

Addison Airport

4th Quarter Update – Fiscal Year 2022

November 8, 2022

The logo for Addison Airport, featuring the word "ADDISON" in blue capital letters inside a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes a grey triangle pointing towards the top right corner.

ADDISON

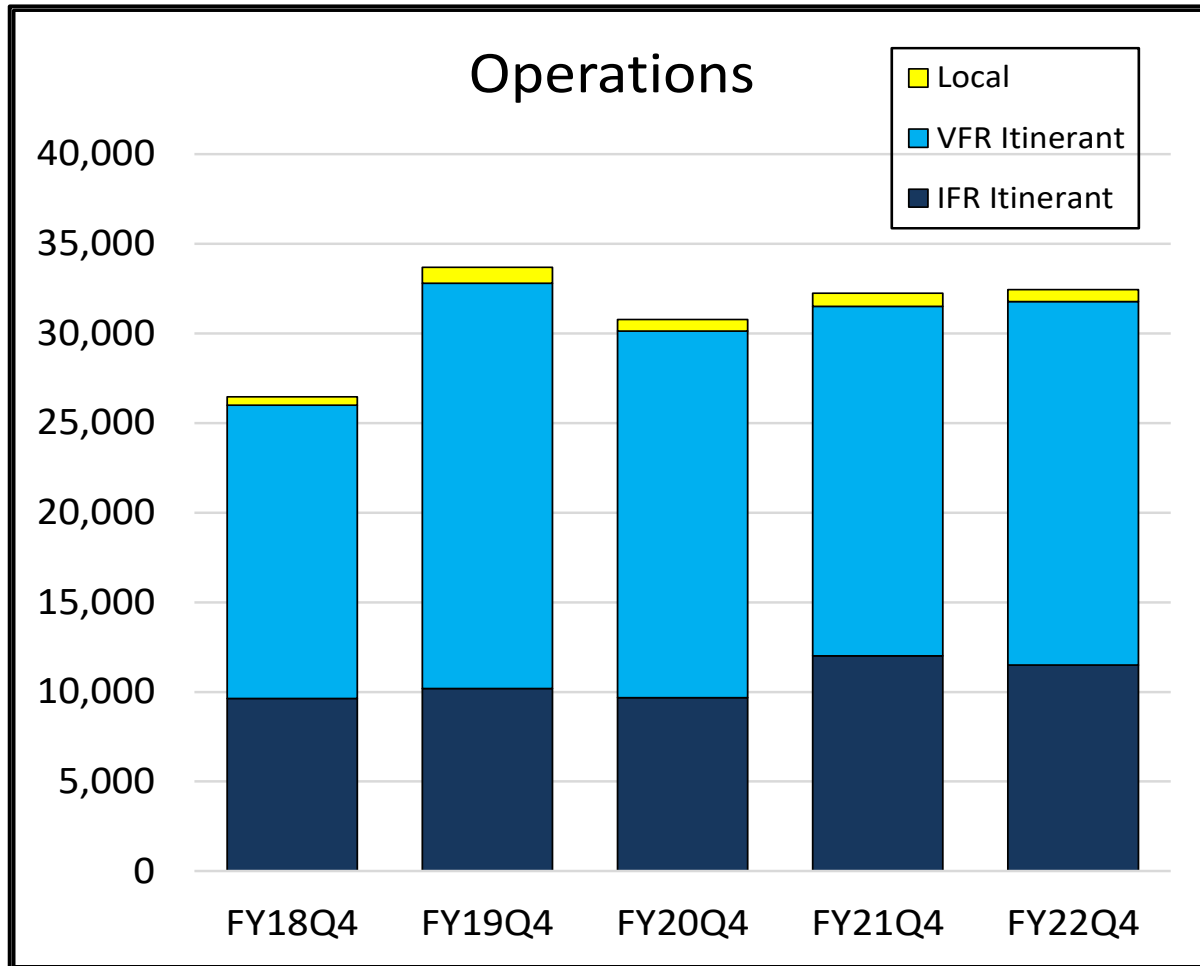
Addison Airport Quarterly Update – Overview

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- **Statistics: FY22 Q4**
 - Aircraft Operations
 - International Operations
 - Fuel Flowage
 - Revenue
 - Real Estate Portfolio
- **FY22 Full Year Results**
- **Projects and Progress**



FY22 Q4 Statistics – Aircraft Operations



Definitions

- An **Aircraft Operation** is either a takeoff or a landing
- **Local Operations** are typically aircraft remaining in the local traffic pattern
- **Itinerant Operations** are aircraft that arrive from outside the airport area or depart and leave the airport area
- VFR is “**Visual Flight Rules**” (looking out the windows)
- IFR is “**Instrument Flight Rules**” (relying on the flight instruments)

FY22 Q4 Statistics – Aircraft Operations (con't.)

Instrument (IFR) Operations

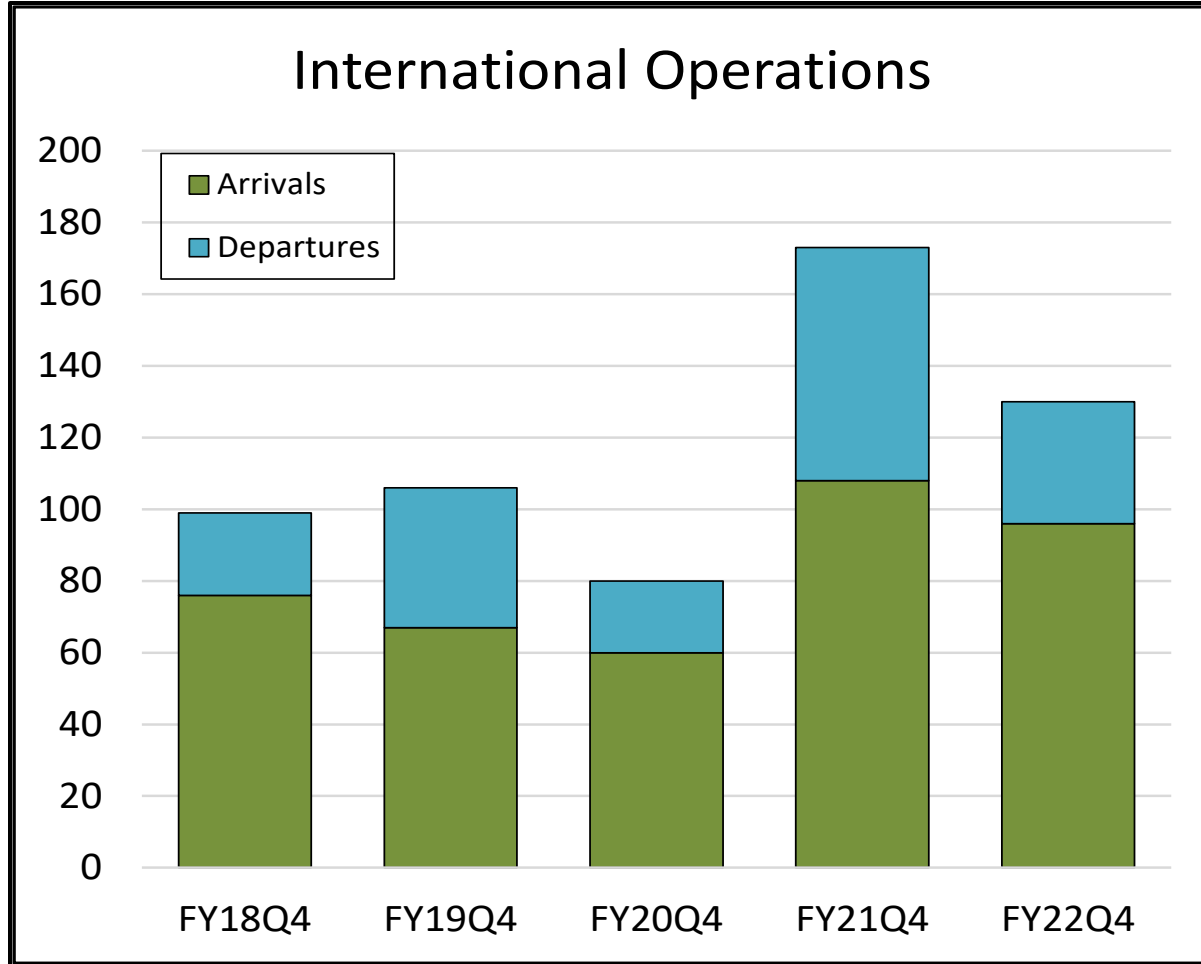
- Down 4.2% from Q4 of FY21
- Up 18.9% over Q4 of FY20

Total Operations

- Up 0.6% over Q4 of FY21
- Up 5.4% over Q4 of FY20

		OPERATIONS			
		IFR Itin	VFR Itin	Local	TOTAL
FY18 Q4	Jul-18	2,829	6,017	104	8,950
	Aug-18	3,165	6,586	142	9,893
	Sep-18	3,635	3,769	213	7,617
TOTAL		9,629	16,372	459	26,460
FY19 Q4	Jul-19	2,998	7,794	334	11,126
	Aug-19	3,322	7,641	256	11,219
	Sep-19	3,860	7,173	317	11,350
TOTAL		10,180	22,608	907	33,695
FY20 Q4	Jul-20	3,291	6,990	105	10,386
	Aug-20	3,002	7,777	231	11,010
	Sep-20	3,384	5,675	323	9,382
TOTAL		9,677	20,442	659	30,778
FY21 Q4	Jul-21	3,991	6,689	287	10,967
	Aug-21	3,810	6,257	200	10,267
	Sep-21	4,209	6,557	242	11,008
TOTAL		12,010	19,503	729	32,242
FY22 Q4	Jul-22	3,451	6,853	166	10,470
	Aug-22	4,008	6,069	295	10,372
	Sep-22	4,043	7,344	206	11,593
TOTAL		11,502	20,266	667	32,435

FY22 Q4 Statistics – International Operations



International operations are reported monthly to the airport by the CBP Officer assigned to Addison.

