



Chapter Six

Capital Improvement Program

The analyses completed in previous chapters evaluated development needs at Denton Enterprise Airport (DTO) over the next 20 years and beyond, based on forecast activity, operational safety, efficiency, and sustainability. Using the development concept as a guide, this chapter will provide a description and overall cost for the projects identified in the capital improvement program (CIP) and development schedule. The program has been evaluated from a variety of perspectives and represents a comparative analysis of basic budget factors, demand, and priority assignments.

This chapter presents the description of the CIP and the resulting financial projections for DTO. The CIP is developed under the assumption that various demand-based indicators – such as annual operations and based aircraft – grow in line with the aviation activity forecasts presented in Chapter Two. The CIP was prepared for three planning levels: short term (FY 2026 through FY 2029), intermediate term (FY 2030 through FY 2034), and long term (FY 2035 and beyond).

It should be noted that all new hangar facilities are assumed to be financed privately and are therefore excluded from the CIP. The party responsible for financing hangar-related support facilities (taxilanes, utilities, etc.) will be determined by the structure of the ground lease. In some structures, the private tenant bears full responsibility for financing, constructing, and maintaining improvements, with the airport incurring no direct costs. In other cases, the lease may include provisions where the airport contributes to infrastructure or utilities. While this CIP assumes sponsor involvement in taxilane and site preparation costs, responsibility for those costs will ultimately be determined during the lease negotiation process.

CAPITAL IMPROVEMENT PROGRAM

All airports receiving federal Airport Improvement Program (AIP) funding are required to maintain a current capital improvement program, which identifies projects to be undertaken at an airport over a specified period of time, with the Federal Aviation Administration (FAA). **Exhibit 6A** presents the recommended CIP and its corresponding cost estimates, which are based on planning level of detail. While accurate for master planning purposes, actual project costs will likely vary from these planning estimates once project design and engineering estimates are developed. The cost estimates presented in the exhibit are presented in 2025 dollars. As shown in the table, the CIP is estimated to cost approximately \$421.3 million. **Exhibit 6B** graphically presents the master plan projects color-coded by planning period. A brief discussion of the key projects in each period follows.

SHORT-TERM IMPROVEMENTS

The short-term projects are those anticipated to be implemented in fiscal years (FY) 2026 through 2030. The list of projects is divided into yearly timeframes, and the projects are prioritized based on the needs of the airport. The focus of short-term projects is on making improvements to airfield pavements via taxilane/taxiway design and reconstruction projects. The FY 2026 and FY 2027 taxilane design and reconstruction projects will assess and prioritize taxilane reconstruction/major maintenance. Taxiway A is planned for reconstruction in FY 2029, followed by Taxiway B in FY 2030. Remaining short-term projects include security enhancements and fleet vehicle acquisitions that had been previously planned.

The total estimated project cost for all short-term projects is \$24.5 million, with approximately \$21.8 million potentially eligible for FAA/TxDOT grant funding.


INTERMEDIATE-TERM IMPROVEMENTS

Intermediate-term projects are those that are anticipated to be necessary in FY 2031 through 2035. These projects are not tied to specific years for implementation; instead, they have been prioritized so that the city has the flexibility to determine when they need to be pursued based on the conditions at the time of implementation. It is not unusual for certain projects to be delayed or advanced based on changing conditions, such as funding availability or changes in the aviation industry.

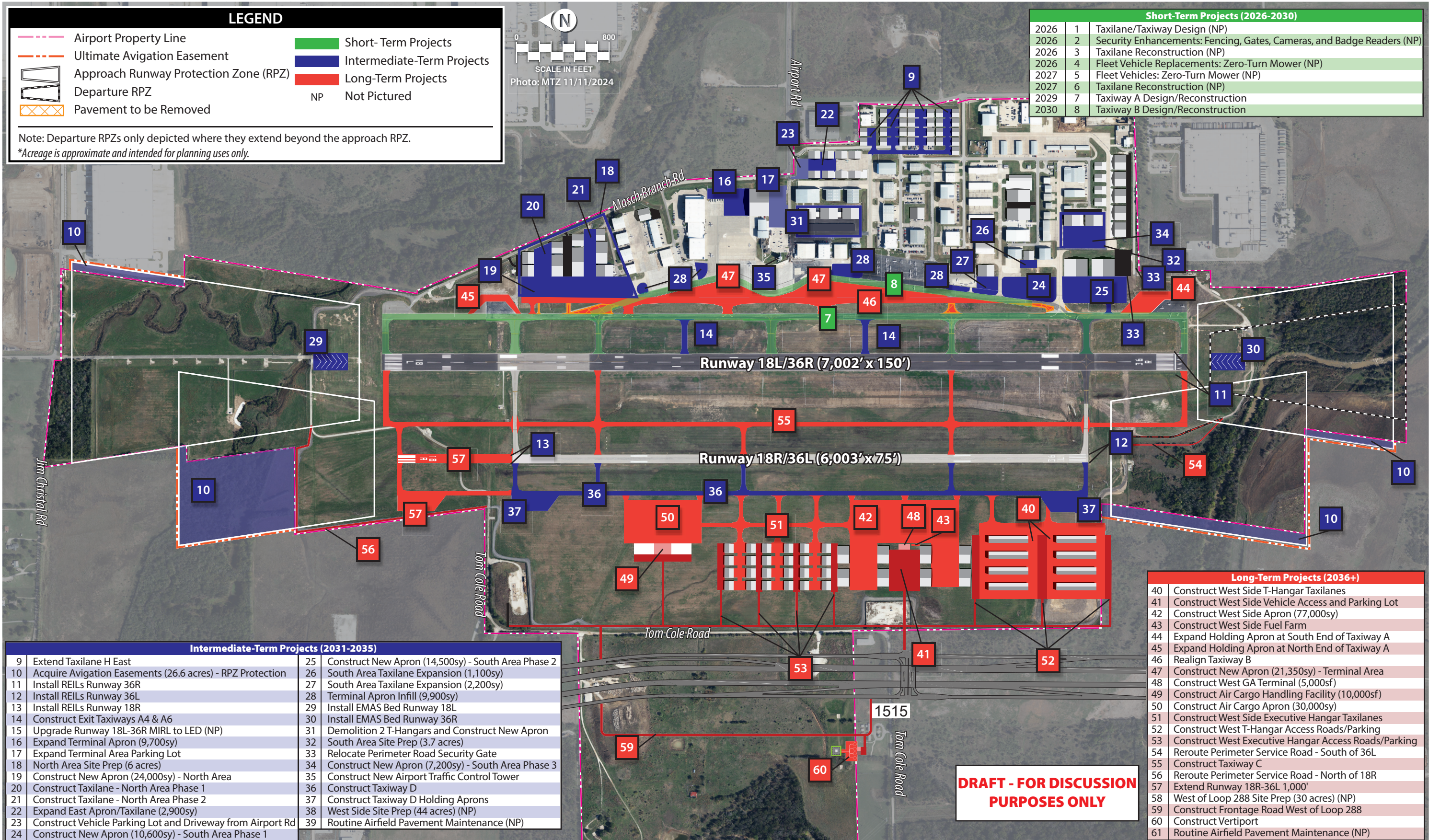
Intermediate-term projects focus on higher priority airfield improvements, such as acquiring avigation easements to protect the runway protection zones (RPZs), installation of runway end identifier lights (REILs) on Runways 36R, 36L, and 18R, adding two new exit taxiways to Runway 18L-36R to enhance runway efficiency, and constructing the engineering material arresting system (EMAS) beds on both ends of Runway 18L-36R.

