive accumulation of surplus aeronautical revenues. In establishing new fees, and generating revenues from all sources, airport owners and operators should not seek to create revenue surpluses that exceed the amounts to be used for airport purposes, including reasonable reserves and other funds to facilitate financing and to cover contingencies.

A hybrid compensatory-residual methodology is applied to determine the Airport's rates and fees. Under this methodology, SEZ charges market-based rates comparable to a peer set of airports (Peer Set) for the lease of airport property and airport-related services to aeronautical users while establishing any approved non-aeronautical use of the Airport at fair market value. The Airport's landing fee is calibrated to balance operating and capital budgets after cross-crediting other airport revenues and any reserves.

## 2.0 Market-Based Rate Survey

A market-based survey of rates and charges was conducted on a Peer Set of fifteen comparable airports, including Sedona. Three hundred and fifty-two (352) publicly owned, public use airports in Arizona and surrounding states were evaluated to select the airports most similar to SEZ for inclusion in the Peer Set.

Seven criteria were used in the evaluation: NPIAS role, number of based aircraft, TFMSC C-II operations, Air Traffic Control Tower (ATCT), and Instrument Landing System (ILS) facilities, acres of land, and distance from SEZ. Data was acquired from the FAA Form 5010-1 Airport Master Record database. The Traffic Flow Management System Count (TFMSC) operations for Airport Reference Code C-II aircraft or above was acquired from the FAA Aviation System Performance Metrics Web Data System.

Airport	Name	City	State	NPIAS Role	Index
<b>SEZ</b>	<b>SEDONA</b>	<b>SEDONA</b>	<b>AZ</b>	<b>Local</b>	<b>7.00</b>
E25	WICKENBURG MUNI	WICKENBURG	AZ	Basic	6.52
SAD	SAFFORD RGNL	SAFFORD	AZ	Local	6.52
GUP	GALLUP MUNI	GALLUP	NM	Local	6.50
HII	LAKE HAVASU CITY	LAKE HAVASU CITY	AZ	Regional	6.49
OKB	BOB MAXWELL MEML AIRFIELD	OCEANSIDE	CA	Local	6.48
OLS	NOGALES INTL	NOGALES	AZ	Local	6.47
PSO	STEVENS FLD	PAGOSA SPRINGS	CO	Local	6.46
MZJ	PINAL AIRPARK	MARANA	AZ	Local	6.45
AVQ	MARANA RGNL	MARANA	AZ	Regional	6.43
SOW	SHOW LOW RGNL	SHOW LOW	AZ	Regional	6.43
DNA	DONA ANA COUNTY	SANTA TERESA	NM	Regional	6.33
SKX	TAOS RGNL	TAOS	NM	Regional	6.27
TVL	LAKE TAHOE	SOUTH LAKE TAHOE	CA	Local	6.21
SBS	STEAMBOAT SPRINGS	STEAMBOAT SPRINGS	CO	Regional	6.09
GOO	NEVADA COUNTY	GRASS VALLEY	CA	Local	6.00
IGM	KINGMAN	KINGMAN	AZ	Local	5.95
PRC	PRESCOTT RGNL	PRESCOTT	AZ	Non-hub	3.38

Figure 1. SEZ Airport Peer Set.

All airports in the Peer Set were scored on the seven criteria by indexing the value for each airport minus the value for SEZ on a scale of 0 to 1 with the highest score given to airports identical to SEZ and the lowest score given to airports most dissimilar to SEZ. For instance, SEZ received a score of 1 in each of the five criteria for a total index score of 7.0. Wickenburg (E25) was the most similar airport in the region with a total index score of 6.52: NPIAS Role (0.89), based aircraft (0.95), TFMSC C-II Operations (0.81), ATCT (1.00), and ILS (1.00), acres (0.97), and distance (0.90). The ten most similar airports were included in this Peer Set (Figure 1) along with seven airports that have significant operations by government aircraft.

## 2.1 Aircraft Parking and Aeronautical Facility Rent Rates

Airports providing a paved tiedown area typically charge a nightly rate for transient aircraft and a monthly rate for based aircraft. Many airports structure parking rates in a fixed tier based on the aircraft category and weight. Sedona Airport uses the following tiered structure:

Aircraft Category	Daily	Monthly
Single-engine piston	\$20	\$100
Multi-engine piston	\$40	\$135
Turboprop (8,000 - 12,499 lbs MTOW)	\$100	\$525
Turboprop (12,500 - 18,999 lbs MTOW)	\$175	\$525
Jet (0 - 12,499 lbs MTOW)	\$100	\$525
Jet (12,500 - 18,999 lbs MTOW)	\$175	\$525
Jet (19,000+ lbs MTOW)	\$250	\$525
Helicopter piston	\$40	\$200
Helicopter turbine	\$75	\$525

Figure 2. Current Sedona Airport Tiedown Parking Rates.

The single-engine piston parking rates are within market range but above average.

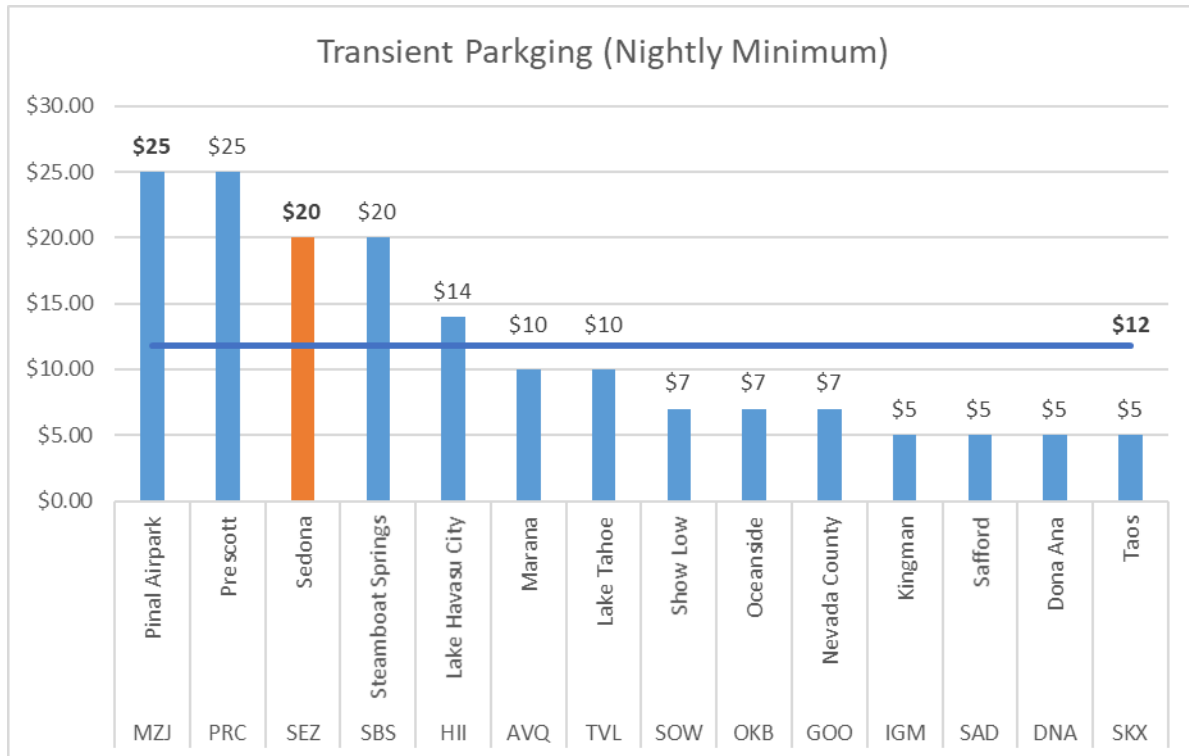


Figure 3. Peer Set Minimum Nightly Tiedown Parking Fees.