Not all aircraft are required to file notice with the CBP Officer at the departure airport for international departures, so the international departure counts provided to Addison by CBP are undercounts.

International Arrivals

- Down 11.1% from Q4 FY21
- Up 60.0% over Q4 FY20

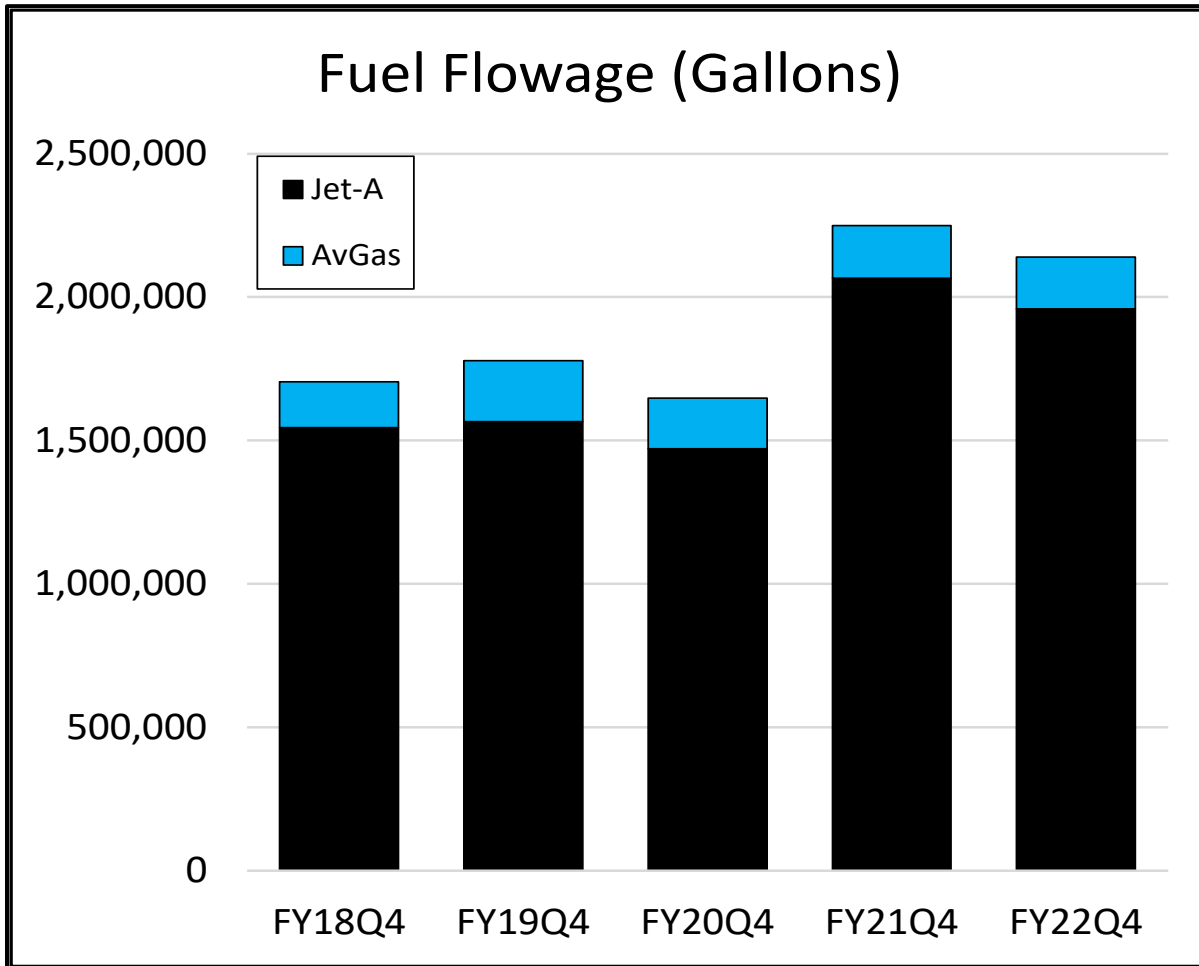
International Departures*

- Down 47.7% from Q4 of FY21
- Up 70.0% over Q4 of FY20

* As noted on the previous slide, international departures are undercounted because certain types of operations are not required to file with CBP at the departure airport (although they are still required to file with CBP).

		International Operations		
		arrivals	departures	TOTAL
FY18 Q4	Jul-18	31	14	45
	Aug-18	22	3	25
	Sep-18	23	6	29
TOTAL		76	23	99
FY19 Q4	Jul-19	21	15	36
	Aug-19	25	12	37
	Sep-19	21	12	33
TOTAL		67	39	106
FY20 Q4	Jul-20	15	6	21
	Aug-20	21	8	29
	Sep-20	24	6	30
TOTAL		60	20	80
FY21 Q4	Jul-21	39	26	65
	Aug-21	39	24	63
	Sep-21	30	15	45
TOTAL		108	65	173
FY22 Q4	Jul-22	42	17	59
	Aug-22	26	11	37
	Sep-22	28	6	34
TOTAL		96	34	130

FY22 Q4 Statistics – Fuel Flowage



Jet-A is the aviation fuel commonly used in the United States for most jet and turbo-prop aircraft.

AvGas – 100 octane Low Lead Aviation Gasoline – is the most widely used aviation fuel for piston-engine aircraft.

The airport collects flowage fees on aviation fuels delivered into the airport's bulk fuel storage facility:

- **FBOs** pay a fuel flowage fee of **\$0.14/gallon** received (for both Jet-A and AvGas).
- **'Non-public'** fuelers pay a fuel flowage fee of **\$0.22/gallon** received.

