CITY OF NAPLES AIRPORT AUTHORITY (NAA)
Board of Commissioners
Notice of Workshop Meeting

FINAL AGENDA

City Hall Council Chambers
735 Eighth Street South
Naples, FL 34102

Thursday, October 18, 2018
9:30 a.m. or Immediately Following Regular Meeting

Commissioner Donna M. Messer – Chair and NCC Liaison
Commissioner Michael Lenhard – Vice Chair and Consultant Selection Committee Chair
Commissioner James Rideoutte – Audit Committee Chair, Consultant Selection Committee Member
Commissioner Ted Brousseau – Legal Liaison
Commissioner Kerry C. Dustin, Audit Committee Member
Executive Director: Christopher A. Rozansky
Authority Attorney: William L. Owens, Esq. of Bond, Schoeneck & King, PLLC

Welcome. If you wish to address the Board of Commissioners regarding an item listed on the Agenda, please complete a Speaker Registration form (available at the rear of the room) and hand it to the Executive Assistant prior to consideration of that item. We ask that speakers limit comments to 5 minutes and that large groups name a spokesperson whenever possible. All written, audio-visual, and other materials distributed to the Board or staff during this meeting will become the property of NAA and will be a public record. Thank you for your interest and participation.

NOTICE

Formal action may be taken on any item listed on the Agenda below, or added to the Agenda before or during the meeting, or discussed during the meeting without being added to the Agenda. Also, the sequence of items may be changed as the meeting progresses.

Any person who decides to appeal a decision of this Board with respect to any matter considered at this meeting (or hearing) will need a record of the proceeding and may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be heard.

Any person with a disability requiring auxiliary aids or services in order to participate in this proceeding for meetings at the City Council Chamber may call the City Clerk's Office at 213-1015, or for meetings at the Airport Office Building, the NAA Executive Assistant's Office at 643-0733, with requests at least two business days before the meeting.

Information on Action Items and other items which has been provided in advance of this meeting may be inspected at the office of the Executive Assistant, General Aviation Terminal Building, 2nd Floor, 160 Aviation Drive North. Minutes of this meeting will be prepared for Board approval, usually at the next Regular Meeting.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. AGENDA (Add, delete or re-sequence items)

D. PUBLIC COMMENTS ON GENERAL TOPICS NOT ON THE CURRENT AGENDA

E. DISCUSSION ITEMS (Public comments accepted for each item; 5 minute limit)

1. Fuel Program

F. PUBLIC COMMENTS (5 minute limit)

G. CORRESPONDENCE/COMMISSIONER COMMENTS & REQUESTS/MEETINGS

H. ADJOURN

NAPLES AIRPORT AUTHORITY

To: Honorable Chair and Commissioners

From: Christopher A. Rozansky, Executive Director

By: Diane Terrill, Deputy Executive Director

Meeting Date: October 18, 2018

Re: **DISCUSSION ITEM**

1. Fuel Program Evaluation Study

SUMMARY: Board discussion concerning the Naples Airport Authority Aviation Fuel Program.

BACKGROUND: As one of the first initiatives of the Strategic Plan, the Authority initiated a study to evaluate the attributes of various fuel programs and consider the implementation of contract fuel.

The scope of the study includes:

- Review of historical fuel operations, equipment and facilities
- Survey peer airports serving as FBOs
- Assess all operational and capital expenses associated with FBO activities
- Develop comparative analysis of impacts to fuel sales volume, revenues, labor and other characteristics of aircraft fuel pricing strategies
- Prepare operational/financial models that include existing conditions, adjusted conditions, contract fuel program options and external conditions

Findings and recommendations will be presented for discussion.

Per the Delegation of Powers Resolution 2018-1, Article VI, Aviation Fuels,

"The Executive Director shall have the authority to (i) effectuate aviation fuel sales to the Authority's customers, (ii) determine and publish aviation fuel rates and charges and (iii) administer the licensing of private self-fueling activities in accordance with the Authority's Rules and Regulations.