The Peer Set range of maximum monthly tiedown parking rates is considerable but SEZ is in line with the market average.

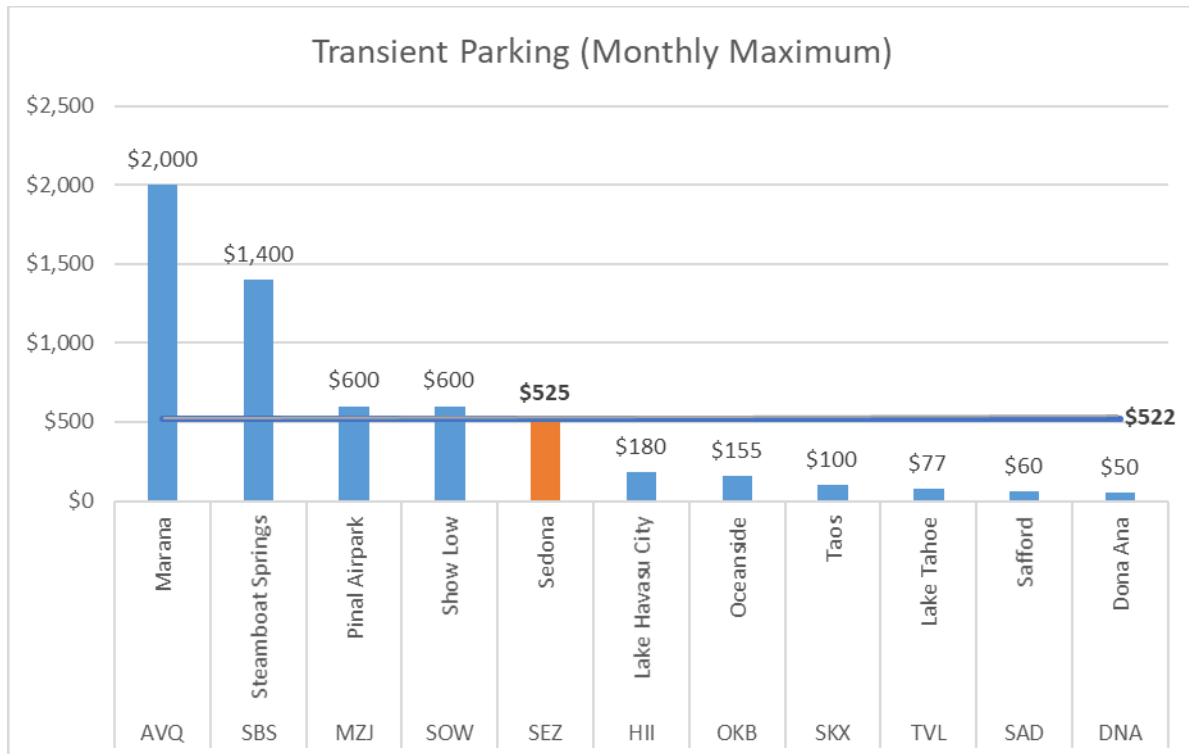


Figure 4. Peer Set Maximum Monthly Tiedown Parking Fees.

Steamboat Springs (SBS) structure and rates are the closest comparable in the Peer Set.

Aircraft Category	Daily	Monthly	Ratio
Single-engine piston	\$20	\$170	8.5
Multi-engine piston	\$60	\$600	10.0
Helicopter / Small Jet / Turbine Class 1	\$100	\$1,000	10.0
Turbine Class 2	\$120	\$1,200	10.0
Jet / Large Helicopter	\$140	\$1,400	10.0

Figure 5. Current Steamboat Springs (SBS) Tiedown Parking Rates.

This report recommends Sedona Airport adopt the following simplified, five-tier structure similar to that at SBS while retaining the existing daily tiedown parking rates at SEZ. The two top tier daily rates are above those collected by SBS but are offset by a lower monthly rate established at a ratio five times the daily rate.

Aircraft Category	Daily	Monthly
Piston: Single-engine	\$20	\$100
Piston: Multi-engine or Helicopter	\$40	\$200
Turbine: 8,000 - 12,499 lbs MTOW or Helicopter	\$100	\$500
Turbine: 12,500 - 18,999 lbs MTOW	\$175	\$875
Turbine: 19,000 lbs MTOW and larger	\$250	\$1,250

Figure 6. Recommended Sedona Airport Tiedown Parking Rates.

## 2.2 Ground Lease and Hangar Rent Rates

Ground lease and hangar rent rates are difficult to compare because property leases are uniquely determined based on existing improvements, access to the airfield, negotiation between parties, appraisals, and/or comparative properties. Surveying ground lease and hangar rent rates is informative, but such rates are not universally comparable from airport to airport. Ground lease rates are typically influenced by terms specified in the lease, such as required scheduled improvements over the lease term or conditions such as improvement reversion requirements at the end of the term.

Ground lease rates are often bifurcated for unimproved sites with no utilities or taxiway access and improved sites that have utilities and taxiway access. However, the most common structure in the survey was a single aeronautical ground lease rate. The rates displayed in Figure 7 are for various aeronautical sites at Peer Set airports. Note, SEZ has a low and high range for aeronautical ground rates.