FY22 Q4 Statistics – Fuel Flowage

Jet-A

- Down 5.1% from Q4 FY21
- Up 33.2% over Q4 FY20

AvGas

- Down 2.2% from Q4 of FY21
- Up 1.9% over Q4 of FY20

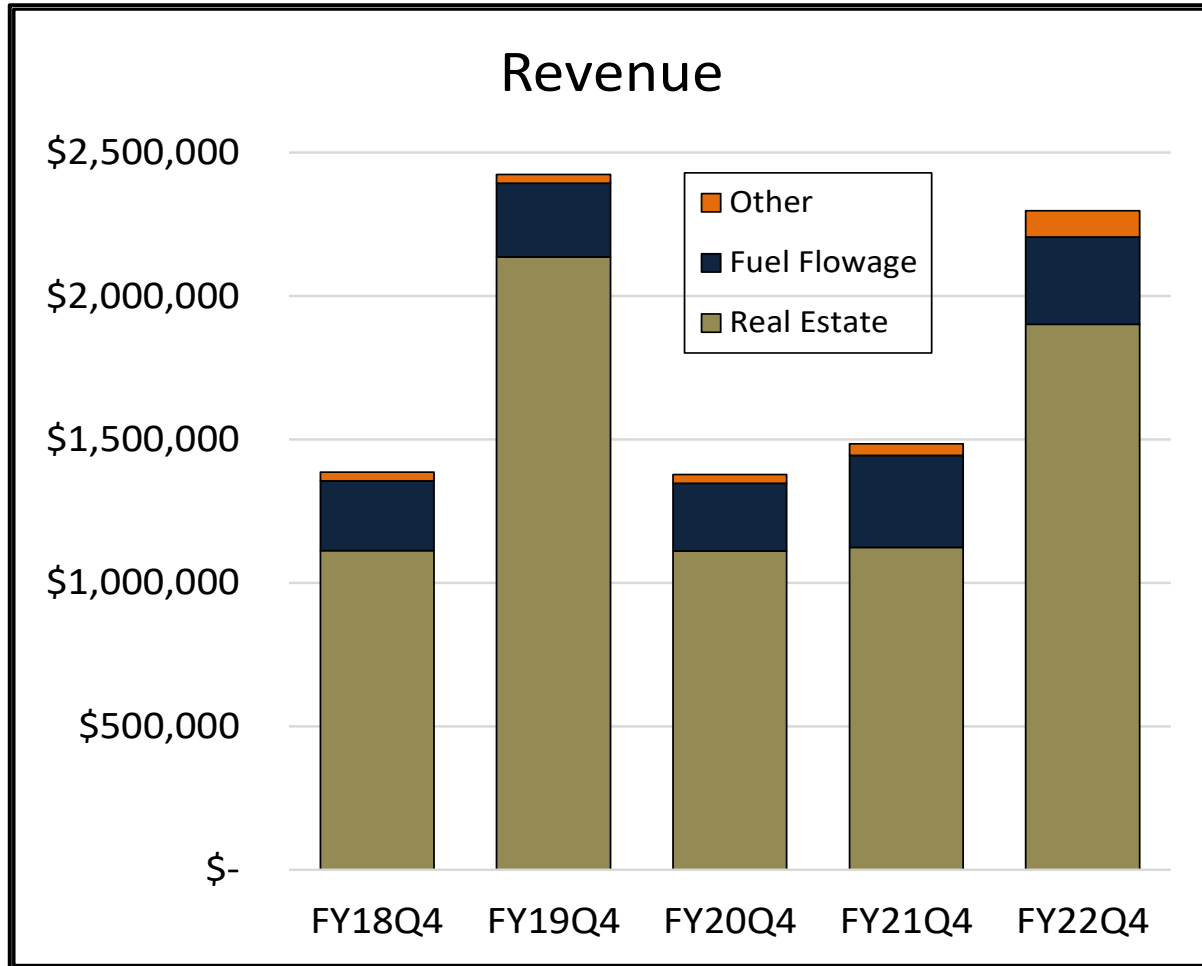
Total Fuel Flowage

- Down 4.9% from Q4 of FY21
- Up 29.8% over Q4 of FY20

		FUEL FLOWAGE (gallons)		
		Jet-A	AvGas	TOTAL
FY18 Q4	Jul-18	513,573	53,552	567,125
	Aug-18	522,511	58,944	581,455
	Sep-18	508,639	47,434	556,073
TOTAL		1,544,723	159,930	1,704,653
FY19 Q4	Jul-19	467,027	85,274	552,301
	Aug-19	553,631	64,289	617,920
	Sep-19	544,788	63,541	608,329
TOTAL		1,565,446	213,104	1,778,550
FY20 Q4	Jul-20	492,331	63,481	555,812
	Aug-20	482,311	70,053	552,364
	Sep-20	496,914	42,887	539,801
TOTAL		1,471,556	176,421	1,647,977
FY21 Q4	Jul-21	739,634	57,092	796,726
	Aug-21	681,726	62,303	744,029
	Sep-21	644,601	64,298	708,899
TOTAL		2,065,961	183,693	2,249,654
FY22 Q4	Jul-22	624,240	48,068	672,308
	Aug-22	650,494	75,659	726,153
	Sep-22	684,881	55,986	740,867
TOTAL		1,959,615	179,713	2,139,328

Note: Runway 13L/31R at DAL closed beginning 4/27/2021 and re-opened 6/30/2022; the resulting congestion at DAL greatly benefitted ADS.

FY22 Q4 Statistics – Revenue



FY19 Q4 revenue included a one-time \$1 million lease pre-payment for the Galaxy FBO project. FY22 Q4 revenue includes a one-time \$635,000 payment associated with the AQRD redevelopment at 4582/4584 Claire Chennault.

Real Estate revenue includes:

- ground leases
- leases of airport-owned commercial hangars
- leases of airport-owned commercial office space and signs
- T-hangar and patio hangar leases
- aircraft tie-down / ramp space
- bulk fuel storage tank leases
- through-the-fence (“TTF”) access permit fees

Fuel Flowage Fee revenue

- \$0.14/gallon for FBOs
- \$0.22/gallon for non-public fuelers
- based on gallons received at the bulk fuel storage facility (the “fuel farm”)

‘Other’ revenue includes:

- U.S. Customs and Regulated Garbage fees
- Utility billing pass-through
- Miscellaneous income

FY22 Q4 Statistics – Revenue

Real Estate Revenue

- Up 69.3% over Q4 FY21
- Up 71.2% over Q4 FY20

FY22 Q4 revenue includes a one-time \$635,000 payment from AQRD for the residual value of airport-owned hangars at 4582 and 4584 Claire Chennault for redevelopment under a new ground lease.

Fuel Flowage Fees

- Down 5.0% from Q4 of FY21
- Up 28.8% over Q4 of FY20

Total Revenue

- Up 54.7% over Q4 of FY21
- Up 66.7% over Q4 of FY20

		REVENUE			
		Real Estate	FFF	Other	TOTAL
FY18 Q4	Jul-18	\$ 386,877	\$ 80,334	\$ 9,241	\$ 476,451
	Aug-18	\$ 358,921	\$ 84,853	\$ 12,750	\$ 456,525
	Sep-18	\$ 366,385	\$ 78,779	\$ 8,328	\$ 453,492
TOTAL		\$1,112,182	\$243,966	\$ 30,319	\$1,386,468
FY19 Q4	Jul-19	\$1,391,431	\$ 79,848	\$ 9,281	\$1,480,560
	Aug-19	\$ 372,016	\$ 89,078	\$ 10,063	\$ 471,157
	Sep-19	\$ 373,301	\$ 87,355	\$ 11,511	\$ 472,166
TOTAL		\$2,136,747	\$256,281	\$ 30,854	\$2,423,882
FY20 Q4	Jul-20	\$ 383,522	\$ 79,728	\$ 9,406	\$ 472,656
	Aug-20	\$ 363,885	\$ 79,866	\$ 10,516	\$ 454,268
	Sep-20	\$ 363,457	\$ 76,881	\$ 10,830	\$ 451,167
TOTAL		\$1,110,864	\$236,476	\$ 30,753	\$1,378,092
FY21 Q4	Jul-21	\$ 385,909	\$113,194	\$ 19,397	\$ 518,501
	Aug-21	\$ 371,107	\$106,448	\$ 10,414	\$ 487,968
	Sep-21	\$ 366,234	\$101,213	\$ 11,278	\$ 478,726
TOTAL		\$1,123,250	\$320,855	\$ 41,089	\$1,485,195
FY22 Q4	Jul-22	\$ 445,462	\$ 96,059	\$ 18,275	\$ 559,796
	Aug-22	\$ 391,848	\$103,607	\$ 52,578	\$ 548,034
	Sep-22	\$1,064,673	\$105,012	\$ 20,190	\$1,189,875
TOTAL		\$1,901,983	\$304,678	\$ 91,044	\$2,297,705

FY22 Q4 Statistics – Real Estate Portfolio

Addison Airport Q4 FY To Date 2022

Property Type / Description	Number of Properties	Number of Units	Vacancies	Leased %	Q4 FY To Date 2022 Revenue	% of Total Revenue
Ground Leased						
Ground Leased	34	34	0	100%	\$3,319,442	46%
Total Ground Leased	34	34	0	100%	\$3,319,442	46%
Town / Airport Owned						
Jet/Commercial/Sign	18	67	8	88%	\$1,172,418	16%
T-Hangar	9	99	0	100%	\$741,249	10%
Patio Hangar	3	47	3	94%	\$169,390	2%
Tie-Downs	1	1	0	100%	\$20,125	0%
Vacant / Unimproved Land	8	8	-	-	\$0	0%
Fuel Farm	1	16	0	100%	\$178,147	2%
Total Town / Airport Owned	40	238	11	95%	\$2,281,329	32%
Airport Real Estate Totals	74	272	11	96%	\$5,600,771	77%
Access Permits	2	16	-	-	\$64,984	1%
Portfolio Total	76	288	11	-	\$5,665,755	78%
Non-Real Estate Revenue					\$1,574,852	22%
Q4 FY To Date 2022 Revenue Totals					\$7,240,607	100%
Annualized Revenue					\$7,240,607	
Annualized Budgeted Revenue					\$7,011,845	103%

FY22 Q4 Statistics – Real Estate Portfolio

Addison Airport Q4 FY To Date 2022 Economic Occupancy

Property Type / Description	Q4 FY To Date 2022 Budget	Q4 FY To Date 2022 Revenue	Economic Occ. %
Ground Leased			
Ground Leased	\$2,785,765	\$3,319,442	119%
Total Ground Leased	\$2,785,765	\$3,319,442	119%
Town / Airport Owned			
Jet/Commercial/Sign	\$1,018,246	\$1,172,418	115%
T-Hangar	\$1,418,358	\$741,249	52%
Patio Hangar	\$166,098	\$169,390	102%
Tie-Downs	\$0	\$20,125	0%
Vacant / Unimproved Land	\$0	\$0	0%
Fuel Farm	\$196,845	\$178,147	91%
Total Town / Airport Owned	\$2,799,547	\$2,281,329	81%
Airport Real Estate Totals	\$5,585,311	\$5,600,771	100%
Access Permits	\$65,101	\$64,984	100%
Portfolio Total	\$5,650,413	\$5,665,755	100%
Non-Real Estate Revenue	\$1,361,432	\$1,574,852	116%
Q4 FY To Date 2022 Revenue Totals	\$7,011,845	\$7,240,607	103%