The Executive Director shall advise the Board of any material changes to the Authority's Aviation Fuel Program before it is promulgated by the Executive Director. The Executive Director shall also keep the Board advised of any material changes in the aviation fuel rates and charges at the Naples Municipal Airport."

COMMUNICATIONS PLAN: Any modifications to the Fuel Program will be communicated to existing customers and posted on the website in the Rates and Charges document.

FINANCIAL IMPACT: To be discussed as part of the presentation.

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Proposed Fuel Pricing Strategy
Naples Municipal Airport

The following represents proposed recommendations for the updated fuel pricing strategy and policy for the Naples Municipal Airport.

Airfield Cost Recovery Fee (ACR)

The current Fuel Pricing Policy includes a fuel flowage fee of $0.30 per gallon, however it does not appear to be based upon a tangible cost recovery or other basis for setting the rate. In its place, an Airfield Cost Recovery Fee is proposed to provide a transparent methodology designed to recover direct labor, operational expenses and capital recovery costs associated with the airfield facilities and services.

Airfield Cost Recovery (ACR) Airfield Labor & Expenses	
A. Direct Operations & Facilities Expenses	**FY 2018 (Preliminary)**
1. Direct Labor	
a. Operations	206,600
b. Facilities	335,937
Subtotal Labor	542,537
2. Direct Expenses	
a. Airfield	286,290
b. Facilities	152,063
c. ARFF	704,549
d. ATCT	42,164
Subtotal Operating Expenses	1,185,066
3. Facilities & Equipment (Depreciation)	981,005
Total Direct Expenses	2,708,608
B. Indirect Operations & Facilities Expenses	
1. Indirect Labor	383,431
2. Direct Expenses	309,854
3. Facilities & Equipment (Depreciation)	57,832
Total Indirect Expenses	751,118
Total Operations & Facilities Expenses	**3,459,726**

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Airfield Cost Recovery (ACR) Fee Calculation	
	FY 2018
Fuel Sales (Gallons)	(Preliminary)
Jet A	7,201,928
AvGas	404,823
Fuel Flowage	229,921
Total	**7,836,672**
	(FY 2017)
Airfield Expenses ($)	Actual
Direct Labor (Airfield)	542,537
Direct Expenses (Airfield)	1,185,066
Airfield Depreciation	981,005
Indirect Expenses	751,118
Total Airfield Expenses	**3,459,726**
ACR Fee (per gallon)	**0.44**

Since the ACR introduces a new concept in the Airport's Fuel Pricing Policy replacing the fuel flowage fee and the actual FY 2018 airfield expenses have yet to be audited, the ACR is set at $0.30 per gallon until such time FY 2018 data becomes available. The ACR shall be applied to all fuel transactions as well as for tenant self-fueling operations.

JET A

Jet A pricing includes recovering all costs associated with the bulk delivery of jet fuel and the operational and capital expenses related to the operation of the FBO as well as a modest markup as a return on the investment. The Airfield Cost Recovery (ACR) fee is included in the pricing structure.

Full-Service Retail

Jet A Full Service Retail Fuel Pricing Factors			
Factor	Pricing Component	Description	Example
Cost	Fuel Product	Platts + AvFuel APF markup	3.00
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.80
Markup	Markup	1.00 per gal	1.00
ACR	Airfield Cost Recovery	separately calculated airfield expenses	0.30
Total Full Service Fuel Price			**5.10**

Incremental discounts are off full retail transactions including additional discounts for full-time and seasonal tenants. Prepaid discounts for tenant and non-based owners applied to existing account holders. Note: Prepaid discounts will be discontinued effective 9/30/2019 and account balances refunded.

