STILLWATER REGIONAL AIRPORT

RATES AND CHARGES STUDY

PREPARED BY KSA a Pape-Dawson Company

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EXECUTIVE SUMMARY

The City of Stillwater retained KSA to conduct a comprehensive Airport Rates and Charges Study for the Stillwater Regional Airport (SWO). The purpose of this study was to evaluate the Airport's existing fee structure, compare SWO to peer and competitive airports, assess compliance with Federal Aviation Administration (FAA) requirements, and develop a financially sustainable and market-supported schedule of rates and charges for implementation beginning in FY 2027.

KSA evaluated the Airport's operating and capital costs, existing leases and agreements, comparable airport rate structures, and current industry practices. The study also examined the Airport's ability to recover costs associated with airfield, terminal, landside, and parking operations while maintaining rates that remain competitive and support continued commercial air service activity.

The analysis determined that SWO currently charges rates and fees that are generally below peer airport averages in nearly all major categories. While these lower rates have historically supported affordability and operational activity, they have also limited the Airport's ability to recover costs and achieve the FAA objective of financial self-sufficiency. FAA Grant Assurance 24 requires airports receiving federal assistance to maintain a fee and rental structure that makes the airport as financially self-sustaining as possible under existing circumstances.

The study found that SWO's current Cost per Enplaned Passenger (CPE) of $2.95 is significantly below the peer airport average of $4.36, indicating that the Airport remains competitively positioned for airline operations. Similarly, the Airport's existing landing fees, terminal rental rates, tie-down fees, and hangar rental rates all fall below comparable market averages.

KSA's review of airport industry practices identified several opportunities for SWO to strengthen revenue generation through a balanced combination of aeronautical and nonaeronautical fees. Recommendations were developed using a cost recovery methodology while considering market sensitivity and the Airport's competitive environment. Although full cost recovery is not currently achievable without adversely impacting airport activity, the recommended rates represent a practical and incremental approach toward improved financial sustainability.

Key recommendations include:

- Increasing the commercial signatory landing fee from $0.95 to $1.50 per 1,000 pounds of landed weight, with a 25 percent premium for non-signatory operators.
- Increasing terminal rental rates from $21.25 to $25.00 per square foot and implementing a $0.75 per enplaned passenger fee to recover public area terminal costs.

- Establishing public vehicle parking fees of $5.00 per day for Lots 1 and 2 near the terminal.
- Implementing a $3.00 Customer Facility Charge (CFC) for rental car transactions.
- Increasing aircraft tie-down fees to $15 per overnight stay and $150 per month.
- Increasing T-Hangar rental rates to $300 per month for Hangar 1 and $325 per month for Hangar 2.
- Increasing aeronautical ground rent to $0.30 per square foot and setting nonaeronautical ground rents at current Fair Market Value.
- Continuing fuel flowage fees with annual adjustments tied to inflation and operating costs.
- Establishing new aeronautical permit fees, based aircraft fees, lease development fees, and hangar wait-list fees.

The study also recommends annual review and adjustment of all rates and charges based on operating performance, inflationary pressures, capital improvement needs, and market conditions. At a minimum, annual increases tied to the Consumer Price Index (CPI) or a three percent escalation factor are recommended for most fee categories.

Projected FY 2027 revenues generated from the proposed rates and charges are expected to substantially improve the Airport's financial position and reduce the operational funding burden currently borne by the City. With the proposed fee changes, projected revenues for FY 2027 are expected to increase by $918,317. Of this amount, $524,245 results from reclassifying transfers from the City's General Fund to nonaeronautical rents, while $394,072 represents anticipated additional revenue for the Airport.

Impact of Proposed Rates and Charges

Source of Revenue'	Current Rental Rate	Calculated Rental Rate	Market Rate (Avg)	Proposed	FY 2027 Rate Impact
Landing Fee (Signatory)	$0.95/1K lbs	$29.52/1K lbs	$1.46/1K lbs	$1.50/1K lbs	$32,713
Terminal Rent	$21.25/psf	$213.07/psf	$25.30/psf	$25.00/psf	26,303
Emplaned Passenger Fee	None	$15.89/per pax	$0.45-$1.05	$0.75/per pax	29,611
Customer Facility Charge	None	NA	$3.00-$10.00	$3.00/per trans day	127,683
T-Hangar 1 (Total 12,470 SF)	$250/mo	NA	$125-$475/mo	$300/mo	5,400
T-Hangar 2 (Total 13,750 SF)	$250/mo	NA	$125-$475/mo	$325/mo	8,100
PortAPort	$170/mo	NA	NA	$200/mo	1,440
Aircraft Parking	$10/day, $50/mo	NA	$86.61/mo	$15/day, $150/mo	20,917
Aeronautical Ground Rent	$0.24/psf	$0.15-$0.48	$0.29	$0.30/psf	28,635
Nonaeronautical Ground Rent	$0.12/psf	NA	$0.39/Improved	$0.29/psf	525,816
Fuel Flowage Fee	0.20 per gallon	NA	$0.05-$0.20	$0.206 per gallon	3,900
Administrative Fee on Fuel	None	NA	NA	3% purchase	90,000
Annual Fees	None	NA	Various	Various	17,800
				TOTAL	**$918,317**

Overall, the recommended rates and charges program positions SWO to improve financial sustainability, maintain compliance with FAA requirements, support future capital investment, and enhance long-term operational stability while remaining competitive within the regional airport market. The proposed approach balances fiscal responsibility with the Airport's strategic objective of maintaining and growing commercial air service, supporting general aviation activity, and continuing to serve as a critical transportation and economic asset for the Stillwater community and surrounding region.

Section 1: Introduction

1.1 Scope of Work

The City of Stillwater has enlisted KSA to conduct an Airport Fees and Charges Study for the Stillwater Regional Airport (SWO). To fulfill this task, KSA has recommended rates and developed an Airport Fee Schedule, based on the types of rents, fees, and charges selected by Airport management for implementation.

In order to achieve this objective, KSA examined current industry practices for establishing airport rents, fees, and charges. This included identifying the types of fees commonly charged and the measures typically used in the industry.

This summary report outlines the results of KSA's analysis, including their recommendations for the structure of a rate-setting practice and the methodology for determining the rates.

1.2 Project Approach

To accomplish the scope of work, KSA undertook several key tasks:

- assessed airport rates and charges to determine if revenues sufficiently covered operating expenses and provided the necessary funding for capital projects
- identified best industry practices for developing a fee and rental structure
- analyzed the Airport's current rental rates and related information
- obtained and compared rents, fees, and charges from comparable and competitive airports.
- provided Airport management with recommendations for the methodology and proposed types of rents, fees, and charges

Based on the structure selected by Airport management, KSA has also provided recommendations for the specific fee amounts.

1.3 Commercial Service Airport Rates

Table 1 provides a brief overview of rates and charges typically charged by commercial service airports, the Airport's existing rates, industry practices, and recommendations for the City's approval.

It is important to note that additional fees have been recommended to aid the Airport in taking steps towards obtaining financial self-sufficiency moving forward. Each of the fees below are described herein, and a full evaluation of existing Airport rates and charges are included in Attachment 2. A summary of each rental fee shown below is addressed in detail in this report.

Table 1
Airport Rates and Charges for Commercial Service Airports

Type of Fee	Existing	Industry Practice	Recommendation
Landing Fee	Yes	Most Common	Yes
Terminal Rent	Yes	Most Common	Yes
Aircraft Parking Fees	Yes	Most Common	Yes
Land and Building Rents	Yes	Most Common	Yes
Parking Fees	No	Most Common	Yes
Fuel Flowage Fee	Yes	Most Common GA airports	Yes
Percentage Gross Receipts	Somewhat	Most Common Concessions	Yes
Customer Facility Charge	No	Moderately Common	Yes
Aeronautical Permit Fees	No	Moderately Common	Yes
Based Aircraft Fee	No	Less Common	Yes
Waitlist Fee	No	Less Common	Yes
Through-the-Fence Fee	No	Less Common	Future
Airport Access Fee	Somewhat	Less Common	Future

1.4 Federal Aviation Administration Requirement

FAA Grant Assurance 24, Airport Fees and Rents, requires the airport maintain a fee and rental structure for the facilities and services at the airport which will make the airport as financially self-sustaining as possible under the circumstances existing at the airport. As such, the Airport must employ a reasonable, consistent, and transparent (i.e. clear and fully justified) method of establishing rates and charges, with adjustments on a timely and predictable schedule. The FAA will not ordinarily investigate the reasonableness of an airport's fees absent the evidence of a progressive accumulation of surplus aeronautical revenues or a formal complaint filed by a tenant(s) through the Department of Transportation.

Additionally, FAA mandates rental rates imposed on nonaeronautical uses be set at Fair Market Value (FMV).

1.5 Cost Recovery Methods

As outlined in the scope of work, KSA conducted a comprehensive cost recovery analysis to ensure that revenues sufficiently cover both operating expenses and the funding needs for capital projects, as detailed in Exhibit A. While evaluating full airport cost recovery to establish Airport rates, it was crucial to consider several key factors:

- a cost recovery review was imperative to evaluate if the fees charged effectively cover the actual costs of providing airport services and facilities,
- market demand was considered to understand the demand for airport services and the willingness of users to pay for them,
- the competitive environment was assessed to determine the level of competition in the market and the availability of substitutes,
- social and environmental impacts were considered to ensure that the fees reflected the broader impacts of airport operations, and
- regulatory compliance was reviewed to guarantee that the fees align with federal regulations and guidelines for airport rates and charges.

By meticulously evaluating these factors, KSA has formulated recommendations based on the most effective methods for setting rates. These methods aim to promote the efficient use of airport resources while providing fair and reasonable access to all users.

1.6 Market Based Rate Surveys

A market-based survey was conducted on a peer group of airports, including Stillwater. This study incorporated both competitive and comparative analyses of all applicable rates and charges. Competitive analysis evaluates direct rivals to influence aviation activity, typically focusing on attracting airlines and operations. In contrast, comparative analysis benchmarks performance against peers to enhance operational efficiency. As summarized in Section 3 below, and detailed in Attachment 1, the survey results show that SWO falls below market averages in all categories.

1.7 Marketing the Airport

Airports like SWO, which rely on a single air carrier, often struggle to grow their revenues due to the carrier's market dominance. This lack of competition can suppress both passenger traffic and revenue opportunities. To overcome these challenges, the airport must explore strategies such as diversifying revenue streams, investing in non-aeronautical services, and forming partnerships with other airlines or service providers to enhance revenue generation and operational efficiency.

Continued collaboration with airlines, local businesses, and community leaders is also essential to building support for the airport's growth. Actively courting additional airlines through long-term relationship building and data-driven proposals can help secure new air service. Developing a compelling business case that highlights the airport's strengths, including relevant economic factors and community demand, is crucial, as these elements are key considerations for airlines when making route decisions.

Section 2: Industry Practices

Rate setting represents the financial relationships between airports and their tenants, directed by user agreements and subject to FAA reasonableness review. Major rating agencies (Moody's, S&P and Fitch, include airport financial stability and credit quality as factors in their airport sector methodologies for assessing rate-setting sustainability. Establishing airport rates is governed by 49 USC §47107(a)(16), which requires airports to establish and maintain reasonable rates and charges subject to the FAA Revenue Use Policy (78 FR55330, 2013 consolidated restatement), which restricts airport revenues to aviation-related purposes and requires transparent cost accounting.

Also, unless users agree otherwise, landing fees imposed for the airfield generally may not exceed the airfield capital and operating costs of existing airfield facilities and services. Only limited exceptions may apply at congested airports.

Based on industry experience and supported by the information contained in KSA's proprietary industry database (which is utilized to track, monitor, and analyze aviation fee data and trends), KSA has identified current industry practices for establishing rates and charges for the Airport. A summary of these findings which, in KSA's opinion, are representative of current industry practices for establishing rates and charges and are outlined in this section.

2.1 Landing Fees

Commonality – Historically, landing fees are commonly imposed by commercial service airports for the use of the airfield during landing operations of itinerant aircraft.

Methodology – Costs including operating expenses, annual debt service required, and amortized capital costs are used to evaluate the cost to operate the airfield and determine a "breakeven" rate that is charged per 1,000 pounds.

Collection – Landing fees may be collected directly by the Airport, or the airport Fixed Base Operator (FBO) based on an established weight per landing.

2.2 Terminal Rents

Commonality – Rents for leased spaces in airport terminals are very common and typically calculated on a per square foot basis.

Methodology – To evaluate the operational costs of the terminal, various expenses are considered including operating costs, annual debt service, and amortized capital costs. These factors help us determine the "breakeven" rate, which is then charged per rentable square footage. Typically, airline leased space is categorized into three types: exclusive use space (like Airline Ticketing Office (ATO) and Baggage Service Office (BSO)), preferential use space (such as gates, ticket counters, and holdrooms), and joint use space (including TSA screening and baggage claim areas). Other leasable areas include public areas and concessions space.

Collection – Terminal rents are normally due on the first day of the month and charged to tenants on a per square foot basis.

2.3 Tie–Down Fees

Commonality – Tie-Down fees are usually levied for the use of ramp areas for both based and transient aircraft parking. While charges can apply for daily use, they are most assessed for overnight stays or monthly stays. At smaller airports, the ramp areas are normally included in the Airfield cost center, and the revenues generated help to lower the Landing Fee rate.

Methodology – Typically, tie-down fees are charged in accordance with an established schedule (i.e. aircraft within designated weight and/or size ranges pay the same fee) and a minimum fee may be specified. In the alternative, tie-down fees may be charged on a "cents per 1,000 pounds" approach and a minimum fee may be specified. Smaller airports commonly charge a fixed fee per night and/or month.

Collection – Tie-Down fees may be collected directly by the Airport or through an agreement with a commercial operator (such as the Fixed Base Operator (FBO)) to collect and remit the tie-down fees. The agreement may allow the commercial operator to retain a portion of the fees collected as compensation for services rendered by the commercial operator. The amount retained is often referred to as an administrative fee.

2.4 Land and Building Rents

Commonality – Airports possess extensive land due to zoning restrictions and are strategically located for both aeronautical and nonaeronautical business development. Providing airport-owned assets for lease, such as land and buildings, has traditionally provided airports with a pathway to achieve financial self-sustainability.