Remaining intermediate-term projects are focused on enhancements to the east side. These include the development of new taxilanes to support new hangar development, expansion of apron pavements, redevelopment of areas with a focus on larger hangar facilities and potential new specialty aviation service operators (SASOs), and the expansion of the existing airport traffic control tower (ATCT) or construction of a new ATCT. Finally, projects are included toward the end of the intermediate term to

			Funding Sources (in 2025 dollars)						Funding Sources (in 2025 dollars)		
Project #	Year	Project	Total Project Cost	Federal/TxDOT Eligible Funding	Sponsor Funding	Project #	Year	Project	Total Project Cost	Federal/TxDOT Eligible Funding	Sponsor Funding
Short-Term Projects (2026-2030)						Long-Term Projects (2036+)					
1	2026	Taxilane/Taxiway Design	\$950,000	\$855,000	\$95,000	40	2036+	Construct West Side T-Hangar Taxilanes	\$9,260,000	\$8,334,000	\$926,000
2	2026	Security Enhancements: Fencing, Gates, Cameras, and Badge Readers	\$200,000	\$0	\$200,000	41		Construct West Side Vehicle Access and Parking Lot	\$10,470,000	\$0	\$10,470,000
3	2026	Taxilane Reconstruction	\$1,000,000	\$900,000	\$100,000	42		Construct West Side Apron (77,000sy)	\$36,820,000	\$33,138,000	\$3,682,000
4	2026	Fleet Vehicle Replacements: Zero-Turn Mower	\$40,000	\$0	\$40,000	43		Construct West Side Fuel Farm	\$9,900,000	\$0	\$9,900,000
5	2027	Fleet Vehicles: Zero-Turn Mower	\$40,000	\$0	\$40,000	44		Expand Holding Apron at South End of Taxiway A	\$3,390,000	\$3,051,000	\$339,000
6	2027	Taxilane Reconstruction	\$2,275,000	\$2,047,500	\$227,500	45		Expand Holding Apron at North End of Taxiway A	\$1,680,000	\$1,512,000	\$168,000
7	2029	Taxiway A Design/Reconstruction	\$12,000,000	\$10,800,000	\$1,200,000	46		Realign Taxiway B	\$15,550,000	\$13,995,000	\$1,555,000
8	2030	Taxiway B Design/Reconstruction	\$8,000,000	\$7,200,000	\$800,000	47		Construct New Apron (21,350sy) - Terminal Area	\$10,340,000	\$9,306,000	\$1,034,000
Short-Term Subtotal			\$24,505,000	\$21,802,500	\$2,702,500	48		Construct West GA Terminal (5,000sf)	\$12,750,000	\$0	\$12,750,000
						49		Construct Air Cargo Handling Facility (10,000sf)	\$25,752,000	\$0	\$25,752,000
						50		Construct Air Cargo Apron (30,000sy)	\$14,450,000	\$13,005,000	\$1,445,000
						51		Construct West Side Executive Hangar Taxilanes	\$4,730,000	\$4,257,000	\$473,000
						52		Construct West T-Hangar Access Roads/Parking	\$2,350,000	\$0	\$2,350,000
						53		Construct West Executive Hangar Access Roads/Parking	\$2,780,000	\$0	\$2,780,000
						54		Reroute Perimeter Service Road - South of 36L	\$70,000	\$63,000	\$7,000
						55		Construct Taxiway C	\$23,330,000	\$20,997,000	\$2,333,000
						56		Reroute Perimeter Service Road - North of 18R	\$170,000	\$153,000	\$17,000
						57		Extend Runway 18R-36L 1,000'	\$6,030,000	\$5,427,000	\$603,000
						58		West of Loop 288 Site Prep (30 acres)	\$6,660,000	\$0	\$6,660,000
						59		Construct Frontage Road West of Loop 288	\$3,470,000	\$0	\$3,470,000
						60		Construct Vertiport	\$7,100,000	\$0	\$7,100,000
						61	Routine Airfield Pavement Maintenance	\$40,000,000	\$36,000,000	\$4,000,000	
						Long-Term Subtotal			\$247,052,000	\$149,238,000	\$97,814,000
						TOTAL PROGRAM			\$421,277,000	\$291,451,500	\$129,825,500
Intermediate-Term Projects (2031-2035)											
9	2031-2035	Extend Taxilane H East	\$3,740,000	\$3,366,000	\$374,000						
10		Acquire Avigation Easements (26.6 acres) - RPZ Protection	\$6,590,000	\$5,931,000	\$659,000						
11		Install REILs Runway 36R	\$60,000	\$54,000	\$6,000						
12		Install REILs Runway 36L	\$60,000	\$54,000	\$6,000						
13		Install REILs Runway 18R	\$60,000	\$54,000	\$6,000						
14		Construct Exit Taxiways A4 & A6	\$2,040,000	\$1,836,000	\$204,000						
15		Upgrade Runway 18L-36R MIRL to LED	\$310,000	\$279,000	\$31,000						
16		Expand Terminal Apron (9,700sy)	\$4,760,000	\$4,284,000	\$476,000						
17		Expand Terminal Area Parking Lot	\$2,740,000	\$0	\$2,740,000						
18		North Area Site Prep (6 acres)	\$2,980,000	\$0	\$2,980,000						
19		Construct New Apron (24,000sy) - North Area	\$11,610,000	\$10,449,000	\$1,161,000						
20		Construct Taxilane - North Area Phase 1	\$2,340,000	\$2,106,000	\$234,000						
21		Construct Taxilane - North Area Phase 2	\$2,310,000	\$2,079,000	\$231,000						
22		Expand East Apron/Taxilane (2,900sy)	\$2,020,000	\$1,818,000	\$202,000						
23		Construct Vehicle Parking Lot and Driveway from Airport Road	\$980,000	\$0	\$980,000						
24		Construct New Apron (10,600sy) - South Area Phase 1	\$5,190,000	\$4,671,000	\$519,000						
25		Construct New Apron (14,500sy) - South Area Phase 2	\$7,070,000	\$6,363,000	\$707,000						
26		South Area Taxilane Expansion (1,100sy)	\$630,000	\$567,000	\$63,000						
27		South Area Taxilane Expansion (2,200sy)	\$1,150,000	\$1,035,000	\$115,000						
28		Terminal Apron Infill (9,900sy)	\$4,860,000	\$4,374,000	\$486,000						
29		Install EMAS Bed Runway 18L	\$10,020,000	\$9,018,000	\$1,002,000						
30		Install EMAS Bed Runway 36R	\$10,020,000	\$9,018,000	\$1,002,000						
31		Demolition 2 T-Hangars and Construct New Apron	\$5,780,000	\$5,202,000	\$578,000						
32		South Area Site Prep (3.7 acres)	\$1,400,000	\$0	\$1,400,000						
33		Relocate Perimeter Road Security Gate	\$190,000	\$0	\$190,000						
34		Construct New Apron (7,200sy) - South Area Phase 3	\$3,560,000	\$3,204,000	\$356,000						
35		Construct New Airport Traffic Control Tower	\$3,300,000	\$2,970,000	\$330,000						
36		Construct Taxiway D	\$19,550,000	\$17,595,000	\$1,955,000						
37		Construct Taxiway D Holding Aprons	\$6,760,000	\$6,084,000	\$676,000						
38		West Side Site Prep (44 acres)	\$7,640,000	\$0	\$7,640,000						
39		Routine Airfield Pavement Maintenance	\$20,000,000	\$18,000,000	\$2,000,000						
Intermediate-Term Subtotal			\$149,720,000	\$120,411,000	\$29,309,000						