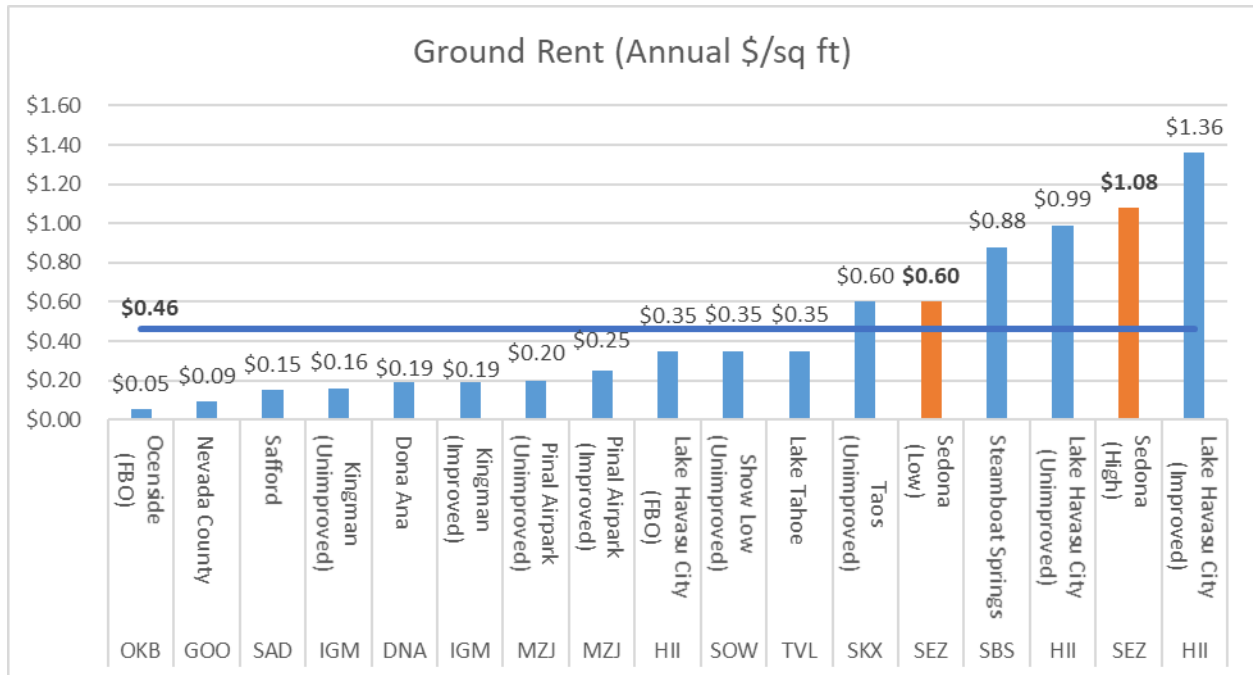


Figure 7. Ground Lease Rates (\$/sq. ft. annually).

Sedona's Aeronautical Ground Lease rates are above the market average of \$0.46 / sq. ft annually but still within the Peer Set range.

Figure 8 shows the average t-hangar rental rates at comparable airports. Sedona's airport owned t-hangar rental rates are priced above market average but still within the Peer Set range. Note, Lake Tahoe's rate of \$0.96 / sq. ft. monthly was considered an outlier from the Peer Set and excluded, reducing the average from \$0.30.

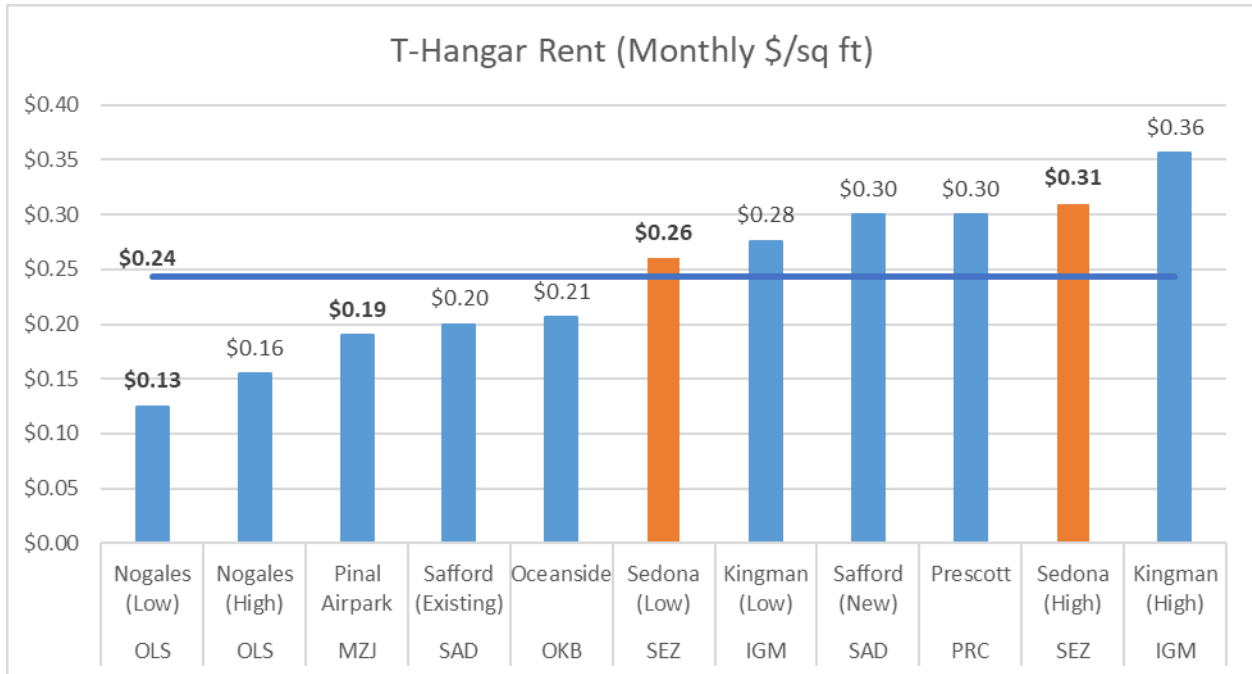


Figure 8. T-Hangar Rent Rates (\$/sq ft monthly).

### 2.3 Fuel Flowage Fee

Fuel flowage fees are a charge on fuel sales by Fixed Base Operators (FBOs) remitted to the Airport. Similar to ground lease rates, airports occasionally bifurcate fuel flowage fees for jet fuel and avgas. As SOCAA operates the sole FBO, fuel flowage fees are currently only collected on self-fueling operations. While not all airports have established self-fueling rates, those that do typically establish self-fueling higher than retail flowage fees. Figure 9 shows the jet fuel flowage fee for Peer Set airports relative to SEZ.