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Jet A Full Service Retail Transactional/Tenant Discounts		
Discount	Transaction Volume	Example
-	Less than 350 gal	5.10
(0.10)	350 – 749 gal	5.00
(0.20)	750 – 1,499 gal	4.90
(0.30)	1,500 gal or more	4.80
	Tenant Discount Category	
(0.50)	Tenant Discount	4.60
(0.40)	Seasonal Tenant Discount[1]	4.70
	Jet A Prepaid Account	
(0.70)	Tenant	4.40
(0.30)	Non-Based Owner	4.80

[1] *requires minimum 3 mo lease*

Contract Fuel Program (CFP)

Airport receives direct and indirect operating and capital recovery expenses. ACR is also applied.

Jet A Contract Fuel Program Fuel Pricing Factors			
Factor	**Pricing Component**	**Description**	**Example**
Cost	Fuel Product	Assumed by Fuel Provider	–
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.80
Markup	Markup	0.90 per gal	0.90
ACR	Airfield Cost Recovery	Separately calculated airfield expenses	0.30
Total Full Contract Price			**2.00**
		Tenant Discount	
Discount	**Tenant Discount Category**		**Example**
(0.60)	Tenant Discount		1.40
(0.50)	Seasonal Tenant Discount[1]		1.50

[1] *requires minimum 3 mo lease*

Annual Volume Discount (AVD)

Incremental discount for annual volume customers (minimum 50,000 gal) on Contract Fuel transactions

- threshold established from previous fiscal year volumes (reviewed quarterly)
- fuel price adjusted at point of sale
- volume discount is not cumulative with other discounts
- direct billing with agreement (letter of credit for new customers)

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Jet A Contract Program Volume Discount		
Discount	**Annual Volume** [1]	**Example**
-	Less than 50,000 gal	2.00
(0.30)	50,000 – 99,999 gal	1.70
(0.40)	100,000 – 349,999 gal	1.60
(0.50)	350,000 – 749,999 gal	1.50
(0.60)	750,000 – 1,499,999 gal	1.40
(0.70)	1,500,000 gal or more [2]	1.30

[1] based on previous fiscal year volume (reviewed quarterly)
[2] includes free ground support & equipment

B. AVGAS (100LL)

AvGas pricing includes recovering all costs associated with the bulk delivery of AvGas (100LL) plus the operational and capital expenses related to the operation of the FBO as well as a modest markup as a return on the investment. Pricing for self-service fueling is limited to the operational and capital recovery of the self-service distribution system only. The Airfield Cost Recovery (ACR) fee is included in the pricing structure.

Full Service (Retail)

AvGas Full Service Retail Fuel Pricing Factors			
Factor	**Pricing Component**	**Description**	**Example**
Cost	Fuel Product	AvGas (bulk price – delivered)	3.55
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.80
Markup	Markup	0.60 per gal	0.60
ACR	Airfield Cost Recovery	separately calculated airfield expenses	0.30
Total Full Service Fuel Price			**5.25**

Available Discounts

AvGas Full Service Retail Tenant Discounts		
Discount	**Category**	**Example**
	Tenant Discount	
(0.50)	Tenant Discount	4.75
(0.25)	Seasonal Tenant Discount	5.00
	AvGas Prepaid Account [1]	
(0.50)	Tenant	4.75
(0.25)	Non-Based Owner	5.00
[1] Prepaid discount program to be discontinued effective 2/1/2019		
	AvGas Direct Bill Account [3]	
(0.60)	Former Prepaid Account [4]	4.65

[3] Effective 2/1/2019
[4] Only open to credit-worthy customers with annual 1,000 gal volume over previous 12-month period

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Self-Service

Pricing set to provide low-cost fuel option and to attract discretionary full-service AvGas customers.