Sources: Cost estimates prepared by Garver; Project staging prepared by Coffman Associates; Short-term projects from current DTO Airport Capital Improvement Program (ACIP)



support future development of the west side, including the construction of parallel Taxiway D and site preparation for approximately 44 acres on the west side, which includes grading and new utility infrastructure to support the development.

The total estimated project cost for all intermediate-term projects is \$149.7 million, with approximately \$120.4 million potentially eligible for FAA/TxDOT grant funding.

LONG-TERM IMPROVEMENTS

Long-term projects are those considered for FY 2036 and beyond. Projects in this period focus on the development of west-side facilities, including a new GA terminal and associated apron, fuel farm, and taxilanes to support new hangar development. A project is included for the development of a 10,000 square-foot (sf) air cargo handling facility and apron, which would not generally be eligible for FAA/TxDOT grant funding. In addition, new access roads and vehicle parking lots associated with the new west-side facilities are also not generally eligible for FAA/TxDOT grant funding. Airfield improvements include the extension of Runway 18R-36L, construction of a parallel taxiway between the runways, and realigning Taxiway B on the east side.

The total estimated project cost for all intermediate-term projects is \$247.1 million, with approximately \$149.2 million potentially eligible for FAA/TxDOT grant funding.

FINANCIAL PLAN

This section outlines the methods for financing the sponsor's share of the CIP. The financial plan includes a forecast of revenues and expenses, which helps determine whether sufficient funds will be available to cover the local share of the capital development program throughout the planning period. This forecast assumes that current rates and charges will keep pace with inflation, and projects future revenues and expenses based on a combination of recent historical trends and city policy objectives.

HISTORICAL REVENUES AND EXPENSES

DTO is managed by the City of Denton through an Airport Enterprise Fund established in FY 2010-2011, and it is classified as a self-sustaining enterprise. This fund, which includes airport operations and airport gas wells, is dedicated to the acquisition, operation, and maintenance of governmental facilities and services that are primarily supported by user fees. The objective is to operate similarly to a private enterprise, reflecting profit or loss. This method ensures that no tax dollars are utilized for the airport's annual operating costs or future capital improvements.

The city's objective is to keep the airport self-sustaining. This means the revenue generated by the airport must cover all its current expenditures and financial obligations. These include operating costs, personnel expenses, equipment purchases, and routine maintenance and repairs. Additionally, the revenue must cover debt service for new or expanded facilities and pay the city's General Fund for administrative support.



Table 6A presents the historical revenues and expenses for FY 2014-2015 through FY 2023-2024. This data is sourced from the statements of revenues and expenses for DTO, which are available on the City of Denton's budget documents posted on their website. The revenue and cost categories shown are aggregates of several accounting sub-categories.