Methodology – Rental rates for nonaeronautical tenants are determined based on Fair Market Value, in accordance with FAA requirements. For aeronautical use tenants, rates are assessed by analyzing rental rates for other aeronautical tenants in facilities of similar age and/or condition at the airport, as well as comparing rental rates at similar or competing airports to ensure fairness and reasonableness.

While rental rates are established to ensure consistency, each lease is negotiated based upon its own unique type of business and a premium or a rent credit may be applied to the base rental rate.

Collection – Building and ground rents are normally due on the first day of the month and charged to the lessee on a per square foot basis.

2.5 Vehicle Parking Fees

Commonality – Vehicle parking fees have consistently been a reliable nonaeronautical revenue stream for airports, aiding in their financial self-sustainability. The high demand for parking spaces close to the terminal provides an opportunity to set premium rates.

Methodology – Airports generally set parking rates through strategies such as pricing based on the duration of stay (short term vs long term), offering discounts for advance reservations, and providing premium services at higher rates.

Collection – Collecting parking fees at airports can be achieved through various methods such as cash booths, pay-on-foot stations, mobile apps, and credit/debit card payments.

2.6 Fuel Flowage Fees

Commonality – Fuel Flowage Fees are very common for general aviation activity.

Methodology – When a fuel flowage fee is charged by the Airport, fueling entities (both commercial and non-commercial) are typically required to collect and/or pay a fuel flowage fee for each gallon of fuel sold or dispensed at the airport through a lease agreement. Fuel flowage fees are typically paid on a "cents per gallon" basis and can vary significantly amongst airports. Airports served by air carriers may exempt these entities from fuel flowage fees since air carriers pay landing fees under an Airline Use Agreement. Also, government aircraft may be exempt from fuel flowage fees.

Collection – Fuel Flowage fees are typically collected by the FBO and paid to the airport sponsor on a monthly or annual basis.

2.7 Percentage Gross Receipts

Commonality – Historically, concession contracts have provided airports with a guaranteed annual minimum payment or a specified percentage of the concessionaire's gross revenue, whichever is greater.

Methodology – The amount of the fee and any exceptions or exemptions is typically stipulated in the lease agreement between the airport sponsor and the commercial operator.

Collection – Percentage of gross receipts fees are typically collected directly by the airport on a monthly or annual basis.

2.8 Customer Facility Charges

Commonality – More recently, airport sponsors have implemented customer facility charges (CFCs), which are user fees collected by rental car companies.

Methodology – These charges are generally applied to each rental car transaction to cover operating expenses or finance rental car-related capital projects. The CFC is regulated at the state level.

Collection – Rental car companies collect CFCs and submit them as a pass-through user fee in the following month.

2.9 Aeronautical Permit Fees

Commonality – Historically, aeronautical permit fees have not been charged by airport sponsors. However, these types of fees are becoming more common. When charged, aeronautical permit fees are typically charged on a monthly or annual basis depending on the type of aeronautical activity being conducted.

Methodology – Aeronautical permit fees are typically based on a flat amount that must be paid to obtain a permit to operate a commercial business at the airport. The operating permit typically expires on an annual basis, thus requiring aeronautical permit fees to be paid annually for renewal.

Collection – Aeronautical permit fees are typically collected directly by the airport sponsor on a monthly or annual basis.

2.10 Based Aircraft Fee

Commonality – Historically, based aircraft fees have not been charged by airport sponsors to based aircraft. However, more airports are beginning to consider based aircraft fees to augment landing fees if based aircraft are exempt from the landing fee.

Methodology – When charged, based aircraft fees are commonly charged on a "cents per 1,000 pounds" approach (similar to landing fees". As an alternative, based aircraft fees can be charged in accordance with an established schedule (i.e. aircraft within designated weight and/or size ranges pay the same fee). Smaller airports may charge a fixed fee for each aircraft.

Collection – Based aircraft fees may be collected directly by the airport sponsor, or through agreement with a commercial operator (i.e. FBO) to collect and remit-based aircraft fees. The agreement may allow the commercial operator to retain a portion of the based aircraft fees as compensation for services rendered by the commercial operator. The amount retained is often referred to as an administrative fee.

2.11 Wait List Fee

Commonality – While waitlist fees are not commonly imposed at airports, they present an opportunity to generate revenue at facilities with high demand for hangar space.

Methodology – The Wait List Fee should be set at a level that effectively manages demand for airport facilities, such as hangars.

Collection – The Wait List Fee can be collected either monthly or annually.

2.12 Through–the Fence Fees

Commonality – Historically, the basis and implementation of through-the-fence fees charged by airport sponsors to aeronautical users accessing the airport from adjacent properties has been challenging. However, guided by the FAA and the Airport Cooperative Research Program (ACRP) Report 114 Guidebook for Through-the-Fence Operations, more airport sponsors are now reevaluating how they determine and apply these fees.

Methodology – When charged, through-the-fence fees can be a monthly, annual or a payment per event, with the fee based on an appropriate rental rate if such property was located on the airport.

Collection – Through-the-Fence fees are typically collected directly by the airport sponsor through a through-the-fence access agreement.

2.13 Airport Access Fees

Commonality – Traditionally, airport sponsors have not imposed airport access fees on users. However, an increasing number of airports are now implementing security measures and beginning to charge these fees.

Methodology – Airport access fees are typically imposed in accordance with a predetermined schedule on either a monthly or annual basis. The structure of these fees can vary depending on the type of access and infrastructure involved. For instance, individual access fees may be charged for items such as an airport badge, gate card, keys, or similar instruments. Alternatively, vehicle access fees may be required for items like vehicle permits or other related instruments.

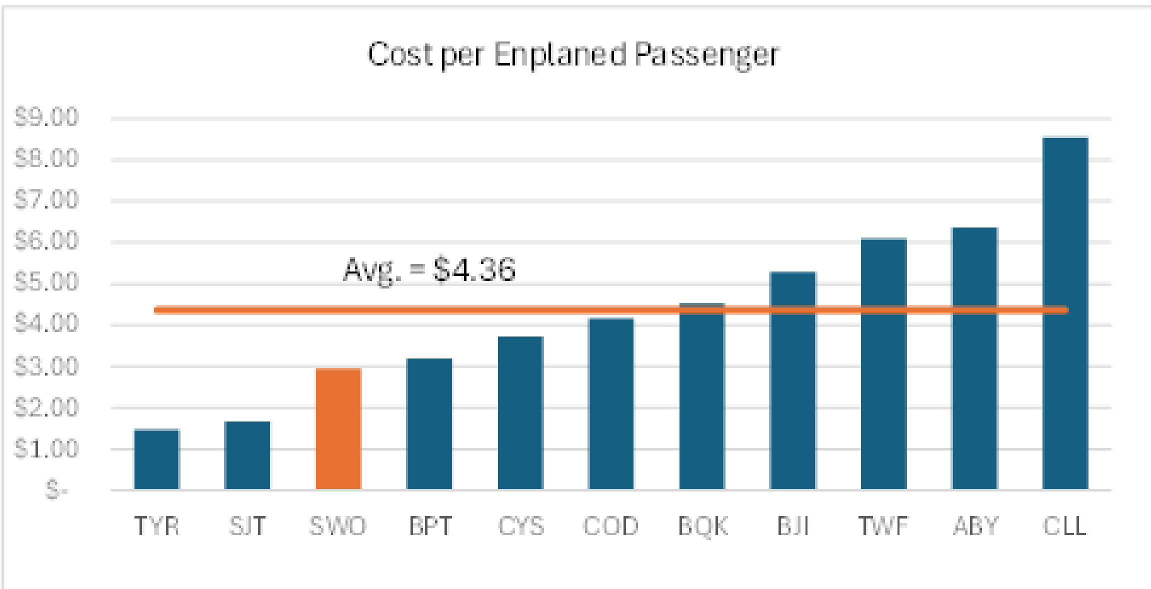
Collection – Airport access fees are generally collected directly by the airport sponsor when a badge, gate card, keys, permit, or other instrument is issued. Furthermore, these fees are typically collected on an annual basis.

Section 3: Findings From Market Analysis

KSA collected and analyzed rates and charges from comparable and competitive airports. The results of these surveys are summarized below, with detailed survey information provided in Attachment 1.

3.1 Cost per Enplaned Passenger

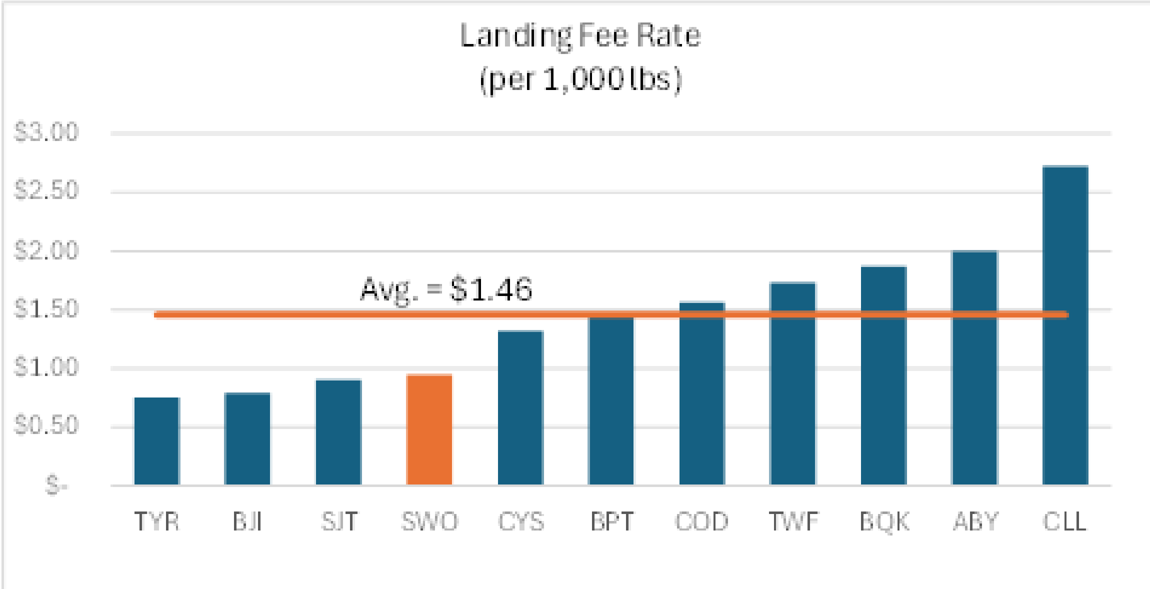
The Cost per Enplaned Passenger (CPE) is a metric used to evaluate the average cost to an airline for each passenger boarding at an airport. It is determined by dividing the total fees and charges assessed to the airline by the number of enplaned passengers during a given period. CPE serves as the primary benchmark airports use to compare themselves to others and to attract airlines to their facilities.



When compared to other competitive airports, the Airport's calculated CPE of $2.95, as presented in Exhibit A-4, fell below the average CPE of $4.36.

3.2 Landing Fee

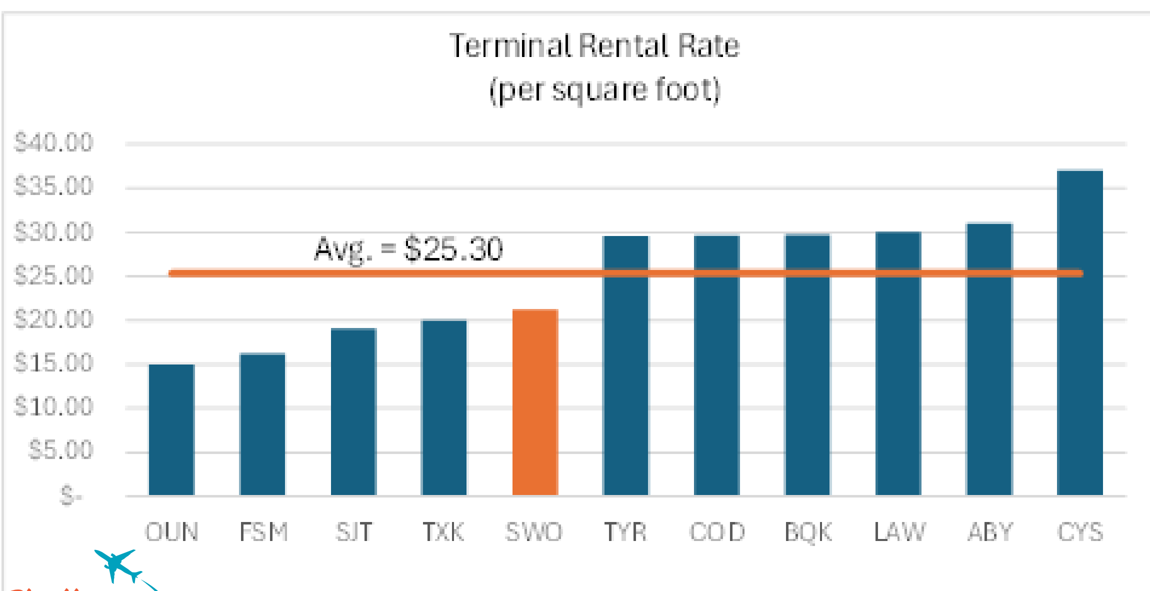
Landing fees are charges airlines pay for using an airfield, designed to cover the costs of airfield operations. These fees often vary considerably, as airports may reduce rates by applying rent offsets to attract more airlines to their facilities.



When compared to other comparative airports, the Airport's current commercial service landing fee rate of $0.95 per 1,000 pounds of landed aircraft weight is below the average rate of $1.46, as half of the ten peer airports charge fees in excess of $1.50.