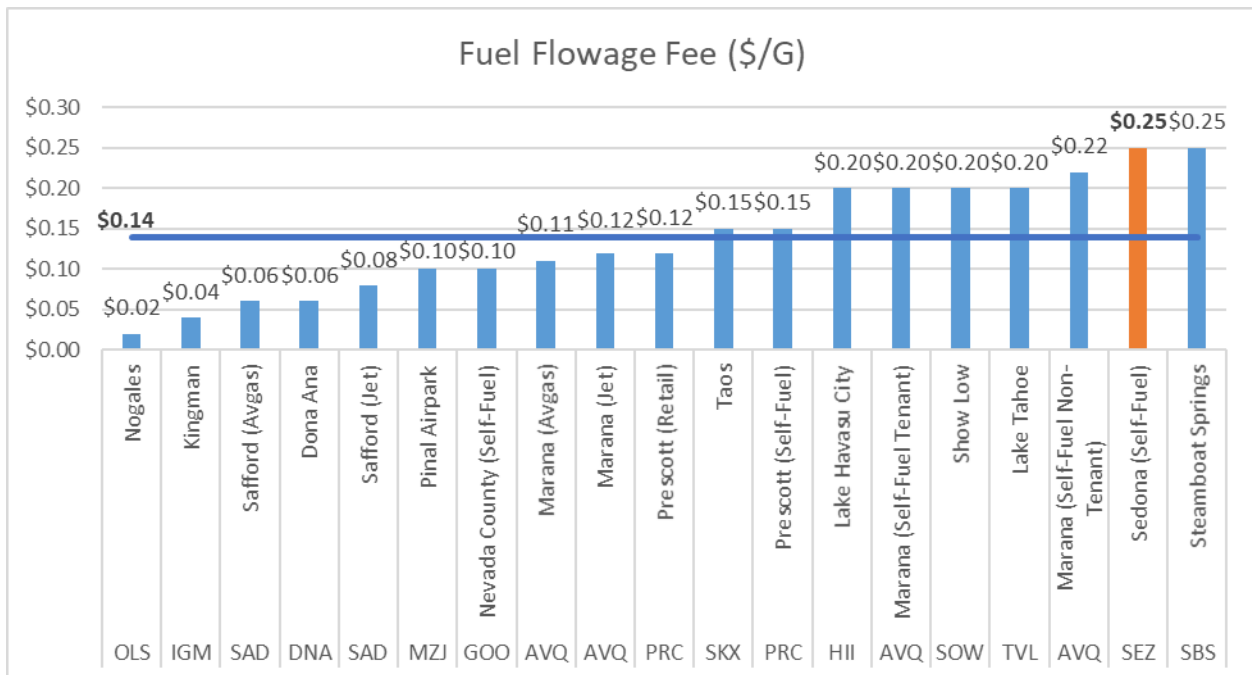


Figure 9. Jet Fuel Flowage Fee (\$/gallon).

## 2.4 Other Airport Fees and Charges

Airports in the Peer Set were selected on characteristics similar to those found at SEZ. However, many other circumstances influence the revenue-generating ability of the airport to cover capital and operating expenses toward the FAA's stated goal of self-sufficiency described in Grant Assurance 24. These circumstances influence the opportunities available to SEZ for additional revenue-generation. Thus, comparable market rates are informative in determining appropriate rates at SEZ, but market rates may reflect other budget-balancing revenue sources that are not available to the Airport.

Fees found at Peer Set airports not charged by SEZ include non-aeronautical permit fees and hangar ground lease origination / transfer fees. Non-aeronautical permit fees, such as those charged to rental car agencies or transportation network companies (TNCs) such as Uber, Lyft, and Turo are typically 10% - 12% of gross revenue or a fixed price per parking space. Additionally, the existing Commercial Aeronautical Permit Fee of 2.5% gross income could be changed to a tiered structure that collects a fixed fee at lower thresholds while maintaining the percentage fee for operators generating significant revenue.

Ground lease origination / transfer fees are typically a fixed amount, ranging from \$150 - \$1,000 among Peer Set airports, but can be 1% - 3% of the assessed or sale value. Similarly, Lake Havasu City collects a percentage of revenue for subleasing of aeronautical storage based on hangar square footage.

SEZ could add or change the following fees while remaining within the range of Peer Set market rates:

<b>Vehicular Parking Fee:</b>	<ul style="list-style-type: none"> <li>• <b>Current Fee:</b> \$10 / day or \$100 / month</li> <li>• Typically \$25-45/month, TVL: \$103/month, AVQ: \$35/day or \$312/month</li> </ul>
<b>AOA Access Fee</b>	<ul style="list-style-type: none"> <li>• <b>Current Fee:</b> only for commercial users</li> <li>• Standard \$25 annually for all users; SOW: \$60/month for commercial</li> </ul>
<b>Commercial Aeronautical Permit Fee</b>	<ul style="list-style-type: none"> <li>• <b>Current Fee:</b> 2.5% of Gross Income</li> <li>• Typically fixed fee of \$150 - \$750 annually; DNA: 2% of revenue</li> </ul>
<b>Commercial Non-Aeronautical Permit Fee</b>	<ul style="list-style-type: none"> <li>• <b>New Fee:</b> 10% of Gross Receipts</li> <li>• Ranges 10-12% or \$4.50/trip or \$50 per vehicle/month</li> </ul>
<b>Hangar Transfer Fee</b>	<ul style="list-style-type: none"> <li>• <b>New Fee:</b> 2.5% of greater sale or assessed value</li> <li>• Fixed fee of \$150-\$225, max \$1,000; 2-3% sale/assessed value is common</li> </ul>

Figure 10. Other Airport Fees.

Other fees charged at some airports, but not found in the Peer Set, include security fees and infrastructure fees. Security fees are common at commercial service airports to recover the cost of operating an Airport Security Program under 49 CFR 1542. At general aviation airports, the expense of security measures are typically recovered through an access fee which SEZ already has in place for commercial users but not hangar tenants. Historically, infrastructure fees have not been charged by airports to GA users. Some FBOs are implementing infrastructure fees to cover private capital expenditures that are not passed through to the airport. An infrastructure user fee could be an option to collect revenue from transient operators utilizing SEZ's airport operated FBO facility.



### 3.0 Landing Fee Methodology

Landing fees provide a relatively inelastic revenue source to cover shortfalls in funding from market-based rates discussed above. SEZ currently charges a fixed tier landing fee for commercial operators of turboprops (\$100 - \$175 / landing) over 8,000 lbs. maximum takeoff weight (MTOW) as well as all jet aircraft (\$100 - \$250 / landing) and turbine helicopters (\$75 / landing).

Landing fees vary widely in the Peer Set with some based on a fixed tier like SEZ but more commonly assessing a rate per 1,000 lbs. MTOW, or a hybrid of both. Lake Tahoe (TVL) is one such airport that has established the maximum of the Peer Set range at \$8 / 1,000 lbs. for all aircraft > 5,500 lb. up to 19,000 lbs., \$10 / 1,000 lbs. for aircraft 20,000 lbs. to 49,000 lbs., and \$12 / 1,000 lbs. over 50,000 lbs. MTOW.

The landed weight at SEZ for CY2024 of 69,977,000 pounds, including 49,203,000 pounds from transient aircraft, was calculated using operations observed by Virtower's ADS-B sensor at SEZ to establish the 2024 baseline. Based on the current landing fee structure, SEZ should have collected \$327,250 in landing fees for CY2024 with \$295,525 from transient aircraft. However, after waiving landing fees for fuel purchase and based aircraft, SEZ only reported \$70,275 in Commercial Landing Fees in CY2023.

As a cost recovery mechanism, landing fees can be determined by dividing expenditures, less all other airport revenues and any reserve funds, by the anticipated landed weight for the rate setting period. The ACIP provides estimated costs and timing for implementation over the 5-year planning period. Capital project expenditures assume FAA Airport Improvement Program (AIP) federal grants fund approximately 90% and ADOT state grants fund 5% of ACIP-eligible projects<sup>1</sup> (Figure 11) as well as 90% of state funded ACIP projects (Figure 12). The Sponsor participation of capital projects is approximately 5% of federally eligible projects, 10% of state funded projects, and 100% of locally funded projects (Figure 13). All Sponsor contributions are reimbursed by SOCAA under the terms of the existing lease agreement.