TABLE 6A | Historical Revenues and Expenses

	FY 2014-15	FY 2015-16	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	CAGR
Operating Revenue											
Airport Land Leases	402,004	449,114	492,106	778,054	641,725	645,469	679,339	699,608	777,021	870,328	9.0%
Hangar Leases			92,594		98,041	143,525	142,057	148,588	157,544	157,065	7.8%
FBO Fuel Commissions	232,881	178,086	208,931	291,467	209,927	202,887	217,979	271,666	306,706	288,979	2.4%
FBO Hangar/Tiedown			95,470	111,111	119,727	109,430	119,352	118,884	243,145	328,238	19.3%
Other Airport Income	60,695	78,564	22,447	3,730	15,252		163,752	5,361	31,818	12,721	-15.9%
Airport Gas Royalties	581,848	478,310	606,518	441,913	313,325	192,176	422,043	995,048	616,459	239,355	-9.4%
Interest Income	25,019	27,980	42,244	65,184	101,244	79,729	29,696	43,984	148,000	345,695	33.9%
Total Operating Revenue	\$ 1,302,447	\$ 1,212,054	\$ 1,560,310	\$ 1,691,459	\$ 1,499,241	\$ 1,373,216	\$ 1,774,218	\$ 2,283,139	\$ 2,280,693	\$ 2,242,381	6.2%
Operating Expenses											
Personnel Services	\$ 589,971	\$ 633,513	\$ 519,113	\$ 485,569	\$ 501,861	\$ 431,399	\$ 350,296	\$ 402,758	\$ 759,691	\$ 848,082	4.1%
Materials & Supplies	46,919	41,503	26,196	45,990	17,554	15,436	8,243	12,635	7,436	12,770	-13.5%
Maintenance & Repair	70,367	73,645	56,987	25,744	31,657	27,231	20,083	41,892	23,839	8,868	-20.6%
Insurance	21,359	22,358	7,025	21,823	43,792	24,376	41,237	40,915	36,509	44,579	8.5%
Miscellaneous	1,462	1,068	23,412	449							-100.0%
Operations	222,043	220,814	190,267	161,653	176,035	133,745	142,494	177,125	114,648	127,998	-5.9%
Capital Outlay	169,835	169,835	225,000	300,021	300,000	50,000	49,772	50,000	50,000	11,070	
Operating Expenses	952,121	1,162,736	823,000	966,228	1,070,920	932,187	612,353	725,096	992,124	1,053,366	1.1%
Cost of Service - Gen. Fd.	350,653	367,890	377,063	433,728	433,728	233,540	246,229	253,616	238,111	276,423	-2.6%
Cost of Service - Other	93,995	87,222	93,159	86,114	87,819	147,815	206,146	224,163	217,386	233,188	10.6%
Allocated Costs	444,648	455,112	470,222	519,842	521,547	381,355	452,375	477,779	455,497	509,611	1.5%
Total Operating Costs	\$ 1,396,769	\$ 1,617,848	\$ 1,293,222	\$ 1,486,070	\$ 1,592,467	\$ 1,313,542	\$ 1,064,728	\$ 1,202,875	\$ 1,447,621	\$ 1,562,977	1.3%
Net Operating Revenues(Expenses)	\$ (94,322)	\$ (405,794)	\$ 267,088	\$ 205,389	\$ (93,226)	\$ 59,674	\$ 709,490	\$ 1,080,264	\$ 833,072	\$ 679,404	
Return on Investment	34,778										
Franchise Fees		35,268									
Fixed Assets	19,136										
Debt Service	474,454	475,790	-	-	-	-	762,923	722,892	717,980	806,779	
Transfer to Capital Fund	1,204,276										
Non-Operating Expenses	1,732,644	511,058	-	-	-	-	762,923	722,892	717,980	806,779	
Operating Position	(1,826,966)	(916,852)	267,088	205,389	(93,226)	59,674	(53,433)	357,372	115,092	(127,375)	

Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

The revenues from airport operations are derived from the following sources:

- **Airport Land Leases:** Airport land development leases encompass various agreements and considerations that align with federal regulations while maximizing the potential of airport property. DTO leases approximately 78.1 acres for aeronautical purposes, which includes a fixed-base operator (FBO) and several SASOs.
- **Building Leases:** In May 2025, four buildings reverted to the airport at the end of their lease term. The city has now entered into a new three-year agreement for these buildings, which includes a new building rent.
- **Hangar Leases:** The city owns twenty-seven (27) Quebec-type hangars constructed for aircraft storage and maintenance, including twelve (12) box hangars and fifteen (15) T-hangars of various sizes. Hangars are leased on a month-to-month basis through a permit. The monthly rent varies depending on one of the four-unit sizes.



- **Fixed Base Operations:** This category includes commercial activities fees and fuel flowage fees collected from the FBO.
- **Airport Gas Royalties:** Since 2009, the city has offered land for the drilling and production of gas and the development of gas well facilities at the airport. Today, there are six (6) wells located on the airport.
- **Other Airport Income:** This category captures all revenue that is not attributable to the other categories.

Airport operating expenses were made up of the following cost items:

- **Salary and Benefits:** This includes salary and benefits of airport workers.
- **Materials and Supplies:** Includes administrative and operational supplies, as well as small tools and equipment.
- **Maintenance and Repair:** Includes costs to repair and maintain airport facilities. Services may be performed by people other than airport or city employees.
- **Insurance:** Includes the commercial insurance premiums and self-insurance premiums for the airport.
- **Operations:** Day-to-day operating expenses, including utilities, vehicle maintenance, employee costs other than personnel costs, and other contracted services other than maintenance and repairs.
- **Capital Outlay:** Includes capital costs associated with the airport's five-year CIP.
- **Cost of Service:** Payment to the city's General Fund for administrative support (such as administration, payroll, purchasing, human resources) for the enterprise fund. Other costs of service include transfers for fleet services, materials management, technology services, facilities and customer service.

Current airport debt obligations are summarized in **Table 6B**.