3.3 Terminal Rental Rates

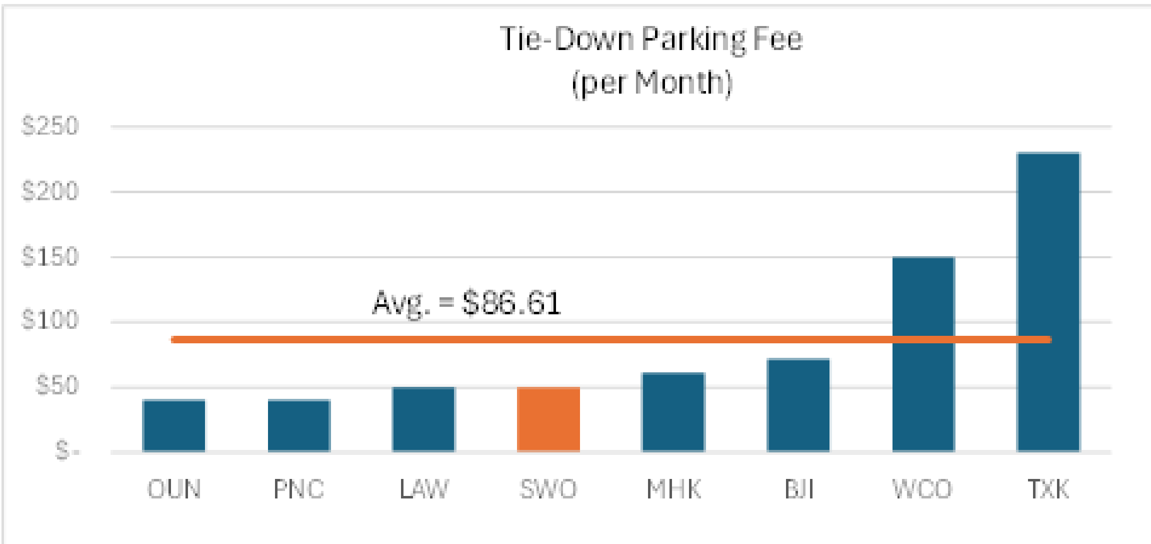
Airports calculate terminal rental rates based on cost recovery principles, meaning they calculate the total cost to operate and maintain the terminal facility and collect that amount from airlines in proportion to their use of the facility. However, they also consider market rates to determine the final rental rates. This dual approach ensures that airlines are charged fairly for their use of the airport facilities, while also allowing for adjustments to reflect market conditions. It was observed that both Lawton (LAW) and Texarkana (TXK) airports apply a terminal fee based on each enplaned passenger, in addition to charging terminal rent calculated per square foot.



When compared to other peer airports, the airports current terminal rental rate in the existing 1952 terminal of $21.25 per square foot of leased space falls far below the average terminal rental rate of $25.30.

3.4 Tie-Down Fees

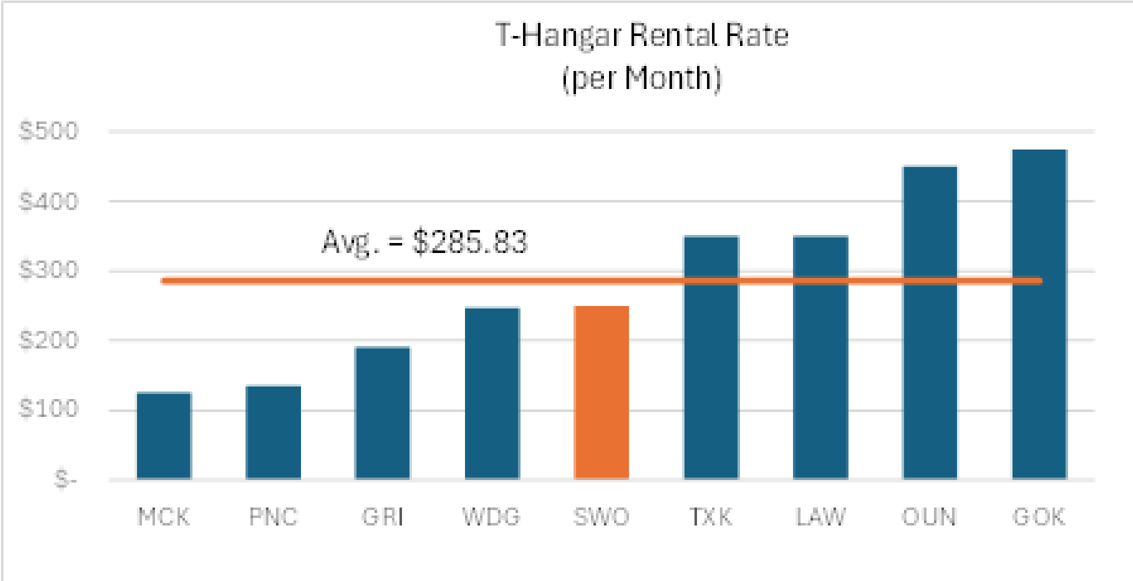
Rental rates for tie-downs are established by the airport based on standards and requirements of airport management. The rates are usually determined considering factors such as airport financial self-sustainability and competitiveness with local benchmark airports.



When compared to other airports, Stillwater's current monthly rate of $50 falls far below the average rate of $86.61.

3.5 T-Hangar Rental Rates

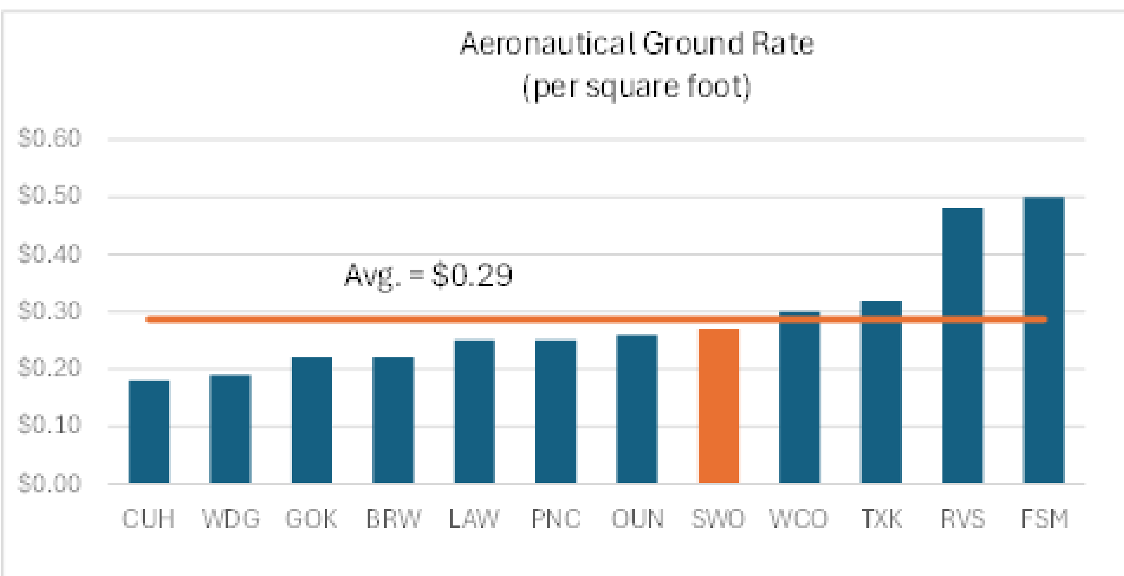
The rental rates for T-Hangars are typically established by the market. Factors such as location, size, type and amenities significantly influence these rates. For instance, urban and densely populated areas often command higher rents due to demand and limited availability. Smaller regional airports usually have lower rents but might lack extensive amenities.



When compared to other airports, Stillwater's current monthly rate of $250 falls below the average rate of $285.83

3.6 Aeronautical Ground Rental Rates

Ground rents for aeronautical use land at airports is determined by rates set by the airports. These rates are typically based on market analysis and used to determine a base rental rate that is considered in lease negotiations and rate setting for unimproved aeronautical land.



When compared to other airports, Stillwater's current ground rental rate of $0.27 per square foot falls slightly below the average rate of $0.29 per square foot.

Section 4: Recommendations

4.1 Cost Center Approach

In accordance with the Scope of Work, KSA has thoroughly evaluated the costs incurred by the Airport related to its planning, development, operation (including maintenance and repair), management, and marketing. These costs, which are not covered by federal or state Airport Improvement Programs (AIP), have been identified and quantified to the greatest extent possible. The calculated rate to recover such costs is detailed in Exhibit A and summarized below.

Although it is currently not feasible to set rates and charges that fully recover the calculated costs associated with the Airport's assets, KSA has provided recommendations (based on a cost recovery target) that are aimed at bridging this gap as outlined in the study.

4.2 Fees Recommended

Landing Fee

KSA believes the Airport should continue to impose a landing fee, which is the most equitable and effective method for recovering the costs associated with the Airfield cost center. Using a cost-recovery approach to establishing this fee aligns with best industry practices. KSA recommends setting the minimum Maximum Gross Landing Weight (MGLW) at 5,000 pounds, and applying the fee to all aircraft operators, both based and transient (excluding military aircraft), including those operations handled by the Fixed Base Operator.

The calculated landing fee rate required to fully recover the estimated operating costs for the airfield in FY 2027 is $29.52, as shown in Exhibit A-5. Based on a market survey, a more reasonable rate of $1.50 should apply for signatory airlines, with a recommended 25 percent premium imposed on non-signatory air carriers. The landing fee rate should be evaluated every year and adjusted based on the annual budget, with a minimum rate increase of three percent.

Also, KSA recommends that the landing fee be calculated based on a "cents per 1,000 pounds" of MGLW, unless an alternative weight classification is agreed upon in writing by the Airport.

The Airport has the option to collect landing fees directly from aircraft operators. However, many smaller airports, including SWO, often choose to involve the FBO in this process, allowing the FBO to retain a percentage of the collected fees. KSA recommends that, if SWO adopts this approach, the retained fee should be capped at 10%. FBOs can leverage available technology to accurately record aircraft flight and weight information.

Terminal Rent

As reflected in Exhibit A-6, a calculated rental rate of $213.07 per square foot is determined based on the estimated FY 2027 operating costs and amortized net capital costs of building the new terminal divided by the leasable square footage of the new terminal of 7,014 square feet. However, as noted in Section 3, the average rental rate at peer airports on a per square foot basis is only $25.30. While there is a notable difference between the calculated SWO terminal costs allocation and the average rental rate at peer airports, this is a common finding among small commercial service airports. The ability to completely recover terminal costs through rates and charges is offset by what the market rate will bear for most all types of airports. Finding the most appropriate airport rate for SWO requires understanding the market rate that will best support continuing airline service but also, support airport sustainability and be competitive with other airports. The market rate is often subsidized by other non-aeronautical revenues, depending upon the availability of such revenues.

For FY 2027, KSA recommends a rental rate of $25.00 which should be evaluated every year and adjusted based on the annual budget, with a minimum rate increase of three percent. It is recommended that this rate should be applied uniformly to all leased spaces within the terminal. An exception could be made for calculating Concessionaire rents which would involve using either the terminal rental rate per square foot or a percentage of gross receipts, depending on which is higher.

Moreover, to recover costs associated with non-rentable spaces utilized by air carrier passengers—such as holdrooms, baggage claim areas, TSA screening, restrooms, and other public areas—a Per Enplaned Passenger Fee of $0.75 is recommended.

Tie-Down Fees

The airport currently charges $10 per night and $50 per month for aircraft parking on apron tie-downs, which is significantly below the average 2025 monthly rate of $86.61 for competitive airports.

KSA recommends raising the overnight rate to $15 and the monthly rate to $150, offering a discount of more than 65 percent compared to paying the overnight rate for the entire month.

To address rising operating and maintenance costs for the apron, a minimum annual rent increase of 3% should be considered. As noted herein the resulting revenues will help reduce the overall cost of the airfield.

While this increase is above the noted average, tie-down rates are typically artificially depressed due to the lack of airports keeping up with cost and market increases for these fees. Historically, airports have not made annual increases in these type of user fees so costs have far exceeded the revenues collected for these services.

KSA recommends an increase that will bridge some of the gap in market value and allow for annual increases to maintain a fee that better tracks annual increases in costs of operations.

T-Hangar Rents

The current T-Hangar rent is $250 and has not been updated during the historical review period. Compared to peer airports, this rate is below the 2025 average of $285.83. Based on a market survey of competitive airports, KSA recommends increasing the monthly rent for T-Hangar 1 to $300 for FY 2027. Since T-Hangar 2 is larger than T-Hangar 1, it is appropriate to set its rent at $325 to reflect the greater square footage.

Exhibit A-9 outlines the actual calculated monthly rates for T-Hangars, which are $440.86 for Hangar 1 and $536.01 for Hangar 2. To help bridge the difference between the proposed rates and the calculated monthly rates, KSA suggests implementing a bi-annual increase of $25.00 per month.

The logic for a larger increase in T-Hangar rents is the same as noted for Tie-Down Fees above.

Building and Ground Rents

KSA acknowledges the airport's numerous building and ground leases, which have annual rental rate increases as per contract terms. As contracts expire and new leases are established, it is recommended to set a competitive ground rent of $0.27 per square foot in FY 2027, aligning with the recent OSU Flight Center agreement. Additionally, the FAA requires that nonaeronautical use leases be set at Fair Market Value (FMV), which is currently appraised for improved land at $0.39 per square foot be set at $0.29 based on a reasonable FMV rate for green space.

Also, the Federal Aviation Administration (FAA) mandates that airports benefit from city land use according to the revenue diversion provisions in the Airport and Airway Improvement Act of 1982. This legislation restricts the use of airport revenues, allowing them to be used only for the capital and operational costs of the airport and the local airport systems, unless the expenses are directly related to the air transportation of passengers or property. Violating these restrictions can result in sanctions, civil penalties, and the loss of grant funding. To ensure compliance and promote transparency, KSA recommends that the Airport enters into agreement(s) with the City for Airport faciliites used for City operations, such as the Emergency Management storage, the salvage site, the ballfields, and Sanborn Lake Park. Such agreements will support consistency and clarity in the use of airport facilities.

Finally, to help manage increasing operating costs and expected capital expenditures, KSA recommends implementing a leasing policy that sets a minimum annual rent increase of at least 3%. Additionally, a mandatory competitive rate review should be conducted every five years to ensure rates remain fair and up-to-date.

Vehicle Parking

As presented in Exhibit A-7, KSA advises establishing a system to manage and collect parking fees at the airport. This approach not only helps offset airport costs but also aids in managing demand for prime parking locations. An initial fee of $5.00 per day, per parking spot in future Lot 1 and Lot 2 is proposed to begin on July 1, 2026. However, this fee should be evaluated annually to ensure it does not negatively impact demand.

Percentage of Gross Receipts Fees

In harmony with building (i.e. terminal) rent, KSA recommends the Airport continue to charge a percentage of gross receipts for on-airport concession operations. This fee, typically negotiated with the concessionaire, allows the Airport to benefit from the success of these operations without additional risk. As revenues increase, so do the payments to the Airport, enabling the Airport to share in the upside. Conversely, if revenues decrease, the payments to the Airport will also decrease.