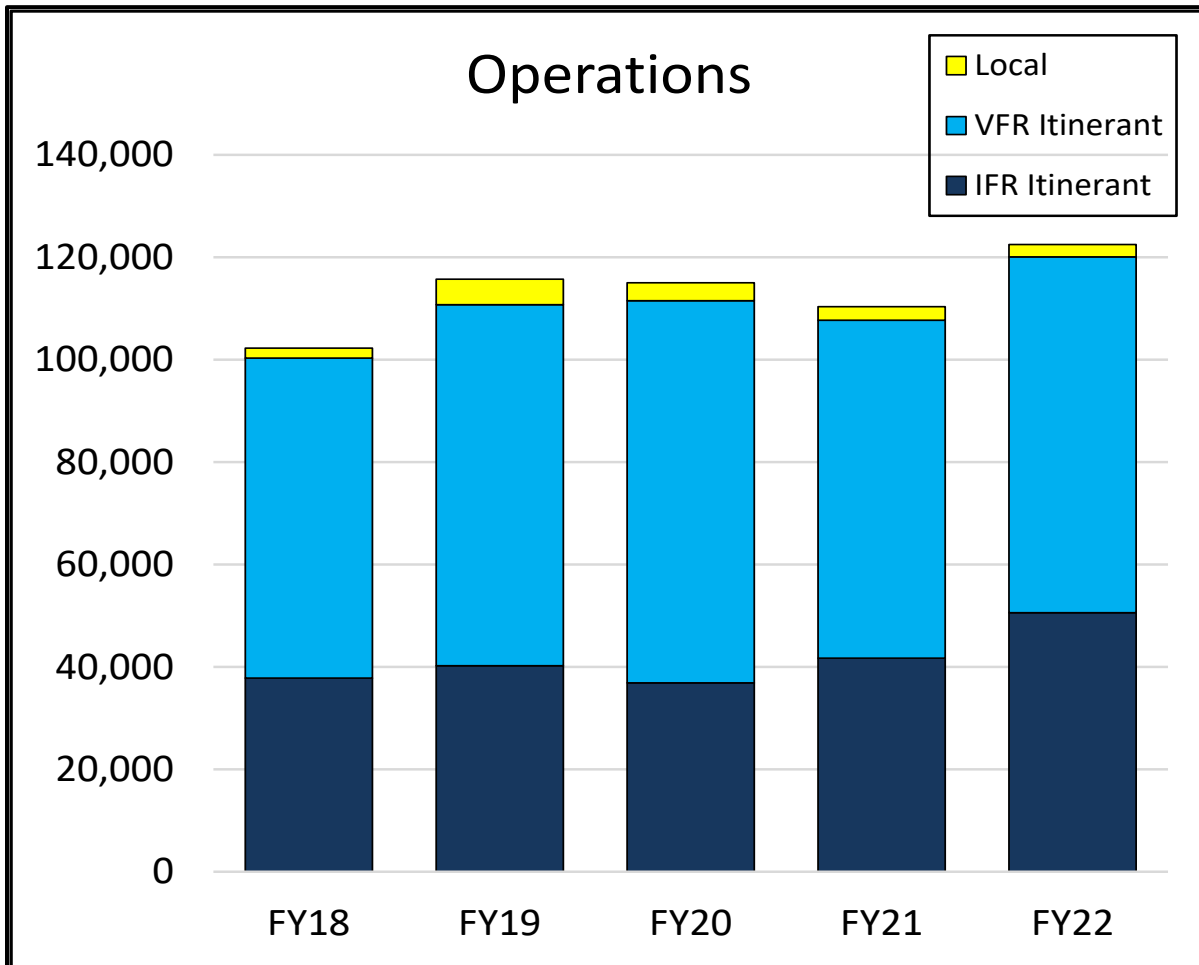
- T-hangar revenue for FY22 shows only 52% of budget because the original approved budget had a spreadsheet error that overprojected T-hangar revenue by 92%. T-hangar revenue was actually up 1.2% from FY21.
- Ground lease revenue exceeded budget by 19% on the strength of the \$635,000 payment from AQRD.
- Fuel farm and ground lease revenue were lower than they might have been on account of the delayed opening of Galaxy FBO.
- Seven ground leases reverted to airport control in FY22 and four new ground leases were executed.

Addison Airport – FY22 Full Year Results

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FY22 Statistics – Aircraft Operations



Instrument (IFR) Operations

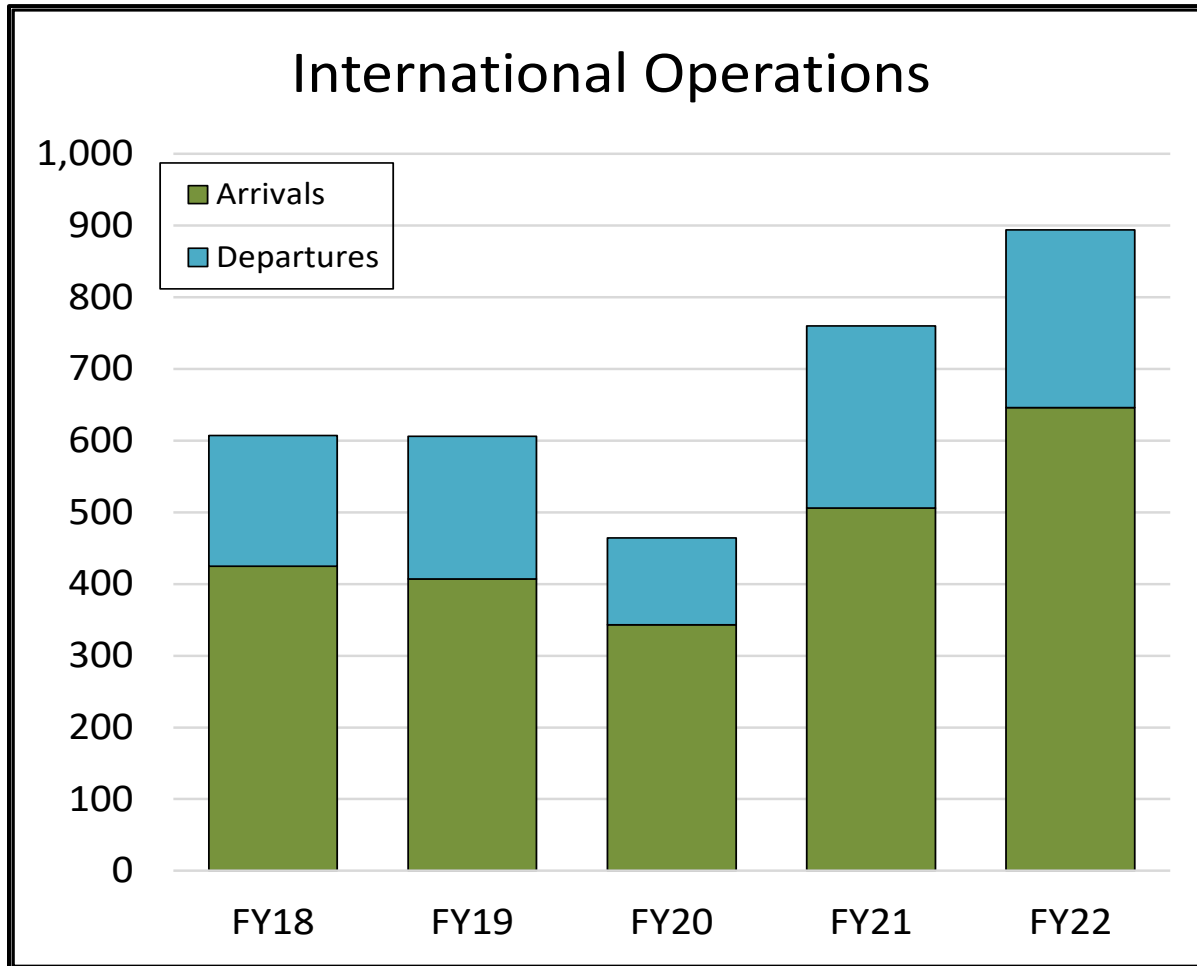
- Up 21.2% over FY21
- Up 36.9% over FY20

Total Operations

- Up 11.0% over FY21
- Up 6.5% over FY20

	Operations			TOTAL
	IFR Itinerant	VFR Itinerant	Local	
FY18	37,806	62,489	1,999	102,294
FY19	40,266	70,499	4,982	115,747
FY20	36,925	74,588	3,511	115,024
FY21	41,727	65,956	2,640	110,323
FY22	50,566	69,514	2,418	122,498