Year	Airport Capital Improvement Projects (ACIP) - Federal FY 2025 - 2030 (Oct 1 - Sep 30)	2024 Est. Cost	Future Value
2025	Construct - Infield/RSA Drainage Improvements (A3-A7)	\$ 3,500,000	\$ 3,640,000
2025	Design - Rehabilitate Helicopter Six-Pack	\$ 120,000	\$ 125,000
2025	Design - Establish Taxilane for Airside Development	\$ 120,000	\$ 125,000
2026	EA (Runway 3-21 RSA Improvements and Taxiway "A" Extension) & 25% Design	\$ 550,000	\$ 595,000
2026	Construct - Rehabilitate Helicopter Six-Pack	\$ 450,000	\$ 487,000
2026	Design - Equipment Storage/Maintenance Building	\$ 200,000	\$ 216,000
2027	Design - Runway 3-21 RSA Improvements and Taxiway "A" Extension	\$ 1,500,000	\$ 1,687,000
2027	Design/Construct - Replace MITL and Guidance Signs - LED	\$ 1,500,000	\$ 1,687,000
2028	Construct - Runway 3-21 RSA Improvements - Phase 1	\$ 20,000,000	\$ 23,397,000
2028	Design/Construct - Apron/Taxilane "K" and "L" Rehabilitation	\$ 1,100,000	\$ 1,287,000
2029	Construct - Runway Strengthening	\$ 5,000,000	\$ 6,083,000
2029	Construct - Taxiway "A" Extension - Phase 2	\$ 1,750,000	\$ 2,129,000
2030	Construct - Runway 3-21 RSA Improvements - Phase 3	\$ 15,000,000	\$ 18,980,000
2030	Design/Construct - Taxiway A1 Geometry Correction & Taxiway A2 Realignment	\$ 1,000,000	\$ 1,265,000

Figure 11. Federal ACIP-eligible Projects.

Year	State Funded Projects	2024 Est. Cost	Future Value
2025	Partial Reconstruction of Taxiway A between Connectors A4 & A5- Phase 2	\$ 190,000	\$ 198,000
2026	Design/Geotech - Runway Strengthening	\$ 200,000	\$ 216,000
2027	Construct - Equipment Storage/Maintenance Building	\$ 1,800,000	\$ 2,025,000
2027	Design/Construct - Taxiway "H" and "I" Extensions	\$ 850,000	\$ 956,000
2028	Forest Service Land Acquisition - Townsite Act	\$ 175,000	\$ 205,000
2029	Master Plan Update	\$ 600,000	\$ 730,000

Figure 12. State Funded Projects.

<sup>1</sup> The FAA Reauthorization Act of 2024 provides a 95% match in federal funds through FY 2026. State funding is assumed to be 2.5% during this period. For FY2027-2030, the federal share is 91.06% and the state share at 4.47%.

Year	Locally Funded Short-Term Projects	2024 Est. Cost	Future Value
2024	Add Vehicle: One Ton Dump Truck with Plow	\$ 90,000	\$ 90,000
2025	Aircraft Hangar Development (10) 50x50 units - Phase 1	\$ 8,750,000	\$ -
2025	Water System Improvements - Phase 2	\$ 2,500,000	\$ 2,600,000
2025	Add Vehicle: 8' landscape rake	\$ 11,500	\$ 12,000
2025	Hangar Roof Repair	\$ 150,000	\$ 156,000
2026	Water System Improvements - Phase 3	\$ 2,500,000	\$ 2,704,000
2026	Replace Rotating Beacon	\$ 15,000	\$ 16,000
2026	Install New Taxilane M (Construction Phase)	\$ 400,000	\$ 433,000
2027	Aircraft Hangar Development (10) 50x50 units - Phase 2	\$ 8,750,000	\$ 9,843,000
2027	Replace 72" Bobcat Mower	\$ 26,000	\$ 29,000
2029	Expand Terminal Building Parking/Ad EV Charging Station	\$ 210,000	\$ 255,000
2031	Design/Construct - Executive Hangar Facility	\$ 1,186,000	\$ 1,561,000
2031	Design/Construct - T-Hangar Facilities	\$ 5,385,000	\$ 7,086,000

Figure 13. Locally Funded Projects.

Expenses<sup>2</sup> were forecasted by calculating the future value of the FY2023<sup>3</sup> expenses for the Airport operating fund at a 3% annual growth rate. Operating revenues were forecast based on growth in aircraft operations projected in the Airport Master Plan at 2.2% annually. Landing fees for the period January 1, 2024 through December 31, 2024 were estimated using operations observed by Virtower's ADS-B sensor at SEZ to establish the 2024 baseline.

The General Aviation Landing Fee is calculated using the methodology as set forth in Table A.

EXPENSE CATEGORY	LINE ITEM
Operations and Maintenance Expense	A
Operations and Maintenance Reserve Charge	B
Capital Improvement Plan Expenditures	C
Capital Improvement Plan Reserve Charge	D
AIRPORT TOTAL REQUIREMENT	E = A + B + C + D
Less Credits to Airport Total Requirement	F
AIRPORT NET REQUIREMENT	G = E – F
Total Landed Weight	H
General Aviation Landing Fee (per 1,000 lbs)	I = G / H

Line Item A. Operation and Maintenance Expenditures. This line item is the Airport's costs for the operation, maintenance, and repair of the Airport including salaries and employee benefits, utility costs, ordinary maintenance, direct and indirect administrative and general expenses listed in the annual operating budget of the Airport Revenue Fund for the rate setting period.

Line Item B. Operation and Maintenance Reserve. This line item is an amount equal to one fifth (1/5) of the annual budget for Operation and Maintenance Expenses for the rate setting period.

Line Item C. Capital Improvement Plan Expenditures. This line item includes the sponsor's participation of federal, state, and locally funded capital projects and other capital expenditures attributable to the airport cost center.

Line Item D. Capital Improvement Plan Reserve Charge. This line item includes financing and contingencies that ensure airport self-sufficiency and a positive cashflow in future rate setting periods. The Capital Improvement Plan Reserve Charge is the Sponsor's CIP Participation of Uncompleted Projects divided by the number of current and future rate

<sup>2</sup> Non-aeronautical expenses are included. Non-aeronautical revenues exceed expenses and therefore do not require separation from aeronautical revenues and expenses.

<sup>3</sup> FY2024 financial statements are not expected to be finalized until audited in late April 2025.

setting periods in the CIP. The Sponsor's CIP Participation of Uncompleted Projects means the total capital expense of uncompleted CIP projects less projected capital revenues from federal and state grant sources for future rate setting periods in the CIP.