While this fee structure can be seen as punitive to successful businesses, potentially resulting in significantly different fees for similarly situated aeronautical operators, it can be equated by charging the greater of either the (1) space rent or (2) percentage of gross receipts. To ensure accuracy, annual percentage rents paid should be compared to a required annual audit of the gross receipts, verifying that the reported gross receipts reflect the audited figures.

Customer Facility Charge

KSA proposes implementing a Customer Facility Charge (CFC) at the Airport for rental car customers to recoup the capital and operational expenses related to the rental car facilities. Typically, these charges are enforced through local municipal acts or contractual agreements and are primarily regulated at the state level with minimal federal oversight. As presented in Exhibit A-8, a CFC of $3.00 per rental car transaction day is recommended.

Fuel Flowage Fee

KSA advises the Airport to continue imposing a fuel flowage fee (i.e., aviation fuel delivery fee) and review existing agreements to ensure these payments are made as required. Typically, airport operators, aviation businesses, and aircraft operators view fuel flowage fees as a reasonable method for recouping costs related to the Airfield cost center. Unlike other fees, fuel flowage fees are usually collected and remitted (or directly paid) by the fueling entities (both commercial and noncommercial) to the airport sponsor based on a negotiated rate.

The major drawback of charging fuel flowage fees is that these fees are only paid by aircraft operators who purchase or dispense fuel at the airport. Consequently, operators who use the airport without buying or dispensing fuel do not contribute to covering airport costs through these fees.

Additionally, fuel flowage fees are often paid on an honor system. Frequently, fueling entities report fuel volumes without being audited, and there is no requirement to verify or reconcile the amount of fuel sold or dispensed with the amount delivered. If the Airport continues to charge a fuel flowage fee, KSA recommends that fueling entities be required to pay this fee for all gallons delivered to the fuel storage facility, as reported by the fuel supplier, rather than based on gallons sold or dispensed.

KSA also suggests that the Airport mandate fueling entities report all fuel purchased (by type), delivered to the fuel storage facility (by type), and sold or dispensed at the Airport (by type and category). This method allows the Airport to reconcile the gallons delivered with the gallons dispensed.

In case of a discrepancy between the amount of fuel delivered to the storage facility and the amount sold or dispensed at the Airport, the higher amount should be used. Fueling entities must promptly pay any additional fees owed to the Airport, along with annual interest on the unpaid balance at the maximum rate allowable by law from the original due date.

The Airport's current fuel flowage fee of $0.20 per gallon remains competitive within the market. However, depending on the ability to address rising operating expenses, KSA recommends increasing the fee by 3% annually.

Administrative Fee on Fuel Purchases

When an airport purchases fuel for its fueling system, KSA recommends including an administrative fee of 3 percent in addition to the base fuel cost. This fee helps recover operational, safety, and compliance costs associated with handling, storing, and dispensing aviation fuel.

The administrative fee (in addition to a fuel flowage fee imposed on each gallon sold) is advised as follows:

- Ensure regulatory compliance: FAA Advisory Circular 150/5230-4C and other guidance require airports to maintain safe fuel storage, handling, and dispensing systems, including proper training for personnel and regular inspections Federal Aviation Administration.

- Offset rising operational costs: Fueling operations involve infrastructure (fuel farms, dispensing racks, USTs), safety equipment, and ongoing maintenance.
- Provide adequate training and certification: Personnel must be trained in safe fuel handling, fire safety, and spill response, often through FAA-approved programs Federal Aviation Administration.
- Offset rising insurance and liability: Costs incurred for fuel-related insurance, spill prevention, and response capabilities.
- Support administrative overhead: Accounting, record-keeping, and coordination with fuel suppliers or concessionaires.

Aeronautical Permit Fee

KSA suggests the Airport introduce an aeronautical permit fee, determined by the type of aeronautical activity conducted, whether commercial or non-commercial. Commercial aeronautical permit fees would apply to Fixed Base Operators (FBOs), Specialized Aviation Service Operators (SASOs), and operators engaged in temporary or special commercial activities at the Airport as detailed in Exhibit A10.

Lease Development Fee

For new construction projects, KSA recommends implementing a Lease Development Fee. This fee is designed to support tenants' construction activities and reimburse the Airport for various services, including planning, engineering, and completeness reviews.

Based Aircraft Fee

KSA suggests that the Airport introduce a fee for based aircraft operators who are not currently charged a landing fee. This measure aims to recover the operational costs associated with the use of the Airfield facilities. The collected fees will support the maintenance of crucial infrastructure, including runways, taxiways, and essential services such as traffic control and emergency services.

Hangar Wait-list Fee

KSA suggests implementing an annual fee for inclusion on the Airport hangar waitlist. This fee will help to provide an accurate reflection of the actual demand for airport facilities.

Adjustment to Fees

KSA suggests that the provided fees be reviewed annually, considering the prior year's financial statements and the upcoming year's budget for the Airport. Any deficits from the previous year should prompt a reevaluation of the fees, while any surplus should be allocated for the Airport's future growth. Additionally, rental rates should, at a minimum, increase in line with the Consumer Price Index (CPI) for the preceding 12-month period.

Section 5: Rates And Charges

5.1 Financial Analysis

KSA has recast the financial statements for the Airport to identify the disparity between the Airport's revenues and the costs borne by the City over the past three fiscal years and the FY 2026 Budget. Exhibit A, containing the financial recast, includes the following details:

EXHIBIT A-1: Capital Project Costs

This table outlines the historical capital improvement projects carried out by the Airport, including total project costs, offsets by source, and elements used for amortizing net costs based on the asset's lifespan. These amortized costs are employed in the calculations for each business unit, such as the Airfield, Terminal, or other cost centers.

EXHIBIT A-2: Operating Expenses

This table details all costs associated with the Airport's daily operations, including maintenance, repairs, management, and marketing.

EXHIBIT A-3: Incremental Expenses

This table highlights the anticipated incremental expenses related to the new airport Terminal.

EXHIBIT A-4: Operating Revenues

This section details all revenue sources generated by the Airport. A reference to the table which calculates the revenue is included.

EXHIBITS A5 TO A10: Fee Calculations

Please refer to the following section herein for further details.

EXHIBIT A-11: Financial Summary

This table provides an overarching summary of the financials. As presented, the overall Airport deficit for FY 2027 amounts to $1,088,289 compared to the budget deficit of $5,645,032 for FY 2026. However, for FY 2025 and FY 2026 a considerable change in operating position reflects the impact of new terminal construction.

5.2 Establishment of Fees

As previously mentioned, regardless of the types of rates and charges ultimately imposed by the Airport, KSA recommends identifying and quantifying all costs related to the planning, development, operation (including maintenance and repair), management, and marketing of the Airport that are not covered by federal or state funding. This approach aligns with best practices.

Table 2 outlines the calculated rates based on associated costs, which have been offset by appropriate revenues to determine a calculated rate for each business unit of the Airport. The costs are allocated to respective cost centers (and calculated fee) including the Airfield (Landing Fee), Terminal (Terminal Rent), Vehicle Parking (Parking Fee), and Landside cost centers.

Table 2
FY 2027 Calculated Rates (Cost Recovery)

Cost Center	Total Cost	Net Cost	Divisor	Calculated Rate
Airfield (Landing Fee)	$5,007,910	$1,683,968	57,045 (LW)	$29.52
Terminal (Rent)	$1,529,464	$1,494,464	7,014 (SF)	$172.47
Parking (Parking Fee)	$38,109	$38,109	34,062 (Trans)	$1.10
Landside (Hangar 1 & 2)	$210,501	$210,501	26,220 (SF)	$8.03/sf

Note: Net costs exclude Discretionary Credit which is applied to generate the proposed rate. Also, Landside pro-rated based on SF and calculated per unit on a monthly basis

Exhibits A-5 through A-10, included herein, illustrates the challenges the Airport faces in bridging gaps across most cost centers and subsidies that must be provided to achieve marketable rates.

5.3 FY 2027 Fee Calculation Analysis

Using a cost recovery approach and considering the findings from comparable and competitive airports, KSA determined the following rates for each fee selected by Airport management. Table 3 below details forecast revenues based on the FY 2027 proposed rates and charges.

Table 3
FY 2027 Calculated and Proposed Rates

Fee Type	Current Rate	Calculated Rate	Proposed Rate	Assumptions
Landing Fee (Signatory)	$0.95	$29.52	$1.50	Add 25% premium on nonsignatory
Terminal (Rent)	$21.25	$213.07	$25.00	Annual 3% increase
Enplaned Passenger Fee	-	$15.89	$0.75	Step-up $0.05/annual
Vehicle Parking Fee	-	$1.10	$5.00	Annual 3% increase
Customer Facility Charge (CFC)	-	-	$3.00/trans day	Inc. 20% enplanements
T-Hangar 1	$250/mo	$441/mo	$300/mo	Annual 3% increase
T-Hangar 2	$250/mo	$536/mo	$325/mo	Annual 3% increase
Aircraft Parking	$10/day	NA	$15/day	Annual 3% increase
Aircraft Parking	$50/mo	$30-$100	$150/mo	Annual 3% increase
Ground Rent (aeronautical)	$0.24/psf	$0.15-$0.48	$0.30/psf	Annual CPI/nearest $.01
Ground Rent (non-aeronautical)	$0.13/psf	FMV	$0.29/psf	Annual CPI/nearest $.01 (5-Year FMV update)
Fuel Flowage Fee	$0.200/gal	NA	$0.206/gal	Annual 3% increase

5.4 Projected Fee Revenue

Table 4 summarizes the revenue projected based on the findings of Table 3 for each of the fees selected by Airport management, identifies the Airport's revenue potential (predicated on the underlying assumptions), and a cost recovery evaluation.

It is important to note that while the rates and charges are cost recovery based, the fees have been established within the bounds of the market to minimize an overly negative iimpact on airport activity and overall demand.

Table 4
FY 2027 Forecast Revenues for FY 2027

Fee Type	Unit	Fee	Revenue
Landing Fee	**Est. MGLW**	**Fee/000 lbs**	**Annual**
Signatory	47,500 /000 lbs.	$1.50	$71,250
Non-Signatory	9,500 /000 lbs.	$1.88	17,897
Total Revenue			**$89,147**

Terminal Rent	SF	Fee/psf	Annual
Commercial Airlines	2,081	$25.00	$52,025
Charter Airlines	1,441	$25.00	36,025
GSA	1,049	$25.00	26,225
Concessions	1,174	$25.00	29,350
Total Revenue			**$143,625**
Passenger Fee	**Est. Enp Pax**	**Fee/per EPAX**	**Annual**
Commercial Airlines	36,779	$0.75	$27,584
Charter Airlines	2,702	$0.75	2,027
Total Revenue			**$29,611**
Vehicle Parking Fee	**Est. Transactions**	**Fee/per Trans**	**Annual**
Lot 1	13,505	$5.00	$67,525
Lot 2	21,097	$5.00	105,485
Total Revenue			**$173,010**
Customer Facility Chg	**Est. Trans. Days**	**Fee/Trans days**	**Annual**
Customer Facility Fee	42,561	$3.00	$127,683
T-Hangars	**Units**	**Fee/mo**	**Annual**
T-Hangar 1	9	$300	$32,400
T-Hangar 2	10	$325	39,000
Total Revenue			**$ 71,400**
Annual Fees		**Fee**	**Annual**
Annual Permit Fees		Various	$7,000
Based Aircraft Fee		$100/yr	2,100
Wait List Fee		$100/yr	8,700
Total Revenue			**$ 17,800**

The projected fee revenues for FY 2027 are predicated on the below implementation:

◊ A Landing Fee for aircraft over 5,000 pounds MGLW (excluding military aircraft) with a $1.50 Signatory Landing Fee is proposed on all commercial flights with a 25% premium added to the landing fee for non-commercial (charter) flights. (Refer to Exhibit A-5)

◊ Terminal tenants will pay a proposed rental rate of $25.00 per square foot for their Terminal leased space. Concessionaire contracts being negotiated to pay the greater of a percentage of gross receipts or the calculated terminal rent on leased space. (Refer to Exhibit A-6)

◊ An airline fee of $0.75 per enplaned passenger is proposed to recover common area space including the holdrooms, TSA screening, baggage claim and other passenger use areas. (Refer to Exhibit A-6)

- ◊ An initial Vehicle Parking Fee of $5.00 is recommended for parking lots 1 and 2, which are in close proximity to the terminal. It is anticipated that Lot 1 will remain full, while Lot 2 will have an average occupancy of 85%. (Refer to Exhibit A-7)
- ◊ A new Customer Facility Charge of $3.00 per transaction day is recommended to cover costs associated with rental car operations, including space buildout and ongoing utilities. Analysis estimates that 1% of passengers will rent cars for an average of 2 transaction days per week. (Refer to Exhibit A-8)
- ◊ An increase in hangar rents is proposed of $300.00 per month for Hangar 1 and $325.00 per month for Hangar 2.
- ◊ A new administrative fee of 3 percent charged on fueling purchases as well as a 3% increase to annual fuel flowage fees imposed on a per gallon basis for all fuel sold.
- ◊ Annual Aeronautical Permit Fees are proposed as reflected in Exhibit A-10.
- ◊ Building and ground rental rates are detailed in Exhibit B.