FY22 Statistics – International Operations



Arrivals

- Up 27.7% over FY21
- Up 88.3% over FY20

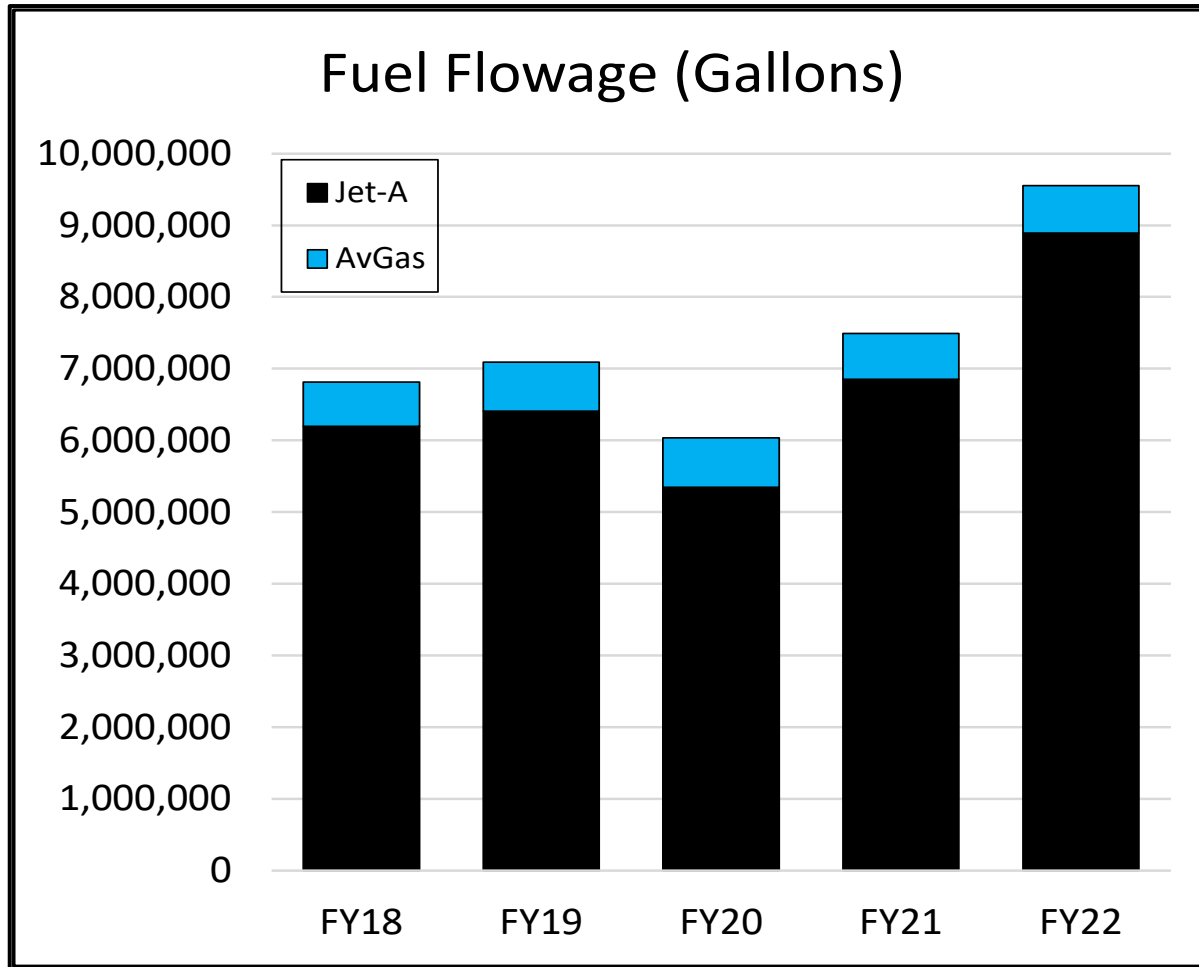
Departures *

- Down 2.4% from FY21
- Up 105% over FY20

* international departures are undercounted because certain types of operations are not required to file with CBP at the departure airport

	International Operations		
	Arrivals	Departures	TOTAL
FY18	425	182	607
FY19	407	199	606
FY20	343	121	464
FY21	506	254	760
FY22	646	248	894

FY22 Statistics – Fuel Flowage



Jet-A Volume

- Up 29.8% over FY21
- Up 66.4% over FY20

AvGas Volume

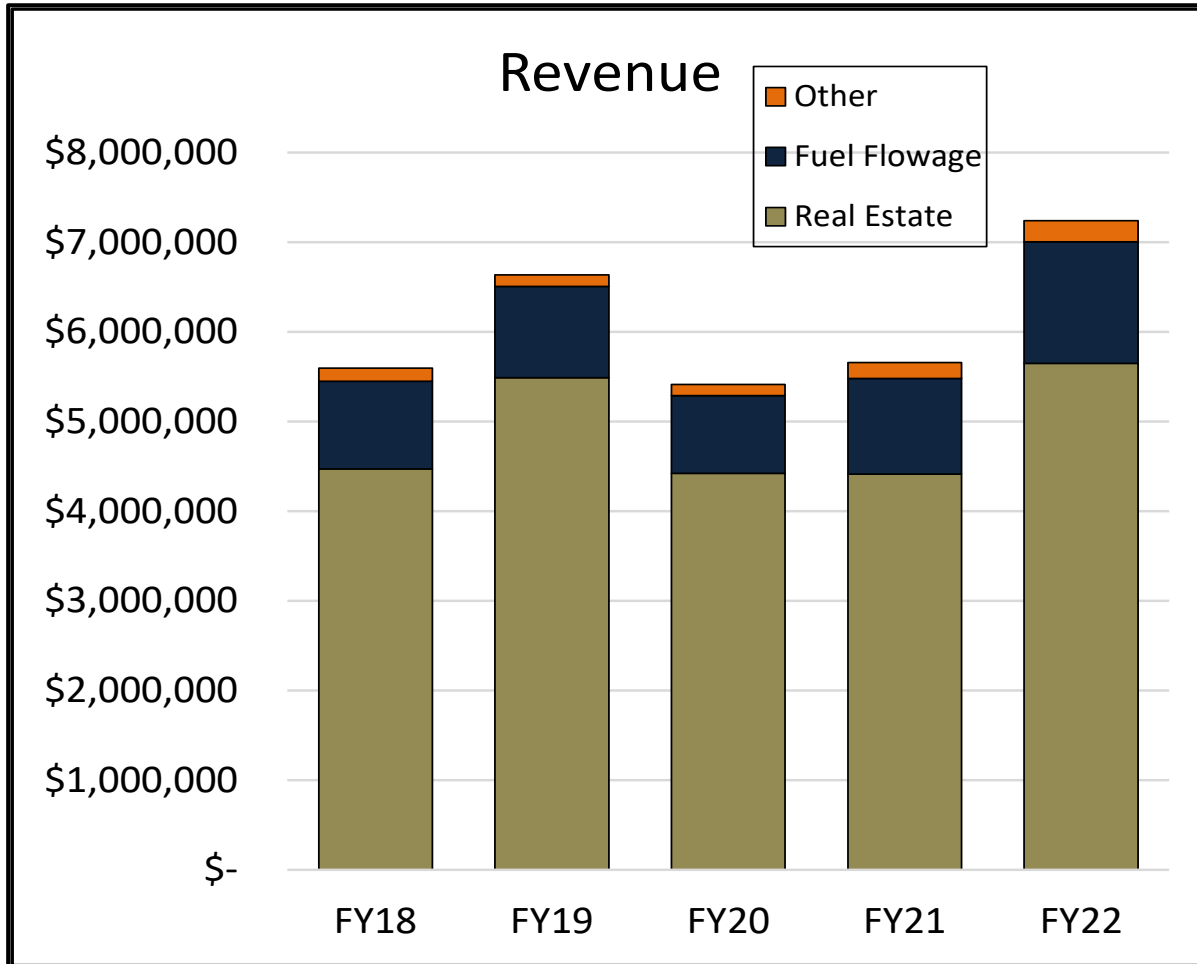
- Up 3.5% over FY21
- Down 4.5% from FY20

Total Fuel Volume

- Up 27.5% over FY21
- Up 58.3% over FY20

	Fuel Flowage (Gallons)		
	Jet-A	AvGas	TOTAL
FY18	6,197,463	618,455	6,815,918
FY19	6,408,493	684,239	7,092,732
FY20	5,344,585	690,768	6,035,353
FY21	6,852,055	637,705	7,489,760
FY22	8,891,800	659,805	9,551,605

FY22 Statistics – Revenue



FY19 revenue included a one-time \$1 million lease pre-payment for the Galaxy FBO project. FY22 revenue includes a one-time \$635,000 payment associated with the AQRD redevelopment of 4582/4584 Claire Chennault.