AvGas Self-Service
Fuel Pricing Factors

Factor	Pricing Component	Description	Example
Cost	Fuel Product	AvGas (bulk price – delivered)	3.55
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.40
Markup	Markup	Waived	–
ACR	Airfield Cost Recovery	Separately calculated airfield expenses	0.30
Total Self-Service Fuel Price			**4.25**

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Fuel Price Comparisons Naples Airport				
	Southeast [1]	Regional Florida [2]	Naples (Current)	Naples (Proposed)
Jet A				
High	8.59	8.61	4.88	5.10
Average	6.20	6.24		
Low	4.55	4.10		
AvGas (Full Service)				
High	8.29	8.29	4.53	5.25
Average	6.26	6.35		
Llow	4.25	4.50		
AvGas (Self Service)				
High		6.60	4.05	4.25
Average		4.70		
Low		4.05		

[1] *Market Intelligence, Aviation Research Group/U.S. Inc.*
[2] *APF Market Survey (October, 2018)*

Pro Forma Jet A Fuel Revenue (FY 2019)
[Proposed Fuel Policy]

Fueling Program	Full Price (Undiscounted)	less Discounts	Revenue (after Discounts)	Less COGS [1]	Net Revenue (after COGS)	Percent of Net Revenue
Retail	8,216,674	(177,044)	8,039,630	(4,833,338)	3,206,292	25.7%
Contract (Retail)	4,071,988	(475,065)	3,596,923	–	3,596,923	28.8%
Prepaid (FY 2019)	5,417,238	(531,102)	4,886,136	(3,186,611)	1,699,526	13.6%
Contract (Volume)	4,985,236	(997,047)	3,988,189	–	3,988,189	31.9%
TOTAL	**22,691,136**	**(2,180,259)**	**20,510,877**	**(8,019,948)**	**12,490,929**	100.0%

[1] *Avg 2.48/gal (2018)*

Pro Forma Jet A Fuel Revenue (FY 2019)
[Existing Fuel Policy]

Fueling Program	Full Price (Undiscounted)	less Discounts	Revenue (after Discounts)	Less COGS [1]	Net Revenue (after COGS)	Percent of Net Revenue
Retail	12,614,327	(1,106,014)	11,508,313	(6,349,695)	**5,158,618**	50.6%
Prepaid (FY 2019)	10,367,106	(2,447,546)	7,919,560	(5,309,964)	**2,609,596**	25.6%
Volume	12,163,976	(3,533,081)	8,630,895	(6,198,435)	**2,432,460**	23.8%
TOTAL	**35,145,409**	**(7,086,641)**	**28,058,768**	**(17,858,094)**	**10,200,674**	100.0%

[1] *Avg 2.48/gal (2018)*

Net Difference between Existing and Proposed Policy **2,290,255**

Pro Forma AvGas Fuel Revenue (FY 2019)
[Proposed Fuel Policy]

Fueling Program	Full Price (Undiscounted)	less Discounts	Revenue (after Discounts)	Less COGS [1]	Net Revenue (after COGS)	Percent of Net Revenue
Retail	975,319	(46,444)	928,875	(645,445)	283,430	52.3%
Prepaid (FY 2019)	746,807	(53,343)	693,464	(494,221)	199,243	36.7%
Self-Service	326,400	–	326,400	(266,829)	59,571	11.0%
TOTAL	**2,048,526**	**(99,787)**	**1,948,739**	(1,406,495)	**542,244**	100.0%

[1] *Avg 3.47/gal (FY 2018)*

Pro Forma AvGas Fuel Revenue (FY 2019)
[Existing Fuel Policy]

Fueling Program	Full Price (Undiscounted)	less Discounts	Revenue (after Discounts)	Less COGS [2]	Net Revenue (after COGS)	Percent of Net Revenue
Retail	841,561	(40,395)	801,166	(650,814)	**150,352**	51.0%
Prepaid (FY 2019)	644,388	(45,509)	598,879	(492,129)	**106,750**	36.2%
Self-Service	347,904	(46,373)	301,531	(263,552)	**37,979**	12.9%
TOTAL	**1,833,853**	**(132,277)**	**1,701,576**	**(1,406,495)**	**295,081**	100.0%