Exhibits

Exhibit A: Cost Recovery Analysis

Exhibit B: FY 2027 Proposed Airport Rate Schedule

Attachment 1: Market Rate Analysis

Attachment 2: Evaluation of Airport Rates and Charges

Exhibit A–1
Rates And Charges Study Captial Project Costs

EXHIBIT A-1
RATES AND CHARGES STUDY
CAPITAL PROJECT COSTS

COST CENTER	PROJECT	TOTAL CAPITAL EXPENSES	TOTAL OFFSETS	NET CAPITAL COSTS	Project Closed	LIFE (Yrs)	INT	Start Amortization	Stop Amortization	AMORTIZED COST
Vehicles & Equipment (54001)		28,104	-	28,104						3,375.53
AIRFLD	Push Up Stair System	26,687	-	26,687	2023	10	3.478%	2024	2035	3,205.32
AIRFLD	Dump Truck	1,417	-	1,417	2023	10	3.478%	2024	2035	170.21
Other Equipment (54008)		1,775,645	1,402,110	373,535						46,981.53
OLD TERM	Ticket Counters	32,668	-	32,668	2017	5	2.773%	2018	2024	7,087.04
OLD TERM	Terminal Seating	29,798	-	29,798	2017	5	2.773%	2018	2024	6,464.42
ADMIN	Independent Fee Analysis	6,532	-	6,532	2017	5	2.773%	2018	2024	1,417.06
AIRFLD	Airport Signage	1,380	-	1,380	2017	10	2.773%	2018	2029	159.91
OLD TERM	Baggage Handling Equipment	11,708	-	11,708	2017	7	2.773%	2018	2026	1,863.20
OLD TERM	Surveillance Cameras	2,977	-	2,977	2017	5	2.773%	2018	2024	645.80
OLD TERM	TSA Office	18,123	-	18,123	2018	6	2.930%	2019	2026	3,337.61
AIRFLD	ARFF Truck Equipment	2,745	-	2,745	2019	5	2.310%	2020	2026	587.68
AIRFLD	ARFF Truck Replacement	788,514	768,115	20,399	2022	15	3.079%	2023	2039	1,718.52
OLD TERM	Back-up Power Generator	6,055	-	6,055	2023	5	3.478%	2024	2030	1,340.13
ADMIN	Security/IT Upgrades	108,772	-	108,772	2023	10	3.478%	2024	2035	13,064.37
AIRFLD	Snow Removal Equipment	704,124	633,995	70,129	2023	20	3.478%	2024	2045	4,924.53
NEW TERM	Passenger Loading Ramp	62,250	-	62,250	2024	20	3.478%	2027	2048	4,371.26
Construction Contracts (54009)		75,808,429	66,594,736	9,213,693						598,564.85
ADMIN	Fiber Network-Admin Bldg	12,217	-	12,217	2020	10	1.649%	2021	2032	1,335.24
AIRFLD	RWY 4-22 Rehabilitation	3,046,384	2,741,745	304,639	2021	20	1.539%	2022	2043	17,812.19
AIRFLD	RWY 4-22 Lighting Upgrades	460,531	414,478	46,053	2021	10	1.539%	2022	2033	5,004.03
AIRFLD	TWY 4/22 Crack Seal/Coat	180,403	-	180,403	2021	5	1.539%	2022	2028	37,763.39
AIRFLD	Parallel Taxiway	5,664,636	4,953,267	711,369	2021	20	1.539%	2022	2043	41,593.68
AIRFLD	Reconstruct Apron Ph. II	6,291,474	5,973,104	318,370	2021	20	1.539%	2022	2043	18,615.08
AIRFLD	Reconstruct Apron Ph. I	5,814,291	5,491,692	322,599	2022	20	3.079%	2023	2044	21,842.42
AIRFLD	Runway Markings	113,571	-	113,571	2023	5	3.478%	2024	2030	25,138.19
AIRFLD	Install Miscellaneous NAVAIDS	344,147	310,035	34,112	2023	15	3.478%	2024	2040	2,957.12
AIRFLD	Reconstruct Apron Ph. III	5,386,781	5,117,442	269,339	2023	20	3.478%	2024	2045	18,913.28
LAND	Hangar 10 Improvements	35,190	-	35,190	2025	10	4.473%	2026	2037	4,441.32
AIRFLD	Taxiway Markings	117,814	-	117,814	2026	5	4.164%	2027	2033	26,586.26
AIRFLD	Traffic Pattern Indicator	90,685	90,685	-	2026	10	4.164%	2027	2038	-
AIRFLD	Part 139 Software	39,160	-	39,160	2026	10	4.164%	2027	2038	4,867.57
AIRFLD	Rehabilitate TH-2 Apron	201,272	-	201,272	2026	7	4.164%	2027	2035	33,737.31
NEW TERM	New Terminal Construction	28,476,539	22,367,216	6,109,323	2026	40	4.164%	2027	2068	316,237.63
AIRFLD	Rehabilitate RWY 17/35 & TWY A/E Pavement	984,245	935,982	48,263	2027	20	4.164%	2028	2049	3,603.04
AIRFLD	Air Traffic Control Tower (ATCT)-Construction	15,049,090	15,049,090	-	2029	40	4.164%	2030	2071	-
AIRFLD	Colocated ARFF/SRE Facility-Phase 1	3,500,000	3,150,000	350,000	2031	40	4.164%	2032	2073	18,117.09
Other Contracts (54010)		552,662	-	552,662						36,372.34
AIRFLD	Wildlife Fencing	49,822	-	49,822	2017	20	2.773%	2018	2039	3,278.91

SWO Stillwater REGIONAL AIRPORT

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Exhibit A: Rates And Charges Study

COST CENTER	PROJECT	TOTAL CAPITAL EXPENSES	TOTAL OFFSETS	NET CAPITAL COSTS	Project Closed	LIFE (Yrs)	INT	Start Amortization	Stop Amortization	AMORTIZED COST
AIRFLD	Taxiway Stubs	502,841	-	502,841	2017	20	2.773%	2018	2039	33,093.43
Building & Structures (54012)										
OLD TERM	Terminal Remodel	101,412	-	101,412	2017	25	2.773%	2018	2044	5,677.54
OLD TERM	TSA Remodel	37,722	-	37,722	2018	25	2.930%	2019	2045	2,149.43
ADMIN	Admin Office Remodel	20,652	-	20,652	2020	25	1.649%	2021	2047	1,014.72
OLD TERM	Terminal Roof Replacement	7,500	-	7,500	2020	30	1.649%	2021	2052	318.93
OLD TERM	Terminal External Dry Vit Repair	10,000	-	10,000	2021	10	1.539%	2022	2033	1,086.58
OLD TERM	Terminal Curbside	5,000	-	5,000	2021	5	1.539%	2022	2028	1,046.64
LAND	T-Hangar Upgrades	31	-	31	2022	1	3.079%	2023	2025	31.90
OLD TERM	Terminal HVAC Replacement	2,000	-	2,000	2023	5	3.478%	2024	2030	442.69
OLD TERM	Baggage Screening Expansion	55,235	-	55,235	2023	3	3.478%	2024	2028	19,707.10
ADMIN	Upgrade Operations Center	33,980	-	33,980	2023	20	3.478%	2024	2045	2,386.11
AIRFLD	Equipment Building	27,583	-	27,583	2023	20	3.478%	2024	2045	1,936.87
LAND	Roof Replacement Hangar 2	102,000	-	102,000	2023	20	3.478%	2024	2045	7,162.55
LAND	Group Hangar #2 Roof Repairs/Rehabilitation	128,151	-	128,151	2023	20	3.478%	2024	2045	8,998.93
Concrete & Asphalt (54015)		66,150	-	66,150						4,478.84
AIRFLD	Taxiway Repair	66,150	-	66,150	2022	20	3.079%	2023	2044	4,478.84
Construction Professional Services (54020)		6,519,650	5,642,410	877,240						56,061.53
NEW TERM	New Terminal Design	2,960,293	2,383,153	577,140	2026	20	3.478%	2027	2048	40,527.41
AIRFLD	Master Plan Update	604,257	604,257	0	2025	20	4.473%	2026	2047	0.01
AIRFLD	Air Traffic Control Tower (ATCT)-Design	1,855,100	1,665,000	190,100	2028	40	4.164%	2029	2070	9,840.17
AIRFLD	Colocated ARFF/SRE Facility-Design	1,100,000	990,000	110,000	2030	40	4.164%	2031	2072	5,693.94
Site Improvements (54027)										
LAND	Fuel Farm Upgrades	299,579	275,000	24,579	2023	20	3.478%	2024	2045	1,725.97
	TOTAL	**$ 85,581,485**	**$ 73,914,256**	**$ 11,667,229**						**$ 799,521**

COST CENTER SUMMARY					
AIRFLD	Airfield	53,015,102	48,888,887	4,126,215	345,639
OLD TERM	Terminal	320,197	-	320,197	51,167
NEW TERM	Terminal	31,499,082	24,750,369	6,748,713	361,136
PARK	Parking	-	-	-	-
LAND	Landside	564,951	275,000	289,951	22,361
ADMIN	Administrative	182,153	-	182,153	19,218
		85,581,485	73,914,256	11,667,229	799,521

SOURCES: City of Stillwater
PREPARED BY: KSA

SWO Stillwater REGIONAL AIRPORT

KSA a PAPE-DAWSON company

Exhibit A–2
Rates And Charges Study Operating Expenses

EXHIBIT A-2
RATES AND CHARGES STUDY
OPERATING EXPENSES
Fiscal Year Ending June 30

	ACTUAL			BUDGET	PROJECTED					CAGR	CAGR
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2023-2026	2027-2031
Operating Expenses											
Salaries	854,820	936,685	1,151,406	1,267,360	1,267,360	1,311,718	1,357,628	1,405,145	1,454,325	14.0%	3.5%
Benefits[/1]	371,765	442,316	554,469	605,486	605,486	626,678	648,612	671,313	694,809	17.7%	3.5%
Subtotal Salaries & Benefits	1,226,585	1,379,001	1,705,875	1,872,846	1,872,846	1,938,396	2,006,239	2,076,458	2,149,134	17.9%	3.5%
Fuel Purchase (for Resale)	2,592,634	2,328,968	2,129,691	3,008,000	3,008,000	3,068,160	3,129,523	3,192,114	3,255,956	5.1%	2.0%
Professional Contracts	112,354	72,920	112,373	246,608	246,608	251,540	256,571	261,702	266,936	30.0%	2.0%
Materials & Supplies	73,831	53,940	80,250	85,450	85,450	87,159	88,902	90,680	92,494	5.0%	2.0%
Maintenance & Repair	120,943	60,932	55,244	206,938	206,938	211,077	215,298	219,604	223,996	19.6%	2.0%
Insurance	46,960	47,292	46,166	56,486	56,486	58,463	60,509	62,627	64,819	6.4%	3.5%
Janitorial Services	43,134	42,014	41,100	41,100	41,100	41,922	42,760	43,616	44,488	-1.6%	2.0%
Utilities	25,621	24,388	19,576	21,748	21,748	22,226	22,715	23,215	23,726	-5.3%	2.2%
Promotional	4,554	6,383	19,929	16,500	16,500	16,847	17,200	17,561	17,930	53.6%	2.1%
Other Operating Expenses	31,400	40,177	55,211	129,086	129,086	131,668	134,301	136,987	139,727	60.2%	2.0%
Furniture, Fixtures & Equipment	5,649	16,527	40,194	16,345	16,345	16,721	17,106	17,499	17,901	42.5%	2.3%
Vehicles & Equipment	49,868	73,295	37,484	39,300	39,300	41,265	43,328	45,495	47,769	-7.6%	5.0%
Allocated Costs	43,640	43,596	227,846	227,846	227,846	235,821	244,074	252,617	261,459	73.5%	3.5%
TOTAL OPERATING EXPENSES	**$ 4,377,172**	**$ 4,189,433**	**$ 4,570,938**	**$ 5,968,253**	**$ 5,968,253**	**$ 6,121,264**	**$ 6,278,529**	**$ 6,440,175**	**$ 6,606,336**	10.9%	2.6%
Annual Growth Rate		-4.3%	9.1%	30.6%	0.0%	2.6%	2.6%	2.6%	2.6%		
OPERATING EXPENSES BY COST CENTER											
Airfield	3,613,918	3,374,907	3,553,578	4,700,113	4,700,113	4,813,419	4,929,681	5,048,981	5,171,406	9.2%	2.4%
Terminal	636,328	673,095	845,135	1,038,328	1,038,328	1,070,945	1,104,632	1,139,424	1,175,360	17.7%	3.1%
Parking	26,041	29,160	37,823	41,640	41,640	43,091	44,593	46,148	47,757	16.9%	3.5%
Landside	100,885	112,271	134,402	188,172	188,172	193,808	199,623	205,622	211,812	23.1%	3.0%
TOTAL	**$ 4,377,172**	**$ 4,189,433**	**$ 4,570,938**	**$ 5,968,253**	**$ 5,968,253**	**$ 6,121,264**	**$ 6,278,529**	**$ 6,440,175**	**$ 6,606,336**		

1/ Add Self Insurance ($365,000) and OPEB ($45,000) to 2026 Budget

SOURCES: City of Stillwater
PREPARED BY: KSA

SWO Stillwater REGIONAL AIRPORT

KSA a PAPE-DAWSON company

Exhibit A-3
Rates And Charges Study Incremental Operating Expenses

EXHIBIT A-3
RATES AND CHARGES STUDY
INCREMENTAL OPERATING EXPENSES
Fiscal Year Ending June 30

	PROJECTED					CAGR
	2027	2028	2029	2030	2031	2027-2031
Operating Expenses						
Professional Contracts	100	102	104	106	108	2.0%
Materials & Supplies	20,000	20,400	20,808	21,224	21,649	2.0%
Janitorial Services	87,851	89,608	91,400	93,228	95,093	2.0%
Utilities	21,375	21,845	22,326	22,817	23,319	2.2%
Other Operating Expenses	674	687	701	715	730	2.0%
TOTAL OPERATING EXPENSES	**$ 130,000**	**$ 132,643**	**$ 135,340**	**$ 138,091**	**$ 140,898**	2.0%
Annual Growth Rate		2.0%	2.0%	2.0%	2.0%	
OPERATING EXPENSES BY COST CENTER						
Airfield						
Terminal	130,000	132,643	135,340	138,091	140,898	2.0%
Parking						
Landside						
TOTAL	**$ 130,000**	**$ 132,643**	**$ 135,340**	**$ 138,091**	**$ 140,898**	**2.0%**

SOURCES: City of Stillwater
PREPARED BY: KSA

SWO Stillwater REGIONAL AIRPORT

KSA a PAPE-DAWSON company

Exhibit A–4
Rates And Charges Study Operating Revenues

EXHIBIT A-4
RATES AND CHARGES STUDY
OPERATING REVENUES
Fiscal Year Ending June 30