- Line Item E. Airport Total Requirement. This line item is the sum of the following line items: Operation and Maintenance Expenditures, Operation and Maintenance Reserve Charge, Capital Improvement Plan Expenditures, and Capital Improvement Plan Reserve Charge.
- Line Item F. Credits to Airport Total Requirement. This line item identifies the credits to the Airport Total Requirement which include other airport revenues and the prior period ending balance of the Airport Revenue Fund, if any. The Airport Revenue Fund is a reserve fund to facilitate financing and cover contingencies. Any surplus revenue from the airport cost center will be transferred to the Airport Revenue Fund at the end of the fiscal year.
- Line Item G. Airport Net Requirement. This line item is the Airport Total Requirement less Credits to the Airport Total Requirement.
- Line Item H. Total Landed Weight is the sum of the Maximum Take Off Weight (MTOW) rounded up to the next highest 1,000 pound interval of each transient aircraft landing at the Airport with a MTOW of 8,000 pounds or more. For aircraft with a MTOW of less than 8,000 pounds, the landed weight is calculated as 1,000 pounds.
- Line Item I. General Aviation Landing Fee. Airport Net Requirement divided by Total Landed Weight.

The General Aviation Landing Fee is calculated so the Airport Capital Improvement Fund is not negative or more than the Airport Sponsor's Participation of Uncompleted Projects during the rate setting period.

## 4.0 Conclusion

Sedona Airport is entering a sustained, capital intensive period of facility redevelopment with a substantial reserve to finance construction projects. Through 2030, the Airport is planning to fund \$72.3M in capital projects requiring \$9.4M in Sponsor contributions. The proposed Aeronautical Fee Schedule in Exhibit A would maintain a 35% average of Uncompleted Projects Funding in Reserve over the planning period. The reserve balance is forecast to remain above 15% during the planning period and end with 87% of the funding needed for Airport-developed hangars in 2031.

This analysis assumes SOCAA will pursue airport-funded hangar development when the reserve balance is sufficient to finance the projected capital costs. When funding is insufficient, the Airport may choose to either defer the non-critical project or conduct a Request for Proposal (RFP) for private development of hangars on airport-leased ground. An airport-funded hangar development requires more up-front investment but provides a higher return on investment over the lifespan of the project from hangar rental revenues. A private hangar development requires less upfront investment, dependent on the existing site conditions, but the airport only receives ground rent revenue. Reversionary ground leases for private hangar developments are a common method for the airport to realize hangar rent revenues after the initial ground lease term has expired and the private developer has recovered their initial investment.

Implementing a Hangar Ground Lease Origination / Transfer fee provides the Airport an opportunity to capture additional revenue on the initial sale and subsequent transfer of private hangars on airport leased ground. Similarly, collecting a Commercial Non-Aeronautical Recovery fee for off-airport operators enables the Airport to capture a percentage of gross receipts generated from activity at the airport. SOCAA should also ensure that all commercial operations are equally assessed the established Commercial Aeronautical Recovery fee so as to not discriminate against or exempt any Specialized Aeronautical Service Operator.

Only one other airport in the Peer Set allows for the waiver of landing fees with a minimum fuel purchase. Data was not available to determine the value of waived landing fees relative to fuel purchase revenue. However, SOCAA should explore means to increase the landing fee collection rate, such as contracting collection to a third-party. These third-party firms charge a percentage of gross receipts fee similar to what is customarily provided to FBOs for the collection of landing fees by a private operator.

It is recommended that the Airport establish a consistent methodology for monthly aircraft tiedown rates relative to overnight parking rates in line with Peer Set airports. Further, the airport charges, but has not established, a rate for daily exclusive use of aeronautical facilities. The rate for exclusive use of the West Ramp of \$0.02 / sq. ft. per day was calculated proportional to the square footage of ramp leased for the number of tiedown parking spaces displaced at the rate of \$100 / night representing the largest aircraft category (Turbine: 8,000 – 12,499 lbs. MTOW) accommodated in the 45' parking space. The rate of \$0.01 / sq. ft. per day for exclusive use of the six-pack and heavy helipad was calculated proportional to the square footage of aeronautical facilities leased for the number of helipads displaced at the rate of \$500 / month representing the largest aircraft category (Turbine: Helicopter) accommodated by the 1,600 sq. ft. helipad over the 40,000 sq. ft. six-pack and 10,000 sq. ft. heavy helipad.

The following options are suggested to meet capital development funding needs at SEZ:

7. Defer non-critical Airport-funded hangar development projects or conduct a Request for Proposal (RFP) for near-term private development of hangars,
8. Establish a Hangar Ground Lease Origination / Transfer fee,
9. Establish a Commercial Non-Aeronautical Recovery fee for off-airport operators,
10. Remove landing fee waivers for transient operators,
11. Explore contracting landing fee collection to a third-party agency, and
12. Standardize monthly Aircraft Parking rates at five times the nightly rate and establish a daily rate for exclusive use of aeronautical facilities based on proportional use.

**EXHIBIT A – AERONAUTICAL FEE SCHEDULE (effective July 1, 2025)**

<b>SERVICE</b>	<b>FEE</b>
<b>Aircraft Parking</b> – Piston: Single-Engine Piston	\$20 / night or \$100 / month, whichever is less
<b>Aircraft Parking</b> – Piston: Multi-Engine or Helicopter	\$40 / night or \$200 / month, whichever is less
<b>Aircraft Parking</b> – Turbine: up to 12,500 lbs. MTOW or Helicopter	\$100 / night or \$500 / month, whichever is less
<b>Aircraft Parking</b> – Turbine: 12,500 up to 19,000 lbs. MTOW	\$175 / night or \$875 / month, whichever is less
<b>Aircraft Parking</b> – Turbine: 19,000 lbs. MTOW and over	\$250 / night or \$1,250 / month, whichever is less
<b>Aircraft Parking</b> – West Ramp (exclusive use)	\$0.02 / sq. ft. per day
<b>Airport Terminal Parking</b>	\$10 / night or \$100 / month, whichever is less
<b>Commercial Aeronautical Airport Recovery Fee</b> (Gross Income > \$100,000)	2.5% of Gross Income
<b>Commercial Non-Aeronautical Airport Recovery Fee</b> (Rental Car / Transportation Network Company)	2.5% of Gross Income with Airport Facility lease 10% of Gross Income for off-airport operators
<b>Fuel Flowage Fee</b>	\$0.25 per gallon
<b>Hangar Ground Lease</b> – Executive (entered into after effective date)	\$120 plus \$0.72 / sq. ft. per year with Annual CPI
<b>Hangar Ground Lease</b> – Privately Owned (entered into after effective date)	\$240 plus \$1.08 / sq. ft. per year with Annual CPI
<b>Hangar Rental Rate</b> – Airport Owned	\$20 plus \$0.31 / sq. ft. per month with Annual CPI
<b>Hangar Wait List</b>	\$50 (applied to deposit)
<b>Helipad Rental Rate</b> – Six Pack (exclusive use)	\$0.01 / sq. ft. per day
<b>Helipad Rental Rate</b> – Heavy (exclusive use)	\$0.01 / sq. ft. per day
<b>Landing Fee</b> (Transient* Rotary Wing) 3,000 lbs. MTOW and over	\$75
<b>Landing Fees</b> (Transient* Fixed Wing) 8,000 lbs. up to 12,500 lbs. MTOW	\$100
<b>Landing Fees</b> (Transient* Fixed Wing) 12,500 lbs. up to 19,000 lbs. MTOW	\$175
<b>Landing Fees</b> (Transient* Fixed Wing) 19,000 lbs. MTOW and over	\$250
<b>Lease Origination / Transfer Fee</b>	2.5% of the greater of assessed or sale value

\* Any aircraft not recognized by Sedona Airport as currently based in a hangar or tiedown at the Sedona Airport is considered a transient aircraft.