TABLE 6B | Outstanding Debt Service

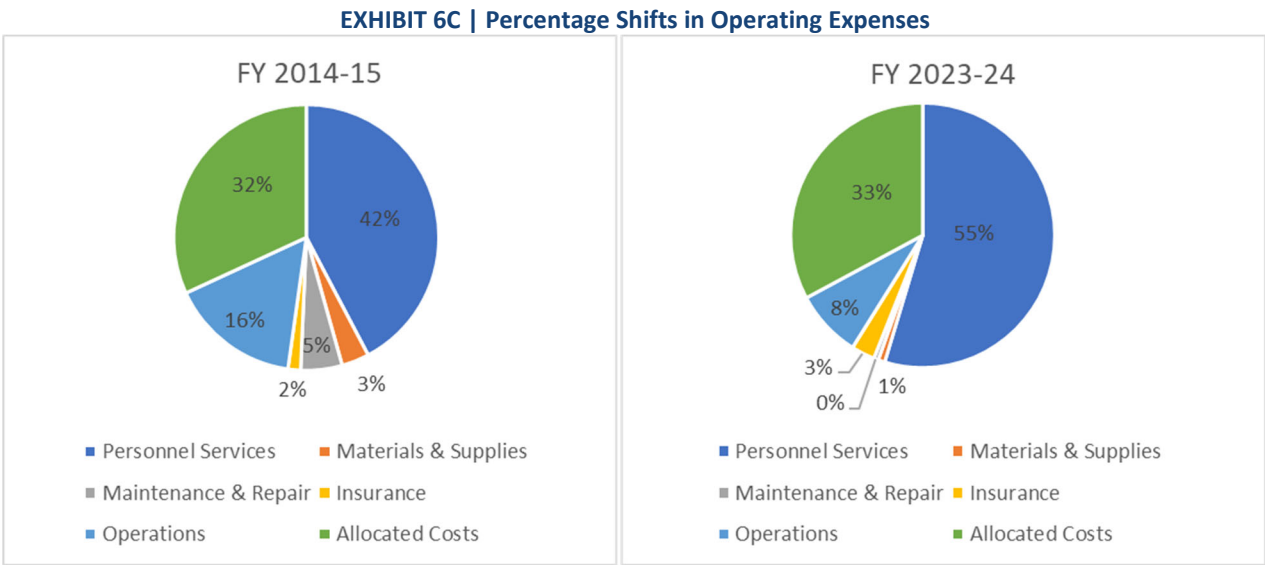
Debt Instrument	Outstanding Debt
2024 General Obligation Refunding and Improvement Bonds	740,000
2023 General Obligation Refunding & Improvement Bonds	840,000
2023 Certificates of Obligation	865,000
2022 Certificates of Obligation	100,000
2018A Certificates of Obligation	910,000
2018 Certificates of Obligation	2,565,000
2015 General Obligation Refunding and Improvement Bonds	40,000
2014 Certificates of Obligation	85,000
Total Outstanding Debt Service @ FYE 2025	\$6,145,000

Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

The annual contributions to the airport from the FAA, TxDOT, or the city are not included in these operating revenue and expense statements. This analysis does not consider those contributions as operating revenues. Instead, the focus is on identifying the airport's actual revenue-generating ability and its real operating costs. Surplus operating revenues can be utilized to cover the local share of capital development or other non-operating costs.

From FY 2016-2017, airport debt service was paid by the city’s General Debt Service Fund to ensure the long-term financial sustainability of the Airport Fund. However, starting in FY 2020-2021, the airport has funded the debt service by utilizing existing reserves.

The historical financial data indicates that operating expenses have varied annually, with an average growth rate of 1.3 percent per year. These increases primarily stem from higher personnel costs, allocated city service expenses, and insurance, as illustrated in **Exhibit 6C** below.

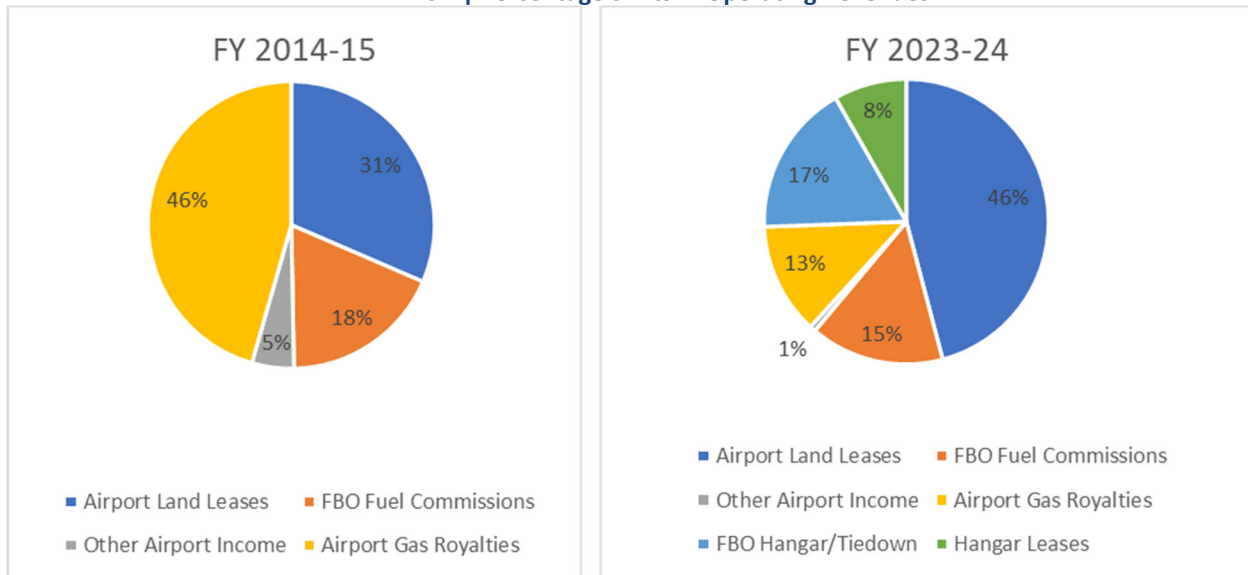


Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

Since FY 2014-2015, operating revenues have experienced growth, driven by a greater diversification of revenue sources and a focus on land development. The changes in operating revenue categories can be seen in **Exhibit 6D**.



EXHIBIT 6D | Percentage Shifts in Operating Revenues



Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

In FY 2024-2025, the city conducted a General Aviation Fee Study to evaluate current industry practices for establishing general aviation fees. This study included identifying the types of fees typically charged at general aviation airports and the common measures used in the industry. Recommendations were made to establish fees based on a cost recovery basis and to implement fee increases.

Table 6C shows the comparison of historical operating revenues and expenses. The airport's current debt service obligations and past capital expenses are also included to show any funding shortfalls. As noted above, for the period of FY 2017 through FY 2020, airport debt service was paid by the city's General Debt Service Fund to ensure the long-term financial sustainability of the airport.

TABLE 6C | Comparison of Historical Operating Revenues and Expenses

Year	Operating Revenues	Operating Expenses	Non-Operating Expenses	Net Gain (Loss)
FY 2015	\$1,302,447	\$1,396,769	\$1,732,644	(\$1,826,966)
FY 2016	\$1,212,054	\$1,617,848	\$511,058	(\$916,852)
FY 2017	\$1,560,310	\$1,293,222	\$0	\$267,088
FY 2018	\$1,691,459	\$1,486,070	\$0	\$205,389
FY 2019	\$1,499,241	\$1,592,467	\$0	(\$93,226)
FY 2020	\$1,373,216	\$1,313,542	\$0	\$59,674
FY 2021	\$1,774,218	\$1,064,728	\$762,923	(\$53,433)
FY 2022	\$2,283,139	\$1,202,875	\$722,892	\$357,372
FY 2023	\$2,280,693	\$1,447,621	\$717,980	\$115,092
FY 2024	\$2,242,381	\$1,562,977	\$806,779	(\$127,375)

Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

It is against this historical backdrop that the forecast of revenues and expenses for DTO is developed.