Real Estate

- Up 27.9% over FY21
- Up 27.8% over FY20

Fuel Flowage Fees

- Up 27.1% over FY21
- Up 56.4% over FY20

Total Revenue

- Up 28.0% over FY21
- Up 33.7% over FY20

	Revenue			TOTAL
	Real Estate	Fuel Flowage	Other	
FY18	\$ 4,473,583	\$ 977,818	\$ 145,000	\$ 5,596,402
FY19	\$ 5,488,112	\$ 1,019,452	\$ 130,444	\$ 6,638,008
FY20	\$ 4,421,924	\$ 867,778	\$ 127,068	\$ 5,416,770
FY21	\$ 4,415,499	\$ 1,067,845	\$ 175,311	\$ 5,658,655
FY22	\$ 5,649,340	\$ 1,357,351	\$ 233,916	\$ 7,240,607

Addison Airport – FY22 Highlights

A blue circular logo with the word "ADDISON" in white capital letters.

Record Total Revenue

FY22: \$7,240,607

Previous Best Years:

FY19: \$6,638,008

FY21: \$5,658,655

FY18: \$5,596,402

Record Fuel Flowage

FY22: 9,551,605 gallons

Previous Best Years:

FY02: 8,912,933 gallons

FY05: 8,873,128 gallons

FY00: 8,776,726 gallons

Record Customs Clearances

FY22: 646 arrivals

Previous Best Years:

FY21: 506 arrivals

FY10: 460 arrivals

FY04: 432 arrivals

Addison Airport – Projects and Progress

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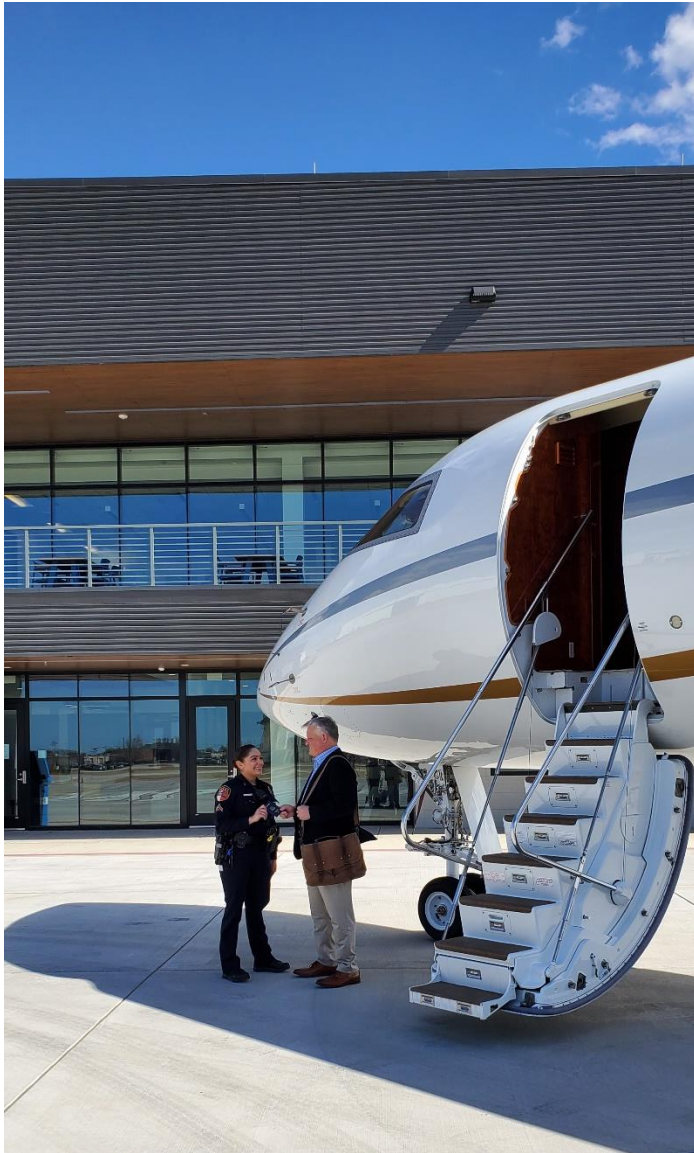


Addison Airport – Projects and Progress

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Customs & Border Protection (CBP) and Airport Administration Offices – Opened

- Airport staff occupied the 2nd floor on May 3, 2021.
- CBP cleared first international arrivals on February 14, 2022.
- From February 14 through September 30, 2022, a total of 392 aircraft (international arrivals) were cleared through the new facility.
- The new facility has been well received by users (including CBP).



Addison Airport – Projects and Progress

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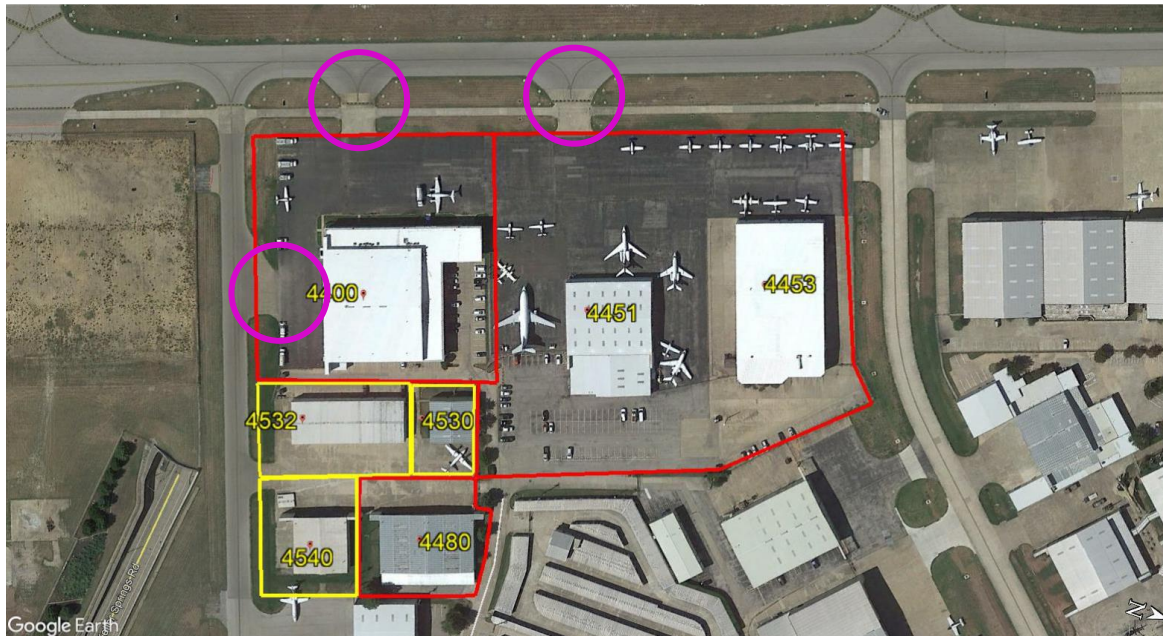
Galaxy FBO – Completed, Open

- Construction commenced at the end of 2019
- Certificate of Occupancy issued October 2022



Atlantic Aviation FBO – in Plan Review

- New ground lease approved by Council on August 11, 2020; three extensions of lease term tied to capital investments totaling a minimum of \$14 Million.
- Atlantic Aviation acquired by Kohlberg Kravis Roberts (KKR) from Macquarie Infrastructure Corporation for \$4.475 Billion; sale closed on September 24, 2021.



- Atlantic progressing with redevelopment plans, currently at 50% design stage.
- Redevelopment will include demolition and replacement of Hangar 2.
- Redevelopment is planned to include reconstruction of three taxiway/taxilane connectors (magenta circles) under a Developer Participation Agreement (DPA).