		ACTUAL			BUDGET	PROJECTED					CAGR
	Ref	2023	2024	2025	2026	2027	2028	2029	2030	2031	2027-2031
AIRLINE REVENUES											
Landing Fees	Table 5	53,777	59,421	57,202	50,000	89,147	92,686	96,366	100,191	104,164	4.0%
Terminal Rents (Commercial)	Table 6	45,123	45,123	45,123	46,488	52,025	53,586	55,193	56,849	58,555	3.0%
Terminal Rents (Charters)	Table 6	-	-	-	-	36,025	37,106	38,219	39,365	40,546	3.0%
Per Enplaned Passenger Fee	Table 6	-	-	-	-	29,611	33,498	37,622	41,987	46,590	12.0%
Total Airline Revenues		$ 98,900	$ 104,544	$ 102,326	$ 96,488	$ 206,808	$ 216,875	$ 227,400	$ 238,393	$ 249,855	4.8%
Enplaned Passengers[/1]		31,997	33,144	34,701	37,092	39,481	41,872	44,262	46,652	49,042	5.6%
Airline Cost per Enplaned Passenger		**$3.09**	**$3.15**	**$2.95**	**$2.60**	**$5.24**	**$5.18**	**$5.14**	**$5.11**	**$5.09**	-0.7%
NON-AIRLINE REVENUES											
Fuel Sales	Table 2	2,555,195	2,357,291	2,127,911	3,009,000	3,098,000	3,159,960	3,223,159	3,287,622	3,353,375	2.0%
Parking Revenues	Table 7	-	-	-	-	173,010	179,065	185,333	191,819	219,894	6.2%
Hangar Rents	Table 8	95,269	94,653	79,734	85,000	98,952	99,318	106,584	107,073	114,461	3.7%
Other Terminal Rents	Table 6	8,357	9,608	9,324	9,445	55,575	57,242	58,960	60,728	62,550	3.0%
Other Building Rents	LEASES	48,224	46,548	38,043	29,067	107,880	170,150	176,513	185,934	191,891	15.5%
Land Rents	LEASES	154,201	153,985	158,900	148,800	714,372	754,845	779,677	804,699	829,551	3.8%
Concession Rents		21,476	37,323	29,519	22,000	22,000	22,000	22,000	22,000	22,000	0.0%
Fuel Flowage Fee		128,006	131,584	135,926	120,000	133,900	137,917	142,055	146,316	150,706	3.0%
Tie-Down Fees	OTHER	32,310	34,145	37,042	35,000	55,917	56,851	57,813	58,803	59,824	1.7%
RAC Vehicle Parking	Table 9	3,515	5,810	6,798	3,500	5,000	5,000	5,000	5,000	5,000	0.0%
RAC CFC (New)	Table 9	-	-	-	-	127,683	135,414	143,142	150,874	158,602	5.6%
Standby ARFF Fee (Reimbursable)		31,900	28,330	29,440	28,000	30,000	30,000	30,000	30,000	30,000	0.0%
Security Fee (Reimbursable)		24,220	36,170	38,885	26,000	35,000	35,000	35,000	35,000	35,000	0.0%
Annual Fees (New)	Table 10	-	-	-	-	17,800	17,800	17,800	17,800	17,800	0.0%
Miscellaneous Revenues		31,638	61,762	26,338	10,000	10,000	10,000	10,000	10,000	10,000	0.0%
Total Non-Airline Revenues		$ 3,134,310	$ 2,997,212	$ 2,717,860	$ 3,525,812	$ 4,685,088	$ 4,870,562	$ 4,993,035	$ 5,113,669	$ 5,260,654	2.9%
TOTAL OPERATING REVENUES		**$ 3,233,210**	**$ 3,101,755**	**$ 2,820,186**	**$ 3,622,300**	**$ 4,891,896**	**$ 5,087,437**	**$ 5,220,435**	**$ 5,352,062**	**$ 5,510,509**	**3.0%**
		-	-	-	-	-	-	-	-	-	
OPERATING REVENUES BY COST CENTER											
Airfield		2,822,480	2,649,090	2,402,313	3,251,488	3,427,941	3,498,091	3,569,984	3,643,454	3,718,454	2.1%
Terminal		107,177	126,756	120,916	98,852	204,632	212,660	221,064	229,836	238,975	4.0%
Parking		-	-	-	-	173,820	179,871	186,146	192,640	220,808	6.2%
Landside		303,553	325,909	296,958	271,960	1,085,503	1,196,815	1,243,242	1,286,132	1,332,273	5.3%
TOTAL		**$ 3,233,210**	**$ 3,101,755**	**$ 2,820,186**	**$ 3,622,300**	**$ 4,891,896**	**$ 5,087,437**	**$ 5,220,435**	**$ 5,352,062**	**$ 5,510,509**	3.0%

1/Forecast reflects actual enplanements grown by same percentage growth as reflected in the FAA Terminal Area Forecast (TAF)

SOURCES: City of Stillwater
PREPARED BY: KSA

SWO Stillwater REGIONAL AIRPORT

KSA a PAPE-DAWSON company

Exhibit A–5
Rates And Charges Study Landing Fee Calculation

EXHIBIT A-5
RATES AND CHARGES STUDY
LANDING FEE CALCULATION
(Fiscal Years Ending June 30)

	ACTUAL			BUDGET	PROJECTED					CAGR
NEW METHODOLOGY	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2027-2031**
Operating Expenses [1]	$ 3,613,918	$ 3,374,907	$ 3,553,578	$ 4,700,113	$ 4,700,113	$ 4,813,419	$ 4,929,681	$ 5,048,981	$ 5,171,406	2.4%
Amortized Capital Project Costs	185,948	243,194	243,194	242,606	307,797	273,637	283,317	258,179	281,990	-2.2%
Airfield Area Total Requirement	**$ 3,799,866**	**$ 3,618,101**	**$ 3,796,772**	**$ 4,942,719**	**$ 5,007,910**	**$ 5,087,056**	**$ 5,212,998**	**$ 5,307,159**	**$ 5,453,396**	**2.2%**
Less:										
Nonairline Airfield Revenue [2]	(2,756,051)	(2,558,796)	(2,340,324)	(3,197,000)	(3,322,902)	(3,389,815)	(3,458,116)	(3,527,834)	(3,598,999)	2.0%
Discretionary Credit	(976,087)	(983,243)	(1,382,917)	(1,680,924)	(1,599,441)	(1,608,276)	(1,662,385)	(1,683,157)	(1,754,414)	2.3%
Net Airfield Requirement	**$ 67,729**	**$ 76,062**	**$ 73,531**	**$ 64,795**	**$ 85,568**	**$ 88,965**	**$ 92,497**	**$ 96,169**	**$ 99,982**	**4.0%**
Annual Landed Weight (in 1,000lbs):										
American/Envoy (Embraer CRJ700 currently)	41,741	49,349	48,374	42,105	47,500	47,948	48,400	48,856	49,314	
Martinaire Cargo (Cessna C208 Caravan) (#Flights)	48	46	44	45	45	45	45	45	45	
Stillwater Flight Center, Inc (FBO)	10,310	9,115	8,144	7,692	9,500	9,590	9,680	9,771	9,863	
Total Landed Weight [3]	52,099	58,510	56,562	49,843	57,045	57,582	58,125	58,672	59,222	0.9%
Signatory (Commercial) Landing Fee (per 1,000 lbs)	**$0.95**	**$0.95**	**$0.95**	**$0.95**	**$1.50**	**$1.55**	**$1.59**	**$1.64**	**$1.69**	3.0%
Non-Signatory (Noncommercial) Landing Fee [4]	**$1.30**	**$1.30**	**$1.30**	**$1.30**	**$1.88**	**$1.93**	**$1.99**	**$2.05**	**$2.11**	3.0%
Calculated Landing Fee Rate (per 1,000 lbs)	$ 20.04	$ 18.10	$ 25.75	$ 35.02	$ 29.54	$ 29.48	$ 30.19	$ 30.33	$ 31.31	1.5%

1/ Includes direct airfield and pro-rata share of administative cost
2/ Includes Fuel Sales, GA Aircraft Parking, Standby ARFF Fees & Fuel Flowage Fees
3/ Includes passenger and charter operations (in 1,000 lbs); annual growth pursuant to FAA TAF forecast on operations
4/ Incudes 25% premium on Proposed Commercial Rate (beginning FY 2027)

SOURCES: City of Stillwater
PREPARED BY: KSA

SWO Stillwater REGIONAL AIRPORT

KSA a PAPE-DAWSON company

Exhibit A–6
Rates And Charges Study Terminal Rent Calculation

EXHIBIT A-6
RATES AND CHARGES STUDY
TERMINAL RENT CALCULATION
(Fiscal Years Ending June 30)

	ACTUAL			BUDGET	PROJECTED					CAGR
NEW METHODOLOGY	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2027-2031**
Operating Expenses /1	$ 636,328	$ 673,095	$ 845,135	$ 1,038,328	$ 1,038,328	$ 1,070,945	$ 1,104,632	$ 1,139,424	$ 1,175,360	3.1%
Add: Incremental Expenses	$ -	$ -	$ -	$ -	130,000	132,643	135,340	138,091	140,898	2.0%
Amortized Capital Costs (Old Terminal)	29,677	36,970	36,970	31,769						
Amortized Capital Costs (New Terminal)	-	-	-	-	361,136	361,136	361,136	361,136	361,136	0.0%
Total Terminal Building Requirement	**$ 666,005**	**$ 710,065**	**$ 882,105**	**$ 1,070,097**	**$ 1,529,464**	**$ 1,564,724**	**$ 1,601,107**	**$ 1,638,652**	**$ 1,677,395**	**2.3%**
Less:										
Security Fee (Charter Flts)	(24,220)	(36,170)	(38,885)	(26,000)	(35,000)	(35,000)	(35,000)	(35,000)	(35,000)	
Discretionary Credit	(572,595)	(604,705)	(774,030)	(970,912)	(1,319,114)	(1,349,113)	(1,380,079)	(1,412,042)	(1,445,037)	
Net Terminal Building Requirement	**$ 69,190**	**$ 69,190**	**$ 69,190**	**$ 73,185**	**$ 175,350**	**$ 180,611**	**$ 186,029**	**$ 191,610**	**$ 197,358**	**$ 0**
Total Rentable Square Footage	3,444	3,444	3,444	3,444	7,014	7,014	7,014	7,014	7,014	
Annual Signatory Terminal Rental Rate/psf	**$20.09**	**$20.09**	**$20.09**	**$21.25**	**$25.00**	**$25.75**	**$26.52**	**$27.32**	**$28.14**	**3.0%**
Calculated Rental Rate	$186.35	$195.67	$244.84	$303.16	$213.07	$218.10	$223.28	$228.64	$234.16	2.4%
Actual Per Enplaned Passenger Fee/2					**$0.75**	**$0.80**	**$0.85**	**$0.90**	**$0.95**	Step Up
Calculated Per Enplaned Passenger Fee					$ 15.89	$ 15.43	$ 15.04	$ 14.70	$ 14.40	

1/ Includes direct terminal costs and pro-rata share of administative cost
2/ includes minimal cost recovery for holdroom seating. TSA screening, baggage claim and common use areas

SOURCES: City of Stillwater
PREPARED BY: KSA

Exhibit A–7
Rates And Charges Study Parking Revenues

EXHIBIT A-7
RATES AND CHARGES STUDY
PARKING REVENUES
(Fiscal Years Ending June 30)

	PROJECTED				
	2027	**2028**	**2029**	**2030**	**2031**
Parking Spaces					
Lot 1	37	37	37	37	37
Lot 2	68	68	68	68	68
Lot 3	165	165	165	165	165
Lot 4	200	200	200	200	200
Expected Occupancy					
Lot 1	100%	100%	100%	100%	100%
Lot 2	85%	85%	85%	85%	100%
Estimated Annual Revenue Transactions					
Lot 1	13505	13505	13505	13505	13505
Lot 2	21097	21097	21097	21097	24820
Total	34602	34602	34602	34602	38325
Daily Parking Rate/1	**$ 5.00**	**$ 5.18**	**$ 5.36**	**$ 5.54**	**$ 5.74**
FINANCIAL PROFORMA					
Forecast Revenue					
Lot 1	67,525	69,888	72,334	74,866	77,486
Lot 2	105,485	109,177	112,998	116,953	142,408
Estimated Annual Revenue	**$ 173,010**	**$ 179,065**	**$ 185,333**	**$ 191,819**	**$ 219,894**
Net Development Costs/2	$ 10,000	-	-	-	-
Operating Expenses /3 & 4	28,109	28,109	28,109	28,109	31,859
Estimated Annual Cost	**$ 38,109**	**$ 28,109**	**$ 28,109**	**$ 28,109**	**$ 31,859**
Annual Net Surplus (Deficit)	**$ 134,901**	**$ 150,957**	**$ 157,224**	**$ 163,711**	**$ 188,036**
Cumulative	**$ 134,901**	**$ 285,858**	**$ 443,082**	**$ 606,793**	**$ 794,828**

1/ Forecast 3% rate increase per annum.
2/ Estimated cost to install a freestanding smart kiosk
3/ Estimated management software $50/month + $0.35/transaction + credit card processing at 2.9% + $0.30/transaction
4/ Adds restriping in year 5 & patching/restriping in year 10

SOURCES: City of Stillwater
PREPARED BY: KSA

SWO Stillwater REGIONAL AIRPORT

KSA a PAPE-DAWSON company

Exhibit A–8
Rates And Charges Study Rental Car Operations

EXHIBIT A-8
RATES AND CHARGES STUDY
RENTAL CAR OPERATIONS
(Fiscal Years Ending June 30)

	ACTUAL			BUDGET	PROJECTED					CAGR
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2027-2031
Terminal Rent										
Terminal Square Footage	139	139	139	139	520	520	520	520	520	
Terminal Rental Rate	$ 20.09	$ 20.09	$ 20.09	$ 21.25	$ 25.00	$ 25.75	$ 26.52	$ 27.32	$ 28.14	3.0%
Total Terminal Rents/1	$ 2,116.86	$ 3,319.03	$ 3,143.72	$ 3,168.72	$ 13,000.00	$ 13,390.00	$ 13,791.70	$ 14,205.45	$ 14,631.61	3.0%
RAC Parking										
RAC Vehicle Parking/2	3,515	5,810	6,798	3,500	5,000	5,000	5,000	5,000	5,000	
Customer Facility Charge										
Average days per deplaned passenger (per week)					2	2	2	2	2	
Annual transaction days (per deplaned passenger)					104	104	104	104	104	
Estimated Deplaned Passengers (1% EPAX)					409	434	459	484	508	
Total Transaction Days					42,561	45,138	47,714	50,291	52,867	
Customer Facility Charge (CFC)					$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	
CFC Revenue					$ 127,683	$ 135,414	$ 143,142	$ 150,874	$ 158,602	5.6%

1/ Includes Avis minimum $25/month for a lockbox
2/ Actual rates to be negotiated

Exhibit A-9
Rates And Charges Study Landside Calculation

EXHIBIT A-9
RATES AND CHARGES STUDY
LANDSIDE CALCULATION
(Fiscal Years Ending June 30)