FORECAST REVENUES AND EXPENSES

The forecast for operating revenues and expenses presents a comprehensive overview, primarily influenced by historical activity and revenue-generating capital investments. A three-year historical period has been used to identify trends, factoring in post-pandemic operations. By focusing on average growth, the impact of any significant fluctuations has been mitigated in individual years based on the overall trend. The assumptions in developing this forecast prioritize maintaining airport financial sustainability and ensuring competitive rates, as outlined below.

General Aviation Fee Study: Following a study prepared to identify best industry practices for establishing general aviation fees at DTO, the following recommendations were implemented:

- **Aeronautical Permit Fees:** Starting April 1, 2025, fixed-base operators (FBO), specialized aviation service operators (SASO), and operators conducting temporary or special activities at the airport will be required to apply for and pay an annual Aeronautical Permit Fee for their business. These fees will be classified under “Other Airport Income”, with a projected twenty percent (20%) increase every five years.
- **Airport Access Fee:** In FY 2020, the airport introduced a \$25.00 fee for new or replacement access cards, with no renewal fee. However, starting April 1, 2025, this fee will transition to a two-year renewal basis. These fees are categorized under “Other Airport Income”.
- **Fuel Flowage Fee:** Effective April 1, 2025, the fuel flowage fee for both Jet A and Avgas sales at the airport has been increased from \$0.17 to \$0.22 per gallon to maintain a competitive industry rate. Beginning FY 2027, gas sales (gallons) are forecast to increase 1% annually, with a projected twenty percent (20%) increase in the fee every five years.

Rate of Inflation/Consumer Price Index (CPI): Historically, the rate of inflation/CPI has been used to escalate prices when making forecasts of revenues and expenses. For this forecast, an annual growth rate of 3.0 percent, consistent with the City’s five-year financial proforma, has been applied throughout the planning period.

FY 2024-25 Revenues and Expenses: The forecast utilized 11 months of revenues and expenses incurred in FY 2024-25 in addition to the airport budget as input for revenues and expenses in FY 2024-25. These were then increased by CPI throughout the planning period, as described below.

- **Airport Leases:** Subject to lease terms, existing airport leases were increased by CPI throughout the period.
- **Hangar Leases:** Rental rates are evaluated annually and forecast to increase by 15 percent every two years.
- **Building Rents:** In May 2025, four buildings reverted to the airport. The existing 3-year lease includes a bi-annual CPI increase. It is assumed the rents will continue in a similar fashion.
- **Gas Wells:** Gas well revenues are forecast based on the City’s financial proforma and anticipated to decrease annually by 3.0 percent throughout the planning period.
- **Salary and Benefits:** Airport budget numbers were used to estimate FY 2024-2025 levels. This was then increased by 4.0 percent throughout the planning period.



- All Other Costs: All other expenses were increased by CPI.
- Debt Service: Both existing and future debt service have been added to the forecast of operating revenues and expenses, as shown in **Table 6D**. This was done intentionally to determine whether surplus net operating revenues (if available) would be available to help pay the anticipated debt service costs.

TABLE 6D | Forecast of Operating Revenues and Expenses

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Intermediate Term	Long Term
Operating Revenue								
Airport Leases	1,281,674	1,527,386	1,586,642	1,600,707	1,665,447	1,680,026	9,166,255	22,704,675
FBO Operations	514,398	688,200	695,082	702,033	709,053	787,571	4,147,661	10,397,518
Airport Gas Royalties	510,973	339,500	329,315	319,436	309,852	300,557	1,372,824	2,191,244
Other Airport Income	200,840	139,500	139,500	139,500	139,500	139,500	725,750	5,584,500
Total Operating Revenue	\$ 2,507,885	\$ 2,694,586	\$ 2,750,539	\$ 2,761,675	\$ 2,823,853	\$ 2,907,653	\$ 15,412,490	\$40,877,938
Operating Expenses								
Personnel Services	\$ 859,384	893,759	929,560	966,790	1,005,500	1,045,760	5,891,490	15,893,380
Maintenance & Repair	56,408	66,339	67,834	69,363	70,928	73,055	399,497	1,000,016
Insurance	49,984	47,009	48,419	49,872	51,368	52,909	289,328	724,244
Operations	100,871	241,709	248,960	256,429	264,122	272,046	1,487,657	3,723,889
Capital Outlay	-	-	-	200,000	-	-	-	-
Operating Expenses	\$ 1,066,646	\$ 1,248,817	\$ 1,294,773	\$ 1,542,454	\$ 1,391,918	\$ 1,443,770	\$ 8,067,972	\$21,341,529
Cost of Service - General Fund	284,716	310,207	319,513	329,099	338,972	349,141	1,909,245	4,779,203
Cost of Service - Other	285,729	328,906	338,773	348,936	359,404	370,187	2,024,332	5,067,289
Allocated Costs	570,445	639,113	658,286	678,035	698,376	719,327	3,933,577	9,846,491
Total Operating Costs	1,637,091	1,887,930	1,953,059	2,220,489	2,090,294	2,163,097	12,001,549	31,188,020
Net Operating Revenues(Expenses)	870,795	806,656	797,480	541,187	733,559	744,556	3,410,942	9,689,917
Existing Debt Service	751,656	745,650	682,900	651,025	640,950	641,100	2,867,631	1,555,625
Non-Operating Expenses	751,656	745,650	682,900	723,775	713,700	733,850	3,346,831	3,061,525
Operating Position	119,139	61,006	114,580	(182,588)	19,859	10,706	64,110	6,628,392
Cash Balance @ Oct 1 2024	\$ 1,674,719							
Cumulative	\$ 1,793,858	\$ 1,854,865	\$ 1,969,444	\$ 1,786,856	\$ 1,806,715	\$ 1,817,421	\$ 1,881,531	\$15,138,316

Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

Drawing on these assumptions, and taking a conservative approach to airport financial performance, a reasonable forecast was developed. The baseline projection of revenues and expenses was forecast through FY 2045. As shown in **Table 6E**, operating revenues are anticipated to grow from \$2.5 million in FY 2025 to \$4.5 million by FY 2045 - an average yearly increase of three percent and an overall increase of 80.2 percent for the period. Baseline operating expenses are expected to increase from \$1.6 million in FY 2025 to \$3.6 million by FY 2045 - an average yearly increase of 4.1 percent and an overall increase of 121.4 percent. **Table 6D** shows the summary forecast of net operating revenues.