[2] *Avg 3.47/gal (FY 2018)*

Net Difference between Existing and Proposed Policy **247,163**

NAPLES AIRPORT AUTHORITY

Aviation Fuel Program Study

NAA Workshop
October 18, 2018

Quadrex Aviation, LLC
Airport Development Services

Please Fly Safe Fly Quiet

Aviation Fuel Program Study

Project Overview

- Review effectiveness & value of current fuel programs*
- Identify industry trends & opportunities for improvement*
- Evaluate feasibility of contract fuel
- Establish cost centers for Airfield & FBO to validate and/or adjust rates and charges
- Offer sustainable fuel programs that ensure financial self-sustainability and customer service excellence

** Strategic Goal/Objective orientation*

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Aviation Fuel Program Study

Fundamental Concepts

Goal: To operate FBO as a profitable retail enterprise

- Recover all costs to operate FBO
- Recover all costs to operate airfield
- Make reasonable Return of Investment
- Make reasonable Return on Investment
- Provide service excellence to all customers

Consistent with FAA directives

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Aviation Fuel Program Study

Current Fuel Programs

Jet A

- Retail *(Last increased in FY 12)*
  - Margin
  - Transactional Discounts
- Prepaid *(Decreased in FY 12, last increased in FY 10)*
  - Initial $10K Deposit (no requirement to maintain balance)
  - Margin
- Volume *(Decreased in FY 14, last increased in FY 10)*
  - Minimum Annual Volume = 100,000 gal
  - Margin

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Aviation Fuel Program Study

Current Fuel Programs

AvGas (100LL)

- Retail *(Decreased in FY 10, last increased in FY 08)*
  - Margin
  - Transactional Discounts
- Prepaid *(Decreased in FY 10 and FY 12, last increased in FY 07)*
  - Initial $5K Deposit (no requirement to maintain balance)
  - Margin
- Self-Service *(Decreased in FY 10, last increased in FY 08)*
  - Margin

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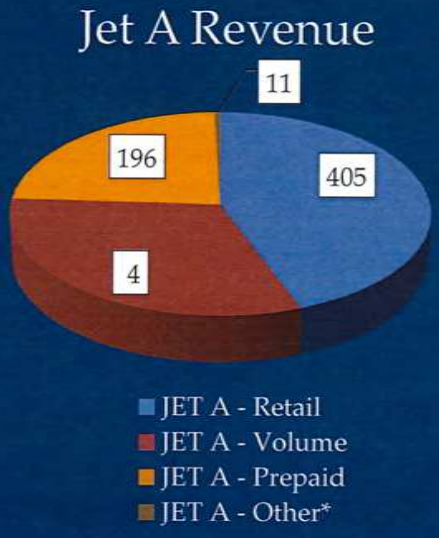
Historical Jet A Fuel Sales (FY 2017)

Customer Classification	Customers	Volume (gal)	Total Transactions	Total Revenue	Average Revenue per Transaction
JET A - Retail	405	2,476,285	6,279	9,978,828	1,589
JET A - Volume	4	2,342,272	3,622	7,127,611	1,968
JET A - Prepaid	196	1,623,734	4,019	5,340,965	1,329
JET A - Other*	11	34,335	59	107,632	1,824
Total	**616**	**6,476,626**	**13,979**	**22,555,036**	**1,613**

** AirCard (Gov't) & Airline sales*



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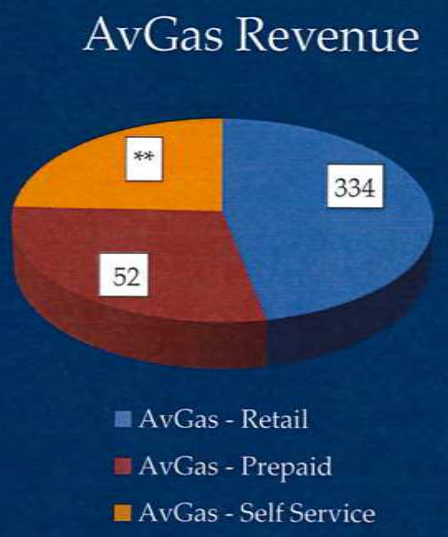
Historical AvGas Fuel Sales (FY 2017)