**EXHIBIT B – PRO FORMA FINANCIAL ANALYSIS**

Fiscal Year (January 1 - December 31)		Base Year		Forecasted						
		2023	2024	2025	2026	2027	2028	2029	2030	2031
Operations Growth Rate	2.2%									
Operating Expense Escalation Rate	3.0%									
Capital Expense Escalation Rate	4.0%									
Operations and Maintenance Expense		\$ 2,241,666	\$ 2,308,916	\$ 2,378,184	\$ 2,449,529	\$ 2,523,015	\$ 2,598,706	\$ 2,676,667	\$ 2,756,967	
Operations and Maintenance Reserve Charge		\$ 448,333	\$ 461,783	\$ 475,637	\$ 489,906	\$ 504,603	\$ 519,741	\$ 535,333	\$ 551,393	
Capital Project Expenditures		\$ -	\$ 2,979,050	\$ 3,207,050	\$ 477,918	\$ 1,123,875	\$ 695,076	\$ 904,952	\$ 8,647,000	
Capital Improvement Plan Reserve Charge		\$ -	\$ 2,150,839	\$ 1,974,803	\$ 2,274,181	\$ 2,561,757	\$ 3,183,984	\$ 4,323,500	\$ -	
Airport Total Requirement		\$ 2,690,000	\$ 7,900,588	\$ 8,035,674	\$ 5,691,533	\$ 6,713,250	\$ 6,997,507	\$ 8,440,452	\$ 11,955,360	
Less Credits to Airport Total Requirement		\$ 1,780,922	\$ 5,643,759	\$ 4,658,747	\$ 3,635,089	\$ 5,379,482	\$ 6,517,418	\$ 8,124,241	\$ 9,561,870	
AIRPORT NET REQUIREMENT BEFORE LANDING FEES		\$ 909,078	\$ 2,256,829	\$ 3,376,927	\$ 2,056,444	\$ 1,333,768	\$ 480,089	\$ 316,210	\$ 2,393,490	

**AIRPORT OPERATING FUND**

**Fuel & Oil Revenues**

Fuel and Oil Sales	\$2,853,697	\$2,916,478	\$2,980,641	\$3,046,215	\$3,113,232	\$3,181,723	\$3,251,721	\$3,323,259	\$3,396,370
Fuel and Oil Cost of Goods Sold	\$1,642,608	\$1,678,745	\$1,715,678	\$1,753,423	\$1,791,998	\$1,831,422	\$1,871,713	\$1,912,891	\$1,954,975
<b>Fuel and Oil Gross Profit</b>	<b>\$1,211,089</b>	<b>\$1,237,733</b>	<b>\$1,264,963</b>	<b>\$1,292,792</b>	<b>\$1,321,234</b>	<b>\$1,350,301</b>	<b>\$1,380,007</b>	<b>\$1,410,368</b>	<b>\$1,441,396</b>

**Airport Aeronautical**

Aircraft Services	\$60,719	\$62,055	\$63,420	\$64,815	\$66,241	\$67,699	\$69,188	\$70,710	\$72,266
Landing Fees	\$70,275	\$71,821	\$151,013	\$308,671	\$315,462	\$322,402	\$329,495	\$336,744	\$344,152
Aircraft Parking & Tiedowns	\$156,860	\$160,311	\$163,838	\$167,442	\$171,126	\$174,891	\$178,738	\$182,671	\$186,689
Administrative Receipts	\$12,102	\$12,368	\$12,640	\$12,918	\$13,203	\$13,493	\$13,790	\$14,093	\$14,403
Vehicle Parking - Terminal	\$7,220	\$7,379	\$7,541	\$7,707	\$7,877	\$8,050	\$8,227	\$8,408	\$8,593
Rental Income	\$1,285,923	\$1,314,213	\$1,343,126	\$1,372,675	\$1,402,874	\$1,433,737	\$1,465,279	\$1,497,515	\$1,530,461
Surcharges	\$29,057	\$29,696	\$30,350	\$31,017	\$31,700	\$32,397	\$33,110	\$33,838	\$34,583
<b>TOTAL AIRPORT AERONAUTICAL REVENUES</b>	<b>\$1,622,156</b>	<b>\$1,657,843</b>	<b>\$1,771,928</b>	<b>\$1,965,246</b>	<b>\$2,008,482</b>	<b>\$2,052,668</b>	<b>\$2,097,827</b>	<b>\$2,143,979</b>	<b>\$2,191,147</b>
LESS AIRPORT OPERATING EXPENSES	\$2,176,375	\$2,241,666	\$2,308,916	\$2,378,184	\$2,449,529	\$2,523,015	\$2,598,706	\$2,676,667	\$2,756,967
<b>AIRPORT AERONAUTICAL GROSS PROFIT</b>	<b>-\$554,219</b>	<b>-\$583,823</b>	<b>-\$536,988</b>	<b>-\$412,938</b>	<b>-\$441,048</b>	<b>-\$470,347</b>	<b>-\$500,879</b>	<b>-\$532,688</b>	<b>-\$565,820</b>

**Airport Non-Aeronautical**

Overlook Revenues & Donations	\$431,553	\$444,500	\$457,835	\$471,570	\$485,717	\$500,288	\$515,297	\$530,756	\$546,678
Overlook Parking Expenses (743)	\$26,246	\$27,033	\$27,844	\$28,680	\$29,540	\$30,426	\$31,339	\$32,279	\$33,248
<b>AIRPORT NON-AERONAUTICAL GROSS PROFIT</b>	<b>\$405,307</b>	<b>\$417,466</b>	<b>\$429,990</b>	<b>\$442,890</b>	<b>\$456,177</b>	<b>\$469,862</b>	<b>\$483,958</b>	<b>\$498,476</b>	<b>\$513,431</b>

**Airport Non-Operating**

Non-Operating Income	\$1,404,305	\$1,446,434	\$1,489,827	\$1,534,522	\$1,580,558	\$1,627,974	\$1,676,814	\$1,727,118	\$1,778,932
Non-Operating Expense	\$645,697	\$665,068	\$685,020	\$705,571	\$726,738	\$748,540	\$770,996	\$794,126	\$817,950
<b>TOTAL NON-OPERATING</b>	<b>\$758,608</b>	<b>\$781,366</b>	<b>\$804,807</b>	<b>\$828,951</b>	<b>\$853,820</b>	<b>\$879,435</b>	<b>\$905,818</b>	<b>\$932,992</b>	<b>\$960,982</b>

**TOTAL AIRPORT OPERATING PROFIT**

	\$1,820,785	\$1,852,743	\$1,962,772	\$2,151,696	\$2,190,183	\$2,229,250	\$2,268,904	\$2,309,149	\$2,349,988
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**Airport Capital Improvement Fund - Ending Balance**