Ground Lease Reversions

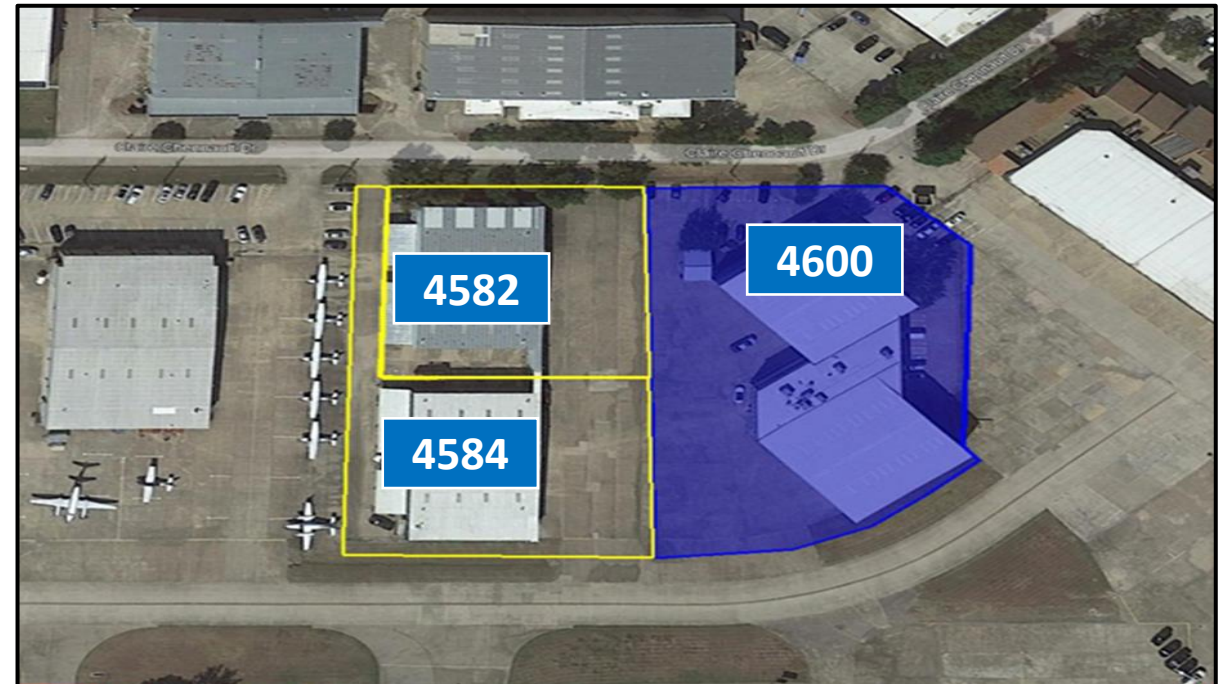
- Seven ground leases reverted to airport control in FY22 (the most ever in one year)
- Ground leases reverting to the airport included:
 - Toy Barn hangar at 4790 Glenn Curtiss (T15 hangar) – transitioned to a commercial lease.
 - Two hangars at 4570 and 4572 Claire Chennault – part of the Cavanaugh Flight Museum complex on Taxilane Uniform – transitioned to commercial leases.
 - Separate ground leases on two hangars at 4582 and 4584 Claire Chennault (U13 and U15 hangars) were combined into a single new ground lease requiring certain improvements.
 - A through-the-fence (TTF) ground lease for a ramp serving a facility at 15504 Wright Brothers (fronting Taxiway Bravo) expired; the facility is not currently used for aeronautical purposes.
 - Another through-the-fence (TTF) ground lease for a ramp serving a facility at 16445 Addison Road (east end of Taxilane Uniform) was replaced with a new ground lease requiring reconstruction of the ramp to the airport’s current standards.
- Four additional ground leases will revert to airport control in FY23

New Ground Leases Executed in FY22

- Council approved four new ground leases in FY22 (all at the June 28 Council meeting)
- The four new ground leases approved were:
 - Scarborough – through-the-fence property at the east end of Taxilane Uniform with an airport ground lease for ramp space to serve the hangar at 16445 Addison Road – reconstruction of ramp with Developer Participation agreement for reconstruction of adjacent airport-owned pavement.
 - AQRD expansion – two separate ground leases at 4852 and 4854 Claire Chennault expired and were combined into a single new ground lease with AQRD, with the hangars to be significantly improved and reconstruction of the ramp serving these two hangars.
 - Sky Squared – redevelopment of a site fronting Taxiway Alpha immediately south of Taxilane Sierra, construction of a 31,000sf corporate hangar adjacent to the Sky B&B development.
 - Sky Harbour – six-acre lease on the former JetPort site, to be improved with construction of six hangars totaling over 100,000sf.

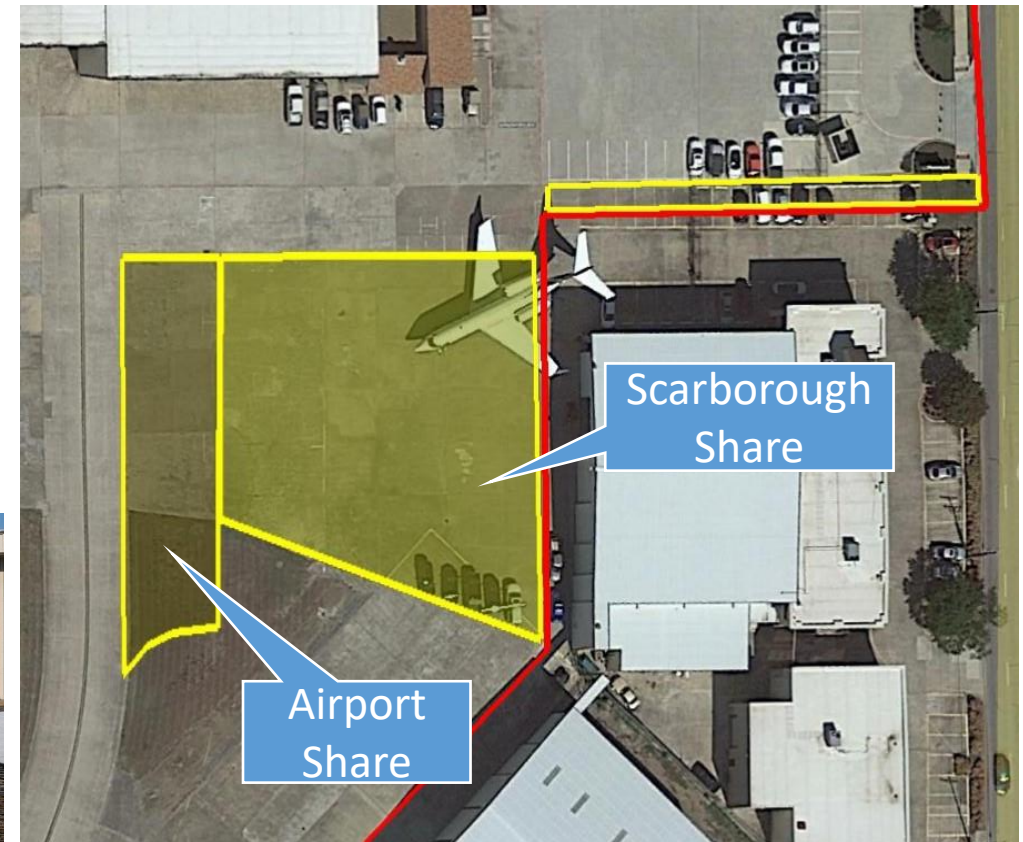
AQRD Expansion – in Progress

- Two ground leases reverted to airport control this year, on February 27 and June 27, 2022.
- Combined into a single new 1.57-acre ground lease approved, by Council at the June 28, 2022 meeting.
- Redevelopment of two hangars near the east end of Taxilane Uniform (4582 and 4584 Claire Chennault).
- Expansion of AQRD’s business and operations in Addison, supported by an Economic Development incentive package approved by Council earlier this year.
- Initial lease term of 5 years, can extend to 2057 (+30 years) with capital improvements of >\$1M.
- Initial rent payment of \$635,000 was made on acceptance of leased premises.



Scarborough Ramp Reconstruction Project – Completed

- Conversion of a commercial ramp lease (ramp serving 16445 Addison Road hangar) to a ground lease approved by Council at the June 28, 2022 meeting.
- Scarborough reconstructed the 22,132sf ramp at their sole expense; in consideration, Scarborough was granted a new 40-year lease term.
- Under a Developer Participation Agreement, Scarborough reconstructed additional airport-controlled ramp area (totaling 9,485sf) at the same time.
- The airport participated in the costs of the ramp reconstruction at a 30% share (airport cost: \$236,192).