TABLE 6E | Comparison of Forecast Operating Revenues and Expenses

Year	Operating Revenues	Operating Expenses	Non-Operating Expenses	Net Gain (Loss)
FY 2025	\$2,507,885	\$1,637,091	\$751,656	\$119,139
FY 2026	\$2,694,586	\$1,887,930	\$745,650	\$61,006
FY 2027	\$2,750,539	\$1,953,059	\$682,900	\$114,580
FY 2028	\$2,761,675	\$2,220,489	\$723,775	(\$182,588)
FY 2029	\$2,823,853	\$2,090,294	\$713,700	\$19,859
FY 2030	\$2,907,653	\$2,163,097	\$733,850	\$10,706
FY 2031	\$2,983,083	\$2,238,497	\$737,330	\$7,256
FY 2032	\$2,997,426	\$2,316,563	\$735,013	(\$54,150)
FY 2033	\$3,074,896	\$2,397,435	\$741,390	(\$63,929)
FY 2034	\$3,090,471	\$2,481,173	\$609,670	(\$372)
FY 2035	\$3,266,613	\$2,567,880	\$523,428	\$175,305
FY 2036	\$3,692,144	\$2,657,699	\$518,188	\$516,257
FY 2037	\$3,794,032	\$2,750,724	\$567,288	\$476,021
FY 2038	\$3,807,721	\$2,847,070	\$553,575	\$407,077
FY 2039	\$3,920,609	\$2,946,852	\$225,250	\$748,507
FY 2040	\$4,049,020	\$3,050,208	\$217,700	\$781,112
FY 2041	\$4,186,454	\$3,157,256	\$215,350	\$813,848
FY 2042	\$4,203,505	\$3,268,146	\$207,900	\$727,459
FY 2043	\$4,343,938	\$3,382,978	\$205,350	\$755,610
FY 2044	\$4,362,125	\$3,501,933	\$179,100	\$681,092
FY 2045	\$4,518,389	\$3,625,155	\$171,825	\$721,409
CAGR	3.0%	4.1%		
Growth	80.2%	121.4%		

Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

FINANCIAL ANALYSIS

A financial analysis was conducted to evaluate the airport's capability to fund the proposed development program, focusing on the short-term planning period. This analysis reviewed current operating revenues, operating expenses, debt service, and other relevant factors to estimate the airport's financial capacity. Additionally, it identified the eligibility and potential funding levels from federal and state grants, as well as the available airport reserves, to support the implementation of specific projects.

The following key funding assumptions have been incorporated into the CIP projections:

- The Texas Department of Transportation (TxDOT) will provide ninety percent (90%) funding for eligible capital projects through the projection period.
- The airport will maximize funding by utilizing restricted funds from historical bond issues and unrestricted reserves from both airport and gas well revenues.
- The airport will draw on cash funds as available to fund ongoing capital costs, and airport reserves will be available to fund any deficiencies in funding.

Note: The actual financing of capital expenditures will be a function of circumstances at the time of project implementation.

CAPITAL RESOURCES

Airport development projects typically do not depend solely on the sponsor's resources for funding. Instead, they utilize a range of development grants and financial resources, as detailed in **Exhibit 6A** and described below.

Federal Aviation Administration

Airport Improvement Program (AIP)

At the federal level, the FAA oversees the Airport Improvement Program (AIP), which has provided grants for eligible airport planning, environmental, and development projects since 1982. These funds are generated exclusively through taxes on airline tickets, fuel sales, cargo waybills, and other aviation-related fees. The distribution of these funds is determined by congressional appropriations and is allocated to all airports in the U.S. that are deemed significant to the national air transportation system, making them eligible for development grants. DTO can receive up to 90 percent of the funding for eligible projects through AIP grants.

Non-primary airports, such as general aviation airports, receive AIP entitlement funds at a set amount of \$150,000 annually. These airports are not required to utilize their entire entitlement within a single year; however, they can carry over funds for up to three years, with a maximum entitlement grant of \$450,000.

AIP discretionary funds are allocated to airports for specific projects that rank high in the national priority system. These high national priority projects generally focus on enhancing safety, security, and capacity, as well as reconstructing existing facilities. Discretionary funds are distributed on a priority basis by each FAA Regional Office, depending on the number and dollar amount of grant applications received. DTO competes for these discretionary grant funds with other airports both regionally and nationally.

While it is reasonable to assume that the airport will receive discretionary funding in the future to address critical needs, the availability of discretionary grants is never guaranteed. This is because annual funding levels are determined by congressional appropriations and distributed on a national basis. Consequently, any proposed projects in the implementation plan that might rely on discretionary funds would need to be delayed until the funds become available. Therefore, this analysis assumes that the AIP program will continue in its current form and that future authorizations and appropriations will provide similar funding levels.

Infrastructure Investment and Jobs Act (IIJA)

The Infrastructure Investment and Jobs Act (IIJA), enacted on November 15, 2021, provides substantial funding for airport infrastructure projects, including runways, taxiways, safety and sustainability projects, terminal improvements, and roadway projects. The Airport Infrastructure Grant (AIG), a component of the IIJA, allocates \$14.5 billion over five years, with over \$12 billion already disbursed to airports nationwide. Annually, the FAA allocates these funds for any project eligible under AIP or the Passenger Facility Charge (PFC) Program. Airports also have the option to combine their annual allocations to fund a single project.



As we anticipate the fifth and final year of AIG fund allocation, **Table 6F** summarizes the funds allocated and currently available to DTO under the FAA’s AIG program. Utilizing these funds will allow non-primary airports, such as DTO, to achieve up to ninety-five percent (95%) eligibility.