	\$ 3,832,000	\$ 2,815,722	\$ 1,760,368	\$ 3,472,633	\$ 4,578,009	\$ 6,151,837	\$ 7,556,034	\$ 1,259,022
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**Airport Capital Improvement Fund**

**Airport Capital Improvement Fund - Revenues**

Federal Grants (90% of Federal ACIP projects only)	\$ -	\$ 3,695,500	\$ 1,233,100	\$ 3,072,364	\$ 22,477,250	\$ 7,477,847	\$ 18,435,097	\$ -
State Grants (5% of Federal ACIP and 90% of State Funded ACIP projects)	\$ -	\$ 275,450	\$ 226,850	\$ 2,833,718	\$ 1,287,875	\$ 1,024,076	\$ 904,952	\$ -
<b>TOTAL CAPITAL REVENUE</b>	<b>\$ -</b>	<b>\$ 3,970,950</b>	<b>\$ 1,459,950</b>	<b>\$ 5,906,082</b>	<b>\$ 23,765,125</b>	<b>\$ 8,501,924</b>	<b>\$ 19,340,049</b>	<b>\$ -</b>

**Airport Capital Improvement Fund - Expenses**

TOTAL CAPITAL EXPENSES (See ACIP Below)	\$ 72,332,000	\$ 6,950,000	\$ 4,667,000	\$ 6,384,000	\$ 24,889,000	\$ 9,197,000	\$ 20,245,000	\$ 8,647,000
Sponsor Participation of Capital Projects	\$ 9,387,921	\$ 2,979,050	\$ 3,207,050	\$ 477,918	\$ 1,123,875	\$ 695,076	\$ 904,952	\$ 8,647,000
<b>Sponsor Participation of Uncompleted Projects</b>	<b>\$ 18,034,921</b>	<b>\$ 15,055,871</b>	<b>\$ 11,848,821</b>	<b>\$ 11,370,903</b>	<b>\$ 10,247,028</b>	<b>\$ 9,551,952</b>	<b>\$ 8,647,000</b>	<b>\$ -</b>
<b>Percentage of Uncompleted Projects Funding in Reserve</b>	<b>21%</b>	<b>19%</b>	<b>15%</b>	<b>31%</b>	<b>45%</b>	<b>64%</b>	<b>87%</b>	

<b>Airport Capital Improvement Projects (ACIP) - Federal FY 2025 - 2030 (Oct 1 - Sep 30)</b>	<b>Future Value</b>	<b>2024 Est. Cost</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>
2025 Construct - Infield/RSA Drainage Improvements (A3-A7)	\$ 3,640,000	\$ 3,500,000	\$ 3,640,000						
2025 Design - Rehabilitate Helicopter Six-Pack	\$ 125,000	\$ 120,000	\$ 125,000						
2025 Design -Establish Taxilane for Airside Development	\$ 125,000	\$ 120,000	\$ 125,000						
2026 EA (Runway 3-21 RSA Improvements and Taxiway "A" Extension) & 25% Design	\$ 595,000	\$ 550,000		\$ 595,000					
2026 Construct - Rehabilitate Helicopter Six-Pack	\$ 487,000	\$ 450,000		\$ 487,000					
2026 Design - Equipment Storage/Maintenance Building	\$ 216,000	\$ 200,000		\$ 216,000					
2027 Design - Runway 3-21 RSA Improvements and Taxiway "A" Extension	\$ 1,687,000	\$ 1,500,000			\$ 1,687,000				
2027 Design/Construct - Replace MITL and Guidance Signs - LED	\$ 1,687,000	\$ 1,500,000			\$ 1,687,000				
2028 Construct - Runway 3-21 RSA Improvements - Phase 1	\$ 23,397,000	\$ 20,000,000				\$ 23,397,000			
2028 Design/Construct - Apron/Taxilane "K" and "L" Rehabilitation	\$ 1,287,000	\$ 1,100,000				\$ 1,287,000			
2029 Construct - Runway Strengthening	\$ 6,083,000	\$ 5,000,000					\$ 6,083,000		
2029 Construct - Taxiway "A" Extension - Phase 2	\$ 2,129,000	\$ 1,750,000					\$ 2,129,000		
2030 Construct - Runway 3-21 RSA Improvements - Phase 3	\$ 18,980,000	\$ 15,000,000						\$ 18,980,000	
2030 Design/Construct - Taxiway A1 Geometry Correction & Taxiway A2 Realignment	\$ 1,265,000	\$ 1,000,000						\$ 1,265,000	
<b>State Funded Projects</b>									
2023 Partial Reconstruction of Taxiway A between Connectors A4 & A5 - Phase 1	\$ 144,000	\$ 150,000							
2025 Partial Reconstruction of Taxiway A between Connectors A4 & A5- Phase 2	\$ 198,000	\$ 190,000	\$ 198,000						
2026 Design/Geotech - Runway Strengthening	\$ 216,000	\$ 200,000		\$ 216,000					
2027 Construct - Equipment Storage/Maintenance Building	\$ 2,025,000	\$ 1,800,000			\$ 2,025,000				
2027 Design/Construct - Taxiway "H" and "I" Extensions	\$ 956,000	\$ 850,000			\$ 956,000				
2028 Forest Service Land Acquisition - Townsite Act	\$ 205,000	\$ 175,000				\$ 205,000			
2029 Master Plan Update	\$ 730,000	\$ 600,000					\$ 730,000		
<b>Locally Funded Short-Term Projects</b>									
2025 Add Vehicle: One Ton Dump Truck with Plow	\$ 94,000	\$ 90,000	\$ 94,000						
2025 Aircraft Hangar Development (10) 50x50 units - Phase 1	\$ -	\$ 8,750,000	\$ -						
2025 Water System Improvements - Phase 2	\$ 2,600,000	\$ 2,500,000	\$ 2,600,000						
2025 Add Vehicle: 8' landscape rake	\$ 12,000	\$ 11,500	\$ 12,000						
2025 Hangar Roof Repair	\$ 156,000	\$ 150,000	\$ 156,000						
2026 Water System Improvements - Phase 3	\$ 2,704,000	\$ 2,500,000		\$ 2,704,000					
2026 Replace Rotating Beacon	\$ 16,000	\$ 15,000		\$ 16,000					
2026 Install New Taxilane M (Construction Phase)	\$ 433,000	\$ 400,000		\$ 433,000					
2027 Aircraft Hangar Development (10) 50x50 units - Phase 2	\$ -	\$ 8,750,000			\$ -				
2027 Replace 72" Bobcat Mower	\$ 29,000	\$ 26,000			\$ 29,000				
2029 Expand Terminal Building Parking/Ad EV Charging Station	\$ 255,000	\$ 210,000					\$ 255,000		
2031 Design/Construct - Executive Hangar Facility	\$ 1,561,000	\$ 1,186,000						\$ 1,561,000	
2031 Design/Construct - T-Hangar Facilities	\$ 7,086,000	\$ 5,385,000						\$ 7,086,000	