NEW METHODOLOGY	ACTUAL 2023	ACTUAL 2024	ACTUAL 2025	BUDGET 2026	PROJECTED 2027	PROJECTED 2028	PROJECTED 2029	PROJECTED 2030	PROJECTED 2031	CAGR 2027-2031
Operating Expenses [1]	$ 100,885	$ 112,271	$ 134,402	$ 188,172	$ 188,172	$ 193,808	$ 199,623	$ 205,622	$ 211,812	3.0%
Amortized Capital Project Costs [2]	32	17,919	17,887	22,329	22,329	22,329	22,329	22,329	22,329	0.0%
Landside Total Requirement	**$ 100,917**	**$ 130,191**	**$ 152,289**	**$ 210,501**	**$ 210,501**	**$ 216,137**	**$ 221,952**	**$ 227,951**	**$ 234,141**	**2.7%**
T-Hangar 1 Square Feet	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	12,470	
T-Hangar 2 Square Feet	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	13,750	
	26,220	26,220	26,220	26,220	26,220	26,220	26,220	26,220	26,220	
T-Hangar 1 Monthly Rate	**$ 250.00**	**$ 250.00**	**$ 250.00**	**$ 250.00**	**$ 300.00**	**$ 300.00**	**$ 325.00**	**$ 325.00**	**$ 350.00**	3.9%
T-Hangar 2 Monthly Rate	**$ 250.00**	**$ 250.00**	**$ 250.00**	**$ 250.00**	**$ 325.00**	**$ 325.00**	**$ 350.00**	**$ 350.00**	**$ 375.00**	3.6%
T-Hangar 1 Calculated Rent (psf)	$ 211.35	$ 272.66	$ 318.94	$ 440.86	$ 440.86	$ 452.66	$ 464.84	$ 477.40	$ 490.37	
T-Hangar 2 Calculated Rent (psf)	$ 256.97	$ 331.51	$ 387.78	$ 536.01	$ 536.01	$ 550.36	$ 565.16	$ 580.44	$ 596.20	

1/ Includes direct airfield and pro-rata share of administative cost
2/ Includes new roofs and other improvements. Does not account for future improvements

SOURCES: City of Stillwater
PREPARED BY: KSA

Exhibit A–10
Rates And Charges Study Proposed Airport Fees

EXHIBIT A-10

RATES AND CHARGES STUDY

PROPOSED AIRPORT FEES

TYPE	FEE	QTY	REVENUES	TENANTS
Aeronautical Permit Fees (Annual)				
Fixed Base Operator	$ 1,500.00	1	$ 1,500.00	SCFI
Aircraft Maintenance Operator	$ 750.00	2	$ 1,500.00	OSU Maint Hangar & Quality Aircraft
Avionics or Instrument Maintenance Operator	$ 750.00			
Aircraft Rental/Flight Training Operator				
Small (10 or less aircraft)	$ 500.00			
Medium (11-25 aircraft)	$ 750.00			
Large (>25 aircraft)	$ 1,000.00	1	$ 1,000.00	OSU Flight Center & MD-80 (43 Aircraft)
Aircraft Charter or Aircraft Management Operator				
Aircraft Sales Operator	$ 750.00			
Aircraft Storage Operator	$ 750.00	4	$ 3,000.00	LBR, Inc, RPX Technologies, Akex Detwiler & Waits Holding, LLC
Other Commercial Activities	$ 750.00			
Independent Operator	$ 500.00			
Non-Commercial Flying Club	$ 750.00			
Self-Fueling Permittee	$ 500.00			
Training Facility	$ 750.00			
Aircraft Waitlist Fee (Annual)	$ 100.00	21	$ 2,100.00	Assume will drop by 50% if fee assessed
Based Aircraft Fee (Annual)	$ 100.00	87	$ 8,700.00	Based on Master Plan
ESTIMATED REVENUES			**$ 17,800.00**	

SWO Stillwater REGIONAL AIRPORT

KSA a PAPE-DAWSON company

Exhibit A–11
Rates And Charges Study Financial Plan Summary

EXHIBIT A-11
RATES AND CHARGES STUDY
FINANCIAL PLAN SUMMARY
For Fiscal Years Ending June 30

The forecasts presented in this exhibit were prepared using information from the sources indicated and assumptions provided by, or reviewed with and agreed to by, City management, as described in the accompanying text. Inevitably, some of the assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecast and actual results, and those differences may be material.

		ACTUAL			BUDGET	PROJECTED				
	Ref.	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Operating Cash Flow										
Airline Revenues		$ 98,900	$ 104,544	$ 102,326	$ 96,488	$ 206,808	$ 216,875	$ 227,400	$ 238,393	$ 249,855
Non-Airline Revenues		3,134,310	2,997,212	2,717,860	3,525,812	4,685,088	4,870,562	4,993,035	5,113,669	5,260,654
Total Operating Revenues	Table 4	$ 3,233,210	$ 3,101,755	$ 2,820,186	$ 3,622,300	$ 4,891,896	$ 5,087,437	$ 5,220,435	$ 5,352,062	$ 5,510,509
Operations & Maintenance Expenses	Table 2	4,377,172	4,189,433	4,570,938	5,968,253	5,968,253	6,121,264	6,278,529	6,440,175	6,606,336
Incremental O&M Expenses (Terminal)	Table 3					130,000	132,643	135,340	138,091	140,898
Incremental O&M Expenses (Parking)	Table 7					38,109	28,109	28,109	28,109	31,859
Total Operating Expenses		4,377,172	4,189,433	4,570,938	5,968,253	6,098,253	6,253,907	6,413,868	6,578,266	6,747,234
Interest Income	Table 4	30,925	73,389	63,081	50,000	50,000	50,000	50,000	50,000	50,000
Net Operating Cash Flow Available for Capital Expenditures		**$ (1,113,037)**	**$ (1,014,289)**	**$ (1,687,672)**	**$ (2,295,953)**	**$ (1,156,357)**	**$ (1,116,469)**	**$ (1,143,433)**	**$ (1,176,204)**	**$ (1,186,725)**
Capital Improvement Program Expenditures	Table 1	5,422,206	2,037,815	8,027,803	21,893,166	650,000	1,200,000	15,049,090	1,100,000	3,500,000
Funds Used for Capital Improvement Projects										
Federal Grants	Table 1	5,596,783	1,157,510	4,769,564	17,667,604	587,027	1,082,028	15,051,119	992,029	3,152,030
State Grants	Table 1	-	-	900,000	746,483	-	-	-	-	-
Passenger Facility Charges	Table 1	130,173	136,996	128,990	130,000	130,000	130,000	130,000	130,000	130,000
Total Funds Available for Capital Expenditures		5,726,956	1,294,506	5,798,553	18,544,087	717,027	1,212,028	15,181,119	1,122,029	3,282,030
Net Capital Costs		**$ (304,750)**	**$ 743,309**	**$ 2,229,249**	**$ 3,349,079**	**$ (67,027)**	**$ (12,028)**	**$ (132,029)**	**$ (22,029)**	**$ 217,970**
Operating Position		**$ (808,287)**	**$ (1,757,598)**	**$ (3,916,921)**	**$ (5,645,032)**	**$ (1,089,330)**	**$ (1,104,441)**	**$ (1,011,404)**	**$ (1,154,175)**	**$ (1,404,695)**

Note: FY 2025 and FY 2026 change in operating position reflects the impact of new terminal construction.

SOURCES: City of Stillwater
PREPARED BY: KSA

Attachment 1: Market Rate Analysis

Evaluating airport rates and charges is crucial for maintaining financial self-sustainability, operational excellence, and a competitive market environment. Conducting regular, comprehensive reviews of airport revenues and costs helps ensure that fees are fair, reasonable, and non-discriminatory, thereby fulfilling federal grant assurance requirements. These reviews also identify the operating and capital costs necessary to maintain safe and efficient facilities.

While operating and capital costs traditionally serve as the foundation for rate-setting methodologies, incorporating a market analysis of rates at peer airports is also essential. This approach is particularly important as many airports face challenges in achieving self-sufficiency and must adjust their cost-based rates and charges to remain competitive and aligned with market conditions.

Airports typically establish cost centers based on specific lines of business and operations. Most airports have at least an airfield cost center, and those offering air service generally maintain a terminal cost center as well. The airfield cost center, which must operate on a residual basis per FAA requirements, often includes costs that are difficult to recover through standard operations and cost allocations—especially for smaller airports with fewer operations.

In contrast, terminal costs are confined to the terminal footprint and apron area, and these expenses can be recovered directly from users—such as airlines and other businesses—through various rates and charges. These charges are usually allocated by square footage, yet market conditions and competition still influence how these rates are set.

Regardless of whether market conditions allow for full recovery of cost center expenses, airports can use this methodology to monitor revenues, expenses, and operations. This ongoing review ensures progress toward self-sufficiency for each cost center.

Competitive VS Comparative Markets

Airport competitive analysis and comparative analysis on rates/charges differ in focus, with competitive analysis assessing peer airports to influence aviation activity, while comparative analysis benchmarks performance against peers for efficiency. Competitive analysis often focuses on attracting airlines and operations, whereas comparative analysis improves operational efficiency.

The following information explains the purpose, focus and application of both competitive and comparative analyses.

Airport Rates & Charges Competitive Analysis
Purpose: To understand the airport's competitive position within its specific market, determine how to attract and maintain airline service, and set competitive rates to avoid losing traffic to neighboring airports.

Focus: Identify direct competitors within the same catchment area, analyzing passenger fees, terminal rates and charges and aircraft-based fees (landing, parking, and storage) to influence airline decisions.

Application: Establish rates and charges that are fair and equitable, as well as competitive to encourage and incentivize airline and operational growth, with necessary adjustments to compete with airports within the catchment area of the airport.

Airport Rates & Charges Comparative Analysis
Purpose: To benchmark performance against peers to identify areas for efficiency improvements, cost reductions, or better service quality.

Focus: Compare similar-sized airports (airlines, operations, capacity) including industry peers, regardless of geographical proximity to compare rates and charges relative to operational efficiency.

Application: Develop performance benchmarks to guide management decisions, assess if charges are consistent with industry standards, and identify "best practices" to reach optimal operational efficiency.

In summary, competitive is local/spatial where comparative is often broader and peer based. Competitive seeks market share or volume of passengers and flight activity where comparative seeks efficiency and optimization. Competitive reacts to rival pricing where comparative analyzes internal performance against other similar airports.

Evaluating competitive rates at comparable airports is specifically important for several reasons:

- **Market Positioning:** Benchmarking against peer airports (those with similar activity levels and FAA classifications) allows an airport to identify its relative market position and leverage among its peers. This is critical to ensure the best possible opportunity of attracting and retaining airline service. While there is a plethora of factors that airlines utilize in determining service markets and aircraft deployment, airport costs across competing regional airports remains a critical factor in this decision. Knowing your market and competitive position, along with maintaining financial records to ensure proper allocation of costs is essential to the airport.
- **Operational Efficiency:** Comparative studies help establish performance benchmarks, ensuring that local rates are not artificially high due to internal inefficiencies which may be creating higher costs.
- **Stakeholder Alignment:** Transparency in financial analysis and benchmarking provides a data set for negotiations, helping to align the interests of airport management/city, airlines, and the local community.
- **Economic Impact:** Competitive rates foster opportunities for airline growth, which acts as a stimulus for local economic activity, supporting jobs and regional investment.

For small primary and general aviation (GA) airports, adopting a rate-setting methodology based on comparative rates and charges—often called “fair market” or “peer benchmarking”—is a vital industry best practice. Unlike major hubs that may use complex cost-recovery models, smaller airports must balance financial self-sufficiency with the need to remain competitive in a highly mobile airline market.

Additionally, GA operators and pilots are sensitive to price and may select the airport they choose to operate at based on cost. Benchmarking against peer airports ensures that local fees remain attractive while still capturing the fair market value of the facility. However, it is also important to recognize that in the GA market, rates are often below true fair market value due to the very reasons mentioned for this group of airport users. By keeping rates lower than necessary to recoup airfield costs, the market has become artificially depressed. Collectively, airports must work to bring the rates and charges for GA aircraft operators to a market rate based on the airport’s cost structure and the demand for these type facilities and operations.

Regulatory Compliance: The FAA Rates and Charges Policy requires aeronautical fees to be “fair and reasonable”. Using objective determinations of market value through peer comparisons provides a defensible, transparent basis for these charges, helping sponsors meet Federal Grant Assurances.

Revenue Optimization: For non-airfield facilities like hangars and offices, small airports are encouraged to charge market rates to maximize discretionary cash flow. This revenue is critical for funding capital projects and maintaining aging infrastructure without over-relying on subsidies.

Equitable Resource Allocation: Benchmarking helps prevent “hidden” subsidies to specific tenants, ensuring that all users pay a rate reflective of the actual economic value of the space they occupy. This is especially important when airport owners operate non-aeronautical facilities on airport land. Municipalities, counties, and other public owners of airports, similar to any other tenant utilizing the airport for non-aeronautical land use, must pay fair market value in order to remain in compliance with FAA grant assurances or risk losing federal funding.

Achieving Financial Self-Sufficiency: FAA Grant Assurances require airports to maintain a fee structure that makes them as self-sustaining as possible. Comparing rates allows small airports to identify areas where they may be undercharging for facilities, such as hangars or land leases, thereby maximizing revenue to fund critical infrastructure and capital projects.

Knowing the importance of evaluating both competitive and comparative airports for rates and charges and taking into consideration the specific circumstances surrounding Stillwater Regional Airport, let’s review some of the primary areas of rate comparison used for our analysis and the recommended rate adjustments.

Comparative Survey Results

The first step in identifying comparable airports is developing an accurate profile of the Airport. The profile was developed based on data available from various sources, including the FAA. The Airport profile provided the basis for establishing the criteria and parameters for identifying comparable airports.

The selection of comparable airports was based on aeronautical activity and infrastructure criteria including the following:

- ◊ The Airport is utilized as a non-hub commercial service airport with a single commercial service air carrier
- ◊ The Airport has 2 runways, one is which is 7,401 feet long. Airports with at least one runway that is 5,000 feet or longer were considered comparable.
- ◊ The Airport consists of 1,485 acres of land. Airports having total acreage between 1,000 and 1,800 acres were considered comparable.
- ◊ The Airport is classified as a non-hub airport (more than 10,000 and fewer than 100,000 enplanements) in the FAA NPIAS. As such, non-hub airports were considered comparable.
- ◊ The Airport maintains a control tower and precision approach. As such, airports with similar facilities were considered co parable.
- ◊ For the 12-month period ending Federal Fiscal Year 2025 (as reported by the FAA CATS system), enplaned passengers totaled 34,701. As such, the range for total enplaned passengers was established at 24,500 to 51,500.
- ◊ The number of based aircraft at the airport as reported by the 2025 Airport Master Plan, is 87. As such, the range for based aircraft was established at 25 to 152.