Customer Classification	Customers	Volume (gal)	Total Transactions	Total Revenue	Avg Rev. per Transaction
AvGas – Retail	334	174,976	5,312	695,740	131
AvGas – Prepaid	52	111,583	4,756	427,122	90
AvGas - Self Service	**	101,192	3,633	362,691	100
Total	**386**	**387,750**	**13,701**	**1,485,554**	**108**



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Fuel Pricing Policy Philosophy

Fuel Flowage Fee

Goal – Recover all costs to operate airfield

Basis for Fee?*

- APF Fuel Flowage Fee – $0.30/gal *(Last dec. on FY 07, Inc. in FY 04)*
- Fuel flowage as means to recover airfield expenses (similar to road tax)
- Methodology for setting reasonable fee?
- Compensatory Fee (break even)
- Alternative – establish landing fee

* *Private Sector – Flowage fee = Concession Fee (in FBO's lease)*

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Fuel Pricing Policy Philosophy

Airfield Cost Recovery (ACR) Fee *[proposed]*

Restated Fuel Flowage Fee

- Recover costs associated with operating airfield
- Compensatory rate structure
- Applies to all fuel sales
- Fee Basis follows similar concept as commercial airport landing fees
  - *Direct Labor – Operations/ARFF personnel*
  - *Operational Expenses – costs to operate and maintain airfield*
  - *Capital Recovery – return of investment for airfield development*
  - *Allocated Costs – indirect labor, expenses, & capital*

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Fuel Pricing Policy Philosophy

FY 17 Airfield Cost Recovery (ACR) Expenses

Direct Airfield Expenses	
Direct Labor	542,537
Direct Operating Expenses	1,185,066
Capital Recovery (Depreciation)	981,005
Subtotal Direct Airfield Expenses	2,708,608
Allocated Airfield Expenses	
Labor	383,431
Operating Expenses	309,854
Capital Recovery (Depreciation)	57,832
Subtotal Allocated Expenses	751,118
Total Airfield Expenses	3,459,726

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Fuel Pricing Policy Philosophy

Airfield Cost Recovery (ACR) Fee

Recover Fully Loaded Airfield Costs

Airfield Costs (FY 2017)	$3,459,726
Total Fuel Sales (FY 2017)	7,836,672 (gal)
ACR (FY 2018)	$0.44/gallon (vs $0.30)

ACR Adjustment would start January 1 following close of FY

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Fuel Pricing Policy Philosophy (Goal)

Goal – Reasonable return on FBO enterprise vs Private Sector

- Financial commitment (risk)
- Capital Investment (facility & equipment)
- Land & Facility lease rates & escalations
- Labor supply & prevailing wages
- Fuel costs (product/storage/distribution)
- Federal, state, & local regulations & policies
- Insurance
- Safety & technical training

From: FAA Q&As—FBO Industry Consolidation and Pricing Practices

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Aviation Fuel Program Study

Fuel Pricing Policy Philosophy

Objective A – Recover all costs to operate FBO

Basis for Costs

- Cost of Goods Sold (COGS) – cost of delivered fuel products
- Direct Labor – Front-line People (Line Technicians & CSRs)
- Operational Expenses – costs to provide fuel services
- Capital Recovery – return of investment to provide fuel services
- Allocated Costs – indirect labor, expenses & capital

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Aviation Fuel Program Study

Fuel Pricing Policy Philosophy

Objective B – Receive Return on Investment (ROI)