TABLE 6F | Airport Improvement Grants (AIG)

Fiscal Year	Allocated	Approved	Balance	Expires
FY 2022	763,000	709,780	53,220	30-Sep-25
FY 2023	844,000	--	844,000	30-Sep-26
FY 2024	851,000	--	851,000	30-Sep-27
FY 2025	687,000	--	687,000	30-Sep-28
	\$3,145,000	\$709,780	\$2,435,220	

Source: Jordan Aviation Strategies, LLC and Ambrogio Consulting Services, LLC

Texas Department of Transportation

Texas is a block grant state under the FAA’s AIP program. As a block grant state, the Texas Department of Transportation - Aviation Division (TxDOT) is responsible for administering AIP grants to general aviation airports within the State of Texas. In Texas, AIP grant-funded capital projects at general aviation airports that are part of the National Plan of Integrated Airport Systems (NPIAS) are generally eligible for 90 percent federal funding with a 10 percent local match provided by the airport sponsor.

Sponsor Share

Certificates of Obligation – DTO operates as an enterprise fund, meaning its operations are supported by fees charged to its users, without any direct support from property taxes. Debt issued for airport projects can be financed either as a Certificate of Obligation (CO) or an Airport Revenue Bond, both of which are repaid from airport revenues, not property taxes. Historically, the city has issued COs to fund airport capital projects. The issuance of debt financing is anticipated to largely assist in funding the sponsor's share of the Taxiway A and Taxiway B reconstruction projects.

Cash Reserves – The airport has the potential to continue to generate significant revenue surpluses in future years, some of which can be used to help fund capital projects. Another financial resource available for funding projects is the airport’s cash reserve funds. At the end of FY 2024, DTO had \$1,674,719 in surplus cash.

Capital Account – The airport’s capital project account is funded to support projects approved annually by the City Council. Currently, this account holds surplus funds of approximately \$200,000. These unrestricted funds are expected to finance the Security Enhancement project in FY 2026.

Gas Well Revenues – Another unrestricted fund comprises approximately \$147,000 from gas well revenues. These surplus funds are expected to finance fleet vehicles planned for FY 2026 and FY 2027, with the remaining balance allocated to the planned FY 2029 taxiway reconstruction.

Surplus Bond Funds – The city currently holds an unspent balance of approximately \$924,000 in restricted airport bond funds. These funds are designated for specific uses as outlined in the issuance documents. Within this restricted fund balance, approximately \$275,000 is allocated for specific landside projects, with the remainder available for particular airside projects, including the proposed reconstruction of taxilanes and taxiways.



DEVELOPMENT INCENTIVES

General aviation and reliever airports are crucial for regional connectivity and economic development, benefiting both local communities and the wider region. However, these airports often encounter challenges related to funding and growth, especially for development opportunities that lack full federal or state support. To encourage development, airports can utilize a combination of local strategies and innovative partnerships. Additionally, they can facilitate development by offering a transparent and well-defined process for construction and lease negotiations.

To promote growth, DTO can build on recent initiatives, such as its request for proposals (RFP) for airside parcels and a 44-hangar public-private partnership (P3) project. Furthermore, by introducing targeted incentives for developers, operators, and aviation-related businesses, the airport can enhance its appeal.

As illustrated in **Exhibit 5C**, DTO has significant potential for both aeronautical and non-aeronautical development on its west side, particularly with the anticipated construction of the proposed Loop 288. The highway expansion and associated utilities will create substantial opportunities for the airport, including:

- **Tax Incentives for Tenants.** Offering property tax abatements or reduced lease rates for aviation-related businesses, such as flight schools, maintenance shops, and avionics services, can attract long-term tenants. These businesses also present opportunities for growth in flight operations, fuel sales, ramp fees, and other revenue-generating activities.
- **Public-Private Partnerships (P3s).** Collaborating with private developers to construct hangars, fuel farms, and other facilities can effectively reduce initial costs and distribute risk.
- **Engage the Denton Economic Development Partnership.** Coordinate airport projects to align with broader city incentives, such as tax increment financing (TIF) districts or enterprise zones.
- **Utilities.** Integrating airport-funded infrastructure needs such as water, sewer, and power into the lease package, or negotiating for tenant-developed infrastructure with lease rate reductions for a specified period (1-5 years), can be a viable approach to reimbursing these costs.
- **Streamline Processes.** Provide a step-by-step guide for the construction process. This ensures fair and equitable consideration for each developer and can streamline the site plan and permit review processes, demonstrating the ease of development.
- **Airport Development Documents.** Airports can enhance development by implementing clear and concise processes, such as standardized lease templates for different types of leases, a defined leasing policy, and a comprehensive land use plan. Lease templates ensure fair and equitable treatment, catering to specific lease conditions while maintaining standardized language and airport requirements. This approach can streamline the legal review process for airports.
- **Educational Partnerships.** Collaborate with North Central Texas College or UNT's aerospace programs to create initiatives that bolster the aerospace workforce pipeline, such as an on-airport aviation maintenance training center or others.

- **Events & Outreach.** Hosting public events, STEM activities, or pilot meetups can significantly raise the airport's profile and foster community support for expansion. By organizing on-site "Developer Days", you can guide prospects through the leasing process, showcase available parcels through interactive maps, and address their questions in real time.

MASTER PLAN IMPLEMENTATION

To implement the master plan recommendations, it is key to recognize that planning is a continuous process and does not end with approval of this document. The airport should implement measures that allow it to track various demand indicators, such as based aircraft, hangar demand, and operations. The issues upon which this master plan is based will remain valid for several years. The primary goal is for DTO to best serve the air transportation needs of the region while achieving economic self-sufficiency.

The CIP and phasing program presented will change over time. An effort has been made to identify and prioritize all major capital projects that would require federal or state grant funding; nevertheless, the airport and TxDOT review the five-year CIP on an annual basis.

The primary value of this study lies in keeping the issues and objectives at the forefront of the minds of decision-makers. In addition to adjustments in aviation demand, decisions on when to undertake the improvements recommended in this master plan will impact how long the plan remains valid. The format of this plan reduces the need for formal and costly updates by allowing for simple adjustments to the timing of project implementation. Updates to the plan can be completed by airport management, thereby improving its effectiveness; nevertheless, airports are typically encouraged to update their master plans every seven to 10 years, or sooner if significant changes occur in the interim.

In summary, the planning process requires the City of Denton to consistently monitor the progress of the airport. The information obtained from continually monitoring activity will provide the data necessary to determine if the development schedule should be accelerated or decelerated.