Sky Squared Corporate Hangar Project – in Progress

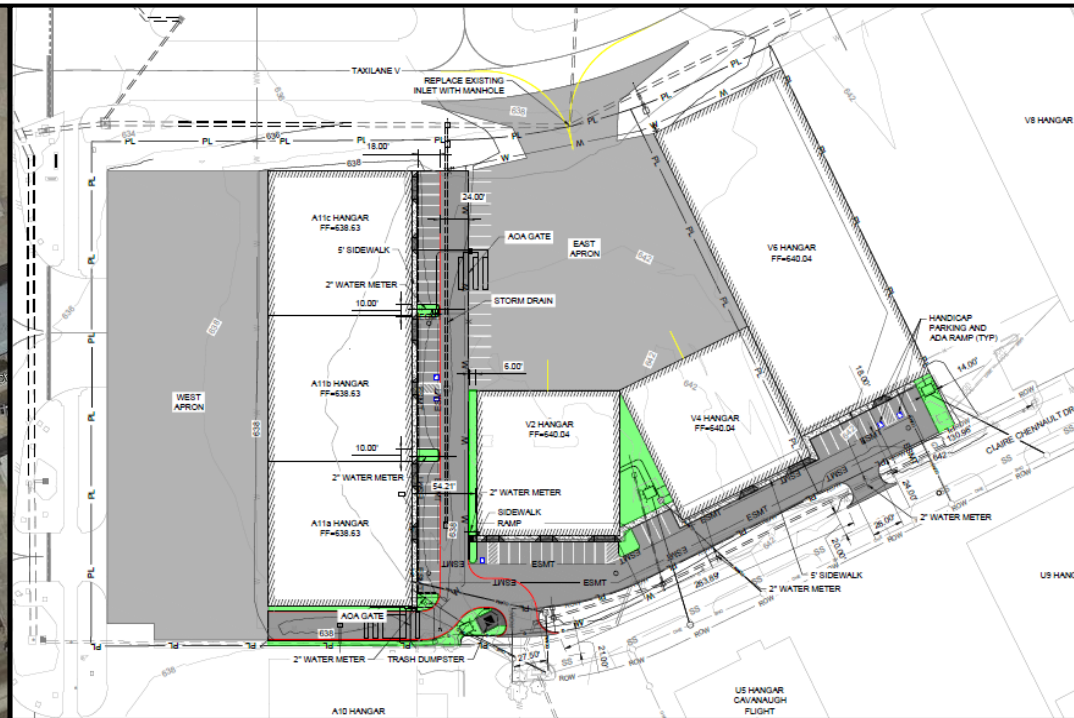
- New ground lease approved by Council at the June 28, 2022 meeting.
- Redevelopment of the former Owens / Flightline hangar site with a new 31,000sf corporate hangar.
- Companion facility to the Sky B&B hangar.
- Minimum construction value of \$4.5M.
- Hangar will have 28' high doors, 110' clear span.
- Lease requires airport to reconstruct Eddie Rickenbacker (access road) within one year of completion of the new hangar.
- Airport staff is working on a developer participation agreement with Sky Squared to reconstruct a failed portion of the vehicle service road west of the leased area, from the Sky B&B ramp to the edge of Taxilane Sierra.
- Project may include reconstruction of an older portion of the Sky B&B ramp.



Addison Airport – Projects and Progress

Sky Harbour Project – in Progress

- New 40-year ground lease approved by Council at the June 28, 2022 meeting.
- Redevelopment of the 6-acre JetPort site with six corporate hangars totaling over 100,000sf.
- JetPort has been demolished. Construction plans are in final review.
- Sky Harbour is interested in additional development opportunities at Addison.



Addison Airport – Projects and Progress

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Runway Re-Designation and Pavement Preservation – Completed

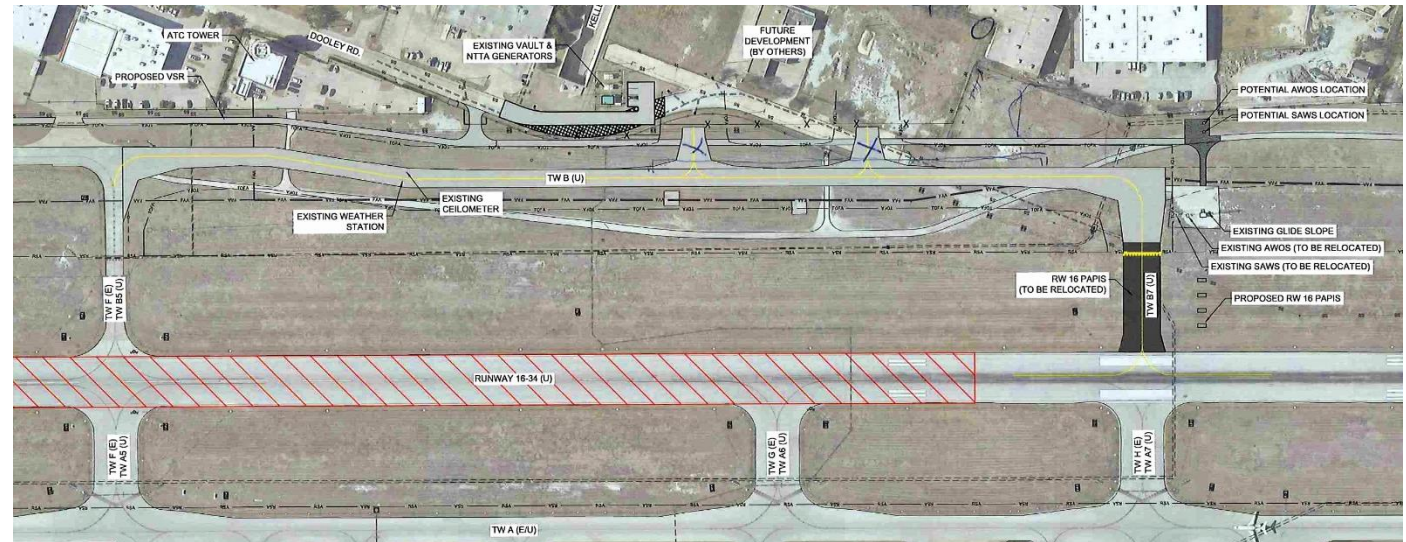
- Project funding was from an FY20 AIP grant in the amount of \$1,475,000; reduced to \$1,031,020 based on bids.
- Project included crack sealing on runway, Taxiway Alpha, and connecting taxiways.
- Seal coat product applied to Runway, Taxiway Alpha, and all asphalt connector taxiways.
- Project included runway designation change, from 15-33 to 16-34, with replacement of airfield guidance sign panels and addition of (thermoplastic) surface-painted holding position signs.
- Runway designation officially changed to 16-34 on March 24, 2022, with the FAA chart publication.



Addison Airport – Projects and Progress

Taxiway Bravo Extensions – in Design Phase

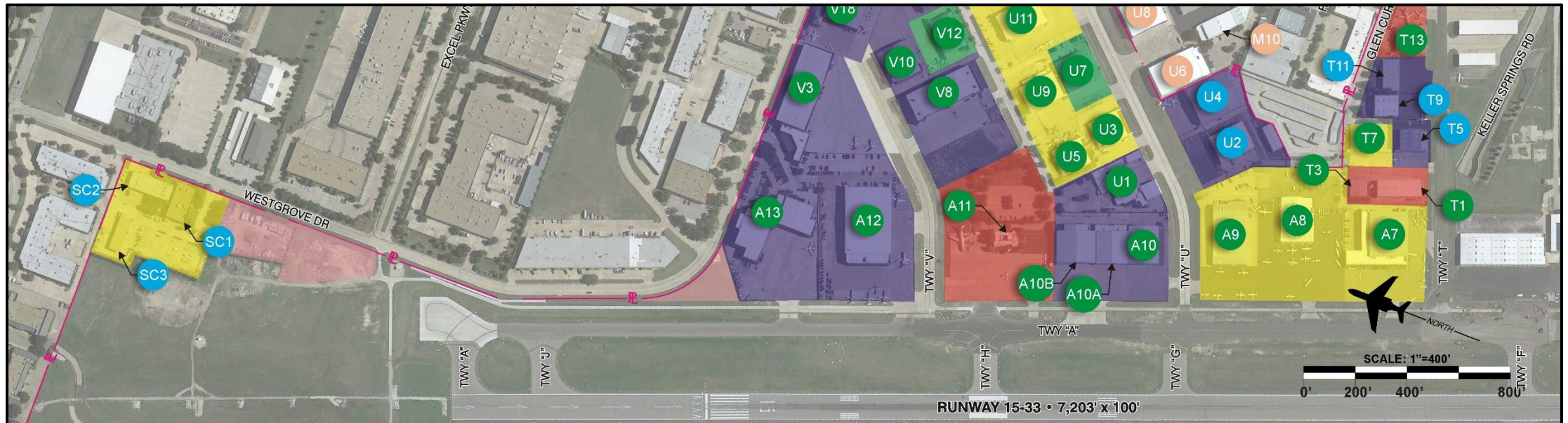
- Project funding is from an FY21 AIP grant in the amount of \$805,000. Garver's fee negotiated with TX-DOT Aviation is \$658,400. There is an additional cost of \$47,959.78 for a reimbursable agreement with FAA. Airport share is 10%.
- The design phase includes a Preliminary Engineering Review (PER) for the eventual extension of Taxiway Bravo to a full-length parallel taxiway. The draft PER is complete and under review.
- Phase 1 construction is planned to be funded with an FY22 AIP grant (currently \$5,840,530 in Federal funding, with \$1,414,770 in Airport matching funds); it is likely that additional funds will be necessary.
- Final design anticipated in January 2023, Issue for Bids in March 2023, Bid Opening in May 2023.



Addison Airport – Projects and Progress

Airport Master Plan Update – Pending

- Project funding is anticipated from an FY23 AIP grant in the amount of \$1,050,000. This project is listed in TX-DOT's FY2023-2025 Aviation Capital Improvement Program (ACIP). The grant amount includes a 10% share from the Airport.
- Addison's most recent Master Plan Update was completed in 2016.
- Selection of a planning consultant will be among the first tasks in moving forward with a Master Plan Update.
- Scope items anticipated to be addressed in this Master Plan Update include an alternatives analysis for the Runway Protection Zones (RPZs); an airport storm water drainage study; updating airport GIS data; and determining new noise exposure contours on the land use map in the Airport Layout Plan (ALP) drawing set.



Addison Airport Quarterly Update – Questions?

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