Basis for Margin

- Private Sector = profit for owners' investment risk
- Public Sector (not-for-profit) = reinvested in airport/FBO
- Margin Basis can be a Fixed Rate Fee or Percent of Expenses
- APF currently uses Fixed Rate Fee basis
  - Jet A [Full Retail] = $1.80/gal
  - AvGas [Full Retail] = $0.68/gal
  - AvGas [Self-Service] = $0.20/gal

Note: All discounts come from the full retail margin

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Fuel Pricing Program Study (Expenses)

Costs attributable to GA Terminal and FBO Activity

Fuel Sales (Gallons)	FY 2017	% Total
Jet A	6,685,074	94.4%
AvGas	394,887	5.6%
Total	7,079,961	100.0%

FBO Expenses ($)	FY 2017	Cost/Gallon
Labor	3,579,407	0.51
Expenses	1,303,803	0.18
Depreciation	393,902	0.06
Total	5,277,112	0.75

Note: excludes self-service

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Fuel Pricing Policy (Current Revenues)

Fuel Sales & Volume for Offsetting FBO Expenses (FY 2017)

Jet A	Avg COGS	Avg COGS per Gal	Net Rev After COGS	Net Rev Per Gal	Fuel Flowage	Net Rev After FF
Retail	5,957,301	2.45	4,826,369	1.99	0.30	1.69
Volume	5,731,139	2.47	1,456,974	0.63	0.30	0.33
Prepaid	4,800,900	2.48	3,206,365	1.66	0.30	1.36
Total	16,489,339	2.47	9,489,708	1.42	0.30	1.12
AvGas						
Retail	578,014	3.50	131,408	0.79	0.30	0.49
Prepaid	415,897	3.43	90,531	0.75	0.30	0.45
Self-Service	235,879	3.41	34,119	0.49	0.30	0.19
Total	1,229,791	3.46	256,059	0.72	0.30	0.42
TOTAL	17,719,130		9,745,767			

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Fuel Pricing Policy (Current Revenues)

Fuel Sales & Volume for Offsetting FBO Expenses (FY 2017)

Jet A	FBO/GAT Expenses	Average FBO Expense/gal	Credit Card Fee*	Net Rev After FBO/CC Exp	Net Profit	Net Margin
Retail	1,820,999	0.75	0.10	0.84	2,039,087	18.9%
Volume	1,738,662	0.75	0.00	(0.42)	(977,768)	(13.6%)
Prepaid	1,450,994	0.75	0.00	0.61	1,174,461	14.7%
Total	5,010,655	0.75	0.09	0.28	2,235,780	8.6%
AvGas						
Retail	123,894	0.75	0.09	(0.35)	(57,694)	(8.1%)
Prepaid	90,761	0.75	0.00	(0.30)	(36,566)	(7.2%)
Self-Service	51,802	0.75	0.09	(0.64)	(44,361)	(16.4%)
Total	266,457	0.75	0.09	(0.42)	(138,622)	(9.3%)
TOTAL	5,277,112				2,097,158	7.6%

* *Credit Card Fees averaged 0.022% per retail per gallon (FY 2017)*

NAPLES AIRPORT AUTHORITY

Fuel Pricing Policy Update (Proposed)

Jet A Full Service Retail
Fuel Pricing Factors

Factor	Pricing Component	Description	Example
Cost	Fuel Product	Platts + AvFuel APF markup	3.00
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.80
Markup	Markup	1.00 per gal	1.00
ACR	Airfield Cost Recovery	separately calculated airfield expenses	0.30
		Total Full Service Jet A Retail Fuel Price	5.10

NAPLES AIRPORT AUTHORITY

Fuel Pricing Policy Update (Proposed)

Jet A Full Service Retail
Transactional/Tenant Discounts

Discount	Transaction Volume	Example
-	Less than 350 gal	5.10
(0.10)	350 – 749 gal	5.00
(0.20)	750 – 1,499 gal	4.90
(0.30)	1,500 gal or more	4.80
	Tenant Discount Category	
(0.60)	Tenant Discount	4.50
(0.50)	Seasonal Tenant Discount[1]	4.60
	Jet A Prepaid Account	
(0.70)	Tenant	4.40
(0.30)	Non-Based Owner	4.80

[1] *requires minimum 3 mo lease*

NAPLES AIRPORT AUTHORITY

Fuel Pricing Policy Update (Proposed)

Jet A Contract Fuel Program
Fuel Pricing Factors

Factor	Pricing Component	Description	Example
Cost	Fuel Product	Assumed by Fuel Provider	–
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.80
Markup	Markup	0.90 per gal	0.90
ACR	Airfield Cost Recovery	Separately calculated airfield expenses	0.30
		Total Full Contract Price	2.00

Tenant Discount

Discount	Tenant Discount Category	Example
(0.60)	Tenant Discount	1.40
(0.50)	Seasonal Tenant Discount[1]	1.50

[1] *requires minimum 3 mo lease*

NAPLES AIRPORT AUTHORITY

Fuel Pricing Policy Update (Proposed)

Jet A Contract Program
Volume Discount

Discount	Annual Volume [1]	Example
-	Less than 50,000 gal	2.00
(0.30)	50,000 – 99,999 gal	1.70
(0.40)	100,000 – 349,999 gal	1.60
(0.50)	350,000 – 749,999 gal	1.50
(0.60)	750,,000 – 1,499,999 gal	1.40
(0.70)	1,500,000 gal or more [2]	1.30

[1] based on previous fiscal year volume (reviewed quarterly)
[2] includes free ground support & equipment

NAPLES AIRPORT AUTHORITY

Fuel Pricing Policy Update (Proposed)

AvGas Full Service Retail
Fuel Pricing Factors

Factor	Pricing Component	Description	Example
Cost	Fuel Product	AvGas (bulk price – delivered)	3.55
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.80
Markup	Markup	0.60 per gal	0.60
ACR	Airfield Cost Recovery	separately calculated airfield expenses	0.30
		Total Full Service AvGas Fuel Price	5.25

NAPLES AIRPORT AUTHORITY

Fuel Pricing Policy Update (Proposed)

AvGas Full Service Retail Tenant Discounts

Discount	Category	Example
	Tenant Discount	
(0.50)	Tenant Discount	4.65
(0.25)	Seasonal Tenant Discount	4.90
	AvGas Prepaid Account [1]	
(0.50)	Tenant	4.65
(0.25)	Non-Based Owner	4.90
	AvGas Direct Bill Account [2]	
(0.60)	Former Prepaid Account [3]	4.55

[1] *Prepaid discount program to be discontinued effective 2/1/2019*

[2] *Effective 2/1/2019*

[3] *Only open to credit-worthy customers with annual 1,000 gal volume over previous 12-month period*

NAPLES AIRPORT AUTHORITY

Fuel Pricing Policy Update (Proposed)

AvGas Self Service Retail
Fuel Pricing Factors

Factor	Pricing Component	Description	Example
Cost	Fuel Product	AvGas (bulk price – delivered)	3.55
FBO	Labor & Expenses	Direct/Indirect Allocated Expenses	0.40
Markup	Markup	Waived	–
ACR	Airfield Cost Recovery	separately calculated airfield expenses	0.30
		Total Self-Service AvGas Fuel Price	4.25

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Fuel Pricing Policy Update (Proposed)

Fuel Price Comparisons

	Southeast [1]	Regional Florida [2]	Naples (Current)	Naples (Proposed)
Jet A				
High	8.59	8.61		
Average	6.20	6.24	4.88	5.10
Low	4.55	4.10		
AvGas (Full Service)				
High	8.29	8.29		
Average	6.26	6.35	4.53	5.25
Low	4.25	4.50		
AvGas (Self Service)				
High		6.60		
Average		4.70	4.05	4.25
Low		4.05		

[1] *Market Intelligence, Aviation Research Group/U.S. Inc.*

[2] *APF Market Survey (October, 2018)*

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