Although several airports were identified as comparable to the Airport, data on rates, charges, and related information was collected and analyzed from the ten most relevant airports, as presented in Table 1.

Table 1
Comparable Airports Summary

Location	Comparable Airports	EPAX	Based A/C	CPE	Landing Fees	Terminal Rents (PSF)	Aircraft Tie-Downs (Month)	Vehicle Parking (Daily)
Beaumont, TX	Jack Brooks (BPT)	24646	65	$3.20	$1.44			
Bemidji, MN	Bemidji Regional (BJI)	28373	72	$5.29	$0.79	$0.27	$72.00	Free
Cheyenne, WY	Cheyenne Regional (CYS)	29105	49	$3.73	$1.32	$37.00	FBO	$10.00
Albany, GA	SW Georgia (ABY)	30143	37	$6.36	$2.00	$31.00	FBO	$12.00
Twin Falls, ID	Twin Falls (TWF)	33107	111	$6.10	$1.73			
Stillwater, OK	Stillwater (SWO)	34701	87	$2.95	$0.95	$21.25	$50.00	Free
Cody, WY	Yellowstone Regional (COD)	37701	75	$4.16	$1.56	$29.64	Free	Free
Tyler, TX	Tyler Pounds (TYR)	51300	152	$1.46	$0.75	$29.52	FBO	$8.00
San Angelo, TX	Mathis Field (SJT)	57808	131	$1.68	$0.90	$19.00	$324.00	Free
College Station, TX	Easterwood (CLL)	63391	50	$8.54	$2.72		FBO	$9.00
Brunswick, GA	Brunswick Golden Isles (BQK)	51209	28	$4.53	$1.87	$29.72	FBO	Free

Significant findings include (excluding the Airport):

- Landing Fees
  - ◊ All 10 airports charged a landing fee on a per 1,000 pounds maximum gross landed weight (MGLW)
  - ◊ The landing fees ranged from $0.75 to $2.72
- Terminal Rents
  - ◊ 7 airports responded with rents imposed at airport.
  - ◊ 2 airports (COD & SJT) do not have a blended rate
  - ◊ Terminal rents ranged from $0.27 to $37.00 per square foot
- Aircraft Tie-Down Fees
  - ◊ 2 airports charge for tie-down fees with others only offered through FBO
  - ◊ SJT charges $19/night with a 10% discount for the month
  - ◊ BJI operates the fuel farm and provides free parking with fuel purchase
- Vehicle Parking Fees
  - ◊ 4 airports charge for vehicle parking at the Terminal
  - ◊ Maximum daily parking rates range from $8.00 to $12.00

Competitive Survey Results

As noted above, an airport is considered competitive if located in proximity to the Airport and serves a similar market. Each airport identified is then compared to the Airport based on the (1) infrastructure and (2) available products, services and facilities.

For the purposes of this study, airports identified as being potentially competitive airports with rates and charges and related information from the airports obtained and analyzed as shown in Table 2.

Table 2
Competitive Airports Summary

Location	Competitive Airports	Landing Fees	Terminal Rents (PSF)	Tie-Down (Month)	Vehicle Parking (Daily)	T-Hangar (Month)	Ground Rent (Aero)	Fuel Flowage (JetA)
Grand Island, NE	Central Nebraska Regional (GRI)	$0.90				$190.00		
Durant, OK	Cushing Municipal (CUH)	None	None	None	Free	$190.00	$0.18	$0.05
Enid, OK	Enid Woodring Regional (WDG)	$0.35	None	None	Free	$247.50	$0.19	None
Guthrie, OK	Guthrie-Edmond Regional (GOK)	None	Not yet	FBO	Free	$250.00	$0.22	$0.10
Lawton, OK	Lawton-Fort Sill Regional (LAW)	$0.90	30.02	$50.00	$8.00	$350.00	$0.25	$0.08
Norman, OK	Max Westheimer (OUN)	Conditions	$15.00	$40.00	Free	$275.00	$0.26	$0.10
Ponca City, OK	Ponca City Waverly Regional (PNC)	None	None	$40.00	Free	$135.00	$0.25	$0.09
Stillwater, OK	Stillwater Regional (SWO)	$0.95	$21.25	$50.00	Free	$250.00	$0.27	$0.20
Texarkana, AR	Texarkana Regional (TXK)	$0.95	$20.00	$230.00	$10.00	$350.00	$0.32	$0.20
Tulsa, OK	Tulsa International (TUL)	$3.67	$133.30	$0.40/per 1,000 lbs.	$9.00	$150.00		$0.10
Tulsa, OK	Tulsa Riverside (RVS)						$0.48	$0.10
Oklahoma City, OK	Will Rogers International (OKC)	$3.21						
Bethany. OK	Wiley Post (BRW)		$12.00		$15.00		$0.22	$0.08
Manhattan, KS	Manhattan Regional (MHK)	$1.50		$60.89				$0.07
Waco, TX	Waco Regional (WCO)	$3.25	$2.85	$150.00	$5.00	$215.00	$0.30	$0.13
Fort Smith, AR	Fort Smith Regional (FSM)	$1.25	$16.20	FBO	$11.00	$292.00	$0.50	$0.08

Significant findings follow (excluding the Airport):

- Landing Fees and Terminal Rents
  - ◊ Not all airports charged a landing fee or terminal rent as most airports were not set for commercial air service
  - ◊ Landing fees at OUN are charged the day before and the day after an OU football game played in Norman, OK.
  - ◊ Landing fees at TXK are higher for non-signatory ($1.00) and GA aircraft ($2.00)
  - ◊ A per enplaned passenger fee is assessed in addition to Terminal rents charged on a per square foot basis at both LAW and TXK
- Aircraft Tie-Down Fees
  - ◊ Most airports collected tie-down fees on a nightly or monthly basis
  - ◊ Monthly Tie-Down Fees ranged from $40.00 to $230.00 for the month
- T-Hangars
  - ◊ Monthly T-Hangar Rents range from $135.00 to $350.00
  - ◊ 1 airport (WDG) leases by the square foot of hangar ($0.12 for small)
- Aeronautical Ground Rental Rate (psf)
  - ◊ All responses noted the importance of leasing airport property to diversify revenues
  - ◊ Ground rental rates for aeronautical use leases ranged from $0.18 to $0.50 per square foot
- Fuel Flowage Fees
  - ◊ 13 airports charged a fuel flowage fee
  - ◊ 1 airport (WDG) operates the fuel farm where flowage fee is not applicable
  - ◊ The fuel flowage fees range from $0.05 to $0.20 per gallon

It is important to note that airports must consider numerous factors when considering which fees to enact. These factors include but are not limited to the current political environment, the airport sponsor's approach to business operations, as well as the goals and vision of the airport. Each airport's unique circumstances also contribute to the amount and type of fee charged.

KSA recommends that, regardless of the types of fees implemented, the airport should adhere to best practices by setting rates based on cost recovery. This includes thoroughly identifying and quantifying all costs related to planning, development, operation (maintenance and repair), management, and marketing. Any gaps between calculated rates and market rates should be addressed to ensure the airport's long-term financial self-sustainability.

Attachment 2: Rates And Charges Study Evaulation Of Current Airport Rates And Charges

FAA Policy On Rates And Charges

The FAA's policy on rates and charges is designed to ensure airports remain financially sustainable while adhering to federal grant assurances. The policy underscores the importance of setting rates and charges that encourage a positive revenue flow for ongoing airport expenses. According to the FAA's Policy on Rates and Charges, airport fees must be fair, reasonable, and free from unjust discrimination, as outlined in statutory provisions and codified in 49 U.S.C. § 47129. The policy promotes direct negotiation between airport proprietors and aeronautical users, reducing the necessity for federal intervention. It further establishes standards for resolving airport fee disputes and ensuring compliance.

For the purpose of making recommendations aligned with this policy, KSA has evaluated the current rates as presented herein.

Landing Fees

Currently, the 2025-2026 Airport Rates and Charges Schedule includes:

1. a negotiated landing fee of $0.95 (per 1,000 pounds) for aircraft in excess of 8,000 pounds for scheduled air service,
2. a set fee of $1.30 (per 1,000 pounds) for aircraft in excess of 8,000 pounds and non-scheduled air service, and
3. a set fee of $15.00 for all aircraft weighing 0-7,999 pounds.

Landing fees in the aviation industry are designed to recover the costs of operating and maintaining airfields and their associated facilities. FAA grant assurances require that these fees be applied in a manner that is both reasonable in cost and free from unjust discrimination. Typically, industry standards calculate landing fees based on aircraft weight, meaning larger aircraft generally incur higher charges. Additional factors, such as the time of day and type of operation, may also influence the fee structure. The FAA provides guidelines for fee-setting methodologies, including cost-based approaches that rely on actual operating expenses. As federal funding becomes less reliable, there is increasing recognition to promote transparency and predictability in landing fees at airports.

As part of the study, KSA will calculate landing fee rates based on cost recovery, ensuring that the full residual cost is allocated to the airfield. In addition, KSA will conduct a competitive survey to develop a more marketable rate. To bridge any gaps between these rates, a discretionary credit will be provided.

Terminal Rents

A new terminal is currently under construction and is scheduled to open in August 2026. While federal funds are providing most of the financing, this project presents an opportunity to reassess the rates charged to airlines and other tenants based on a cost-recovery model.

The Fixed Base Operator (FBO) Stillwater Flight Center, Inc. (SCFI) will continue to operate from the old Terminal, currently leasing 695 square feet and an unknown space requirement for the future. All other tenants, including commercial, charter air service as well as rental cars will be relocated to the new terminal.

The plan is to implement a compensatory rate-setting methodology, requiring airlines and tenants to pay their proportional share of operating expenses, amortized capital costs, and any associated debt service. This methodology will ensure that airlines are responsible for the costs of the facilities and services they utilize, allowing the airport to remain financially self-sustaining. Rental rates will be benchmarked against market rates, and any difference will be addressed through a discretionary credit that reduces the final rate.

Aircraft Parking

The airport currently maintains six main aprons for aircraft parking, including, the Terminal Ramp (9 tie-down spaces), the Commercial Air Service Operations Ramp (6 tie-down spaces), the Hangar 1 Ramp (15 tie-downs), the University Flight Center Ramp North (20 tie-downs), the University Flight Center Ramp South (51 tie-downs) and the Southeast General Aviation Ramp (8 tie-downs). Monthly tie-down tenants are charged on a monthly basis, with the exception of Civil Air Patrol who leases 1 tie-down at a reduced rate. Nightly tie-down locations are only charged when actively used by transient aircraft. The current tie-down rental rates are $10 per night or $50 per month. There is no wait list for tie-downs currently. There are no exclusive use spaces at SWO.

Based on a historic agreement with the airport, OSU Flight Center currently leases a set amount of spaces per month based on a percentage of their total fleet size, and an estimate of how many aircraft they have down for maintenance at any one time that are not using tie-downs while maintained, with OSU being charged for approximately 30 aircraft each month.

21 tie-downs will be removed for new terminal and SIDA apron development.

KSA will conduct a survey of rates imposed at competitive and local airports, as these may be more appropriate for comparison than the rental rates for similar properties at the subject or comparable airports.

Group Hangar 2

Group Hangar 2, a 12,212-square-foot facility owned by the City, was previously leased to Stillwater Aircraft Services, and was transferred to Stillwater Flight Center Inc. on July 10th, 2023. A portion of the hangar is currently sublet to Crosswind Aviation. The initial five-year lease, which expired on June 30, 2025, has been extended by the tenant for an additional five years and will now end on June 30, 2030. Built approximately 80 years ago, the hangar is in need of exterior updates. It is currently utilized for hangar space and for a Part 61 flight school, Crosswind Aviation. Stillwater Flight Center invested over $100,000 in the Hangar 2 interior spaces from 2023-2024. The airport completed Hangar 2 roof repairs in 2022-2023.

The current rental rate of $1.47 per square foot, adjusted annually by the Consumer Price Index to the nearest cent, appears below typical market facility rates. However, once the facility is no longer bound by contractual agreements, its age may restrict the achievable rate per square foot.

Hangar 3

Hangar 3 is a 6,382 square foot facility that is used by SWO for airport operations and maintenance.

Hangar 10 - formerly Simmons Double C Hangar

On July 9, 2007, the City of Stillwater entered into a twenty-five (25) year ground lease with Stillwater Storage LLC. on airport property totaling 16,875 square feet to store, maintain, build, rebuild, restore and service aircraft. As part of the agreement, the lessee would construct hangars, ramps and other such improvements required for operations. On July 10, 2023, the ground lease was assigned to Stillwater Flight Center Hangar, LLC and extended five years to June 30, 2037.

Hangar 10, is a 6,000 square foot building that is currently owned by Simmons with a contractual reversion to the City of Stillwater. It is located on the land lease but the City collects no rents for this facility.

Currently the ground lease rental rate is $0.20 per square foot, adjusted annually by the Consumer Price Index to the nearest cent, whereas the rate fails to include rents on the facility. Also, upon termination the lease reads to provide the tenant, not both parties, the option to extend for two additional 5-year periods. If at all possible, this language should be amended to reflect current market ground rental rates, rents paid on the building and to amend language that requires approval of both parties (City and tenant) to exercise lease extensions

LBR Inc. Office/Hangar

On June 24, 1985, Fred and Melissa DeLacerda entered into a 24-year ground lease, ending on June 30, 2009, for 9,360 square feet of land to construct a 3,900 square foot office/hangar to be used for aircraft storage and other noncommercial aviation activities. According to the lease terms, rent adjustments would commence on June 30, 1990, with increases every five years based on the Implicit Price Deflator Index for the Gross National Product. On May 20, 2004, the lease was assigned to LBR, Inc.

The ground lease was extended for an additional 25 years on September 20, 2010, now set to conclude on June 30, 2034. All original lease terms remained in effect. On July 1, 2024, the rental rate saw an increase of 19.354%, reflecting a Consumer Price Index (CPI) rise over the previous five-year period. The estimated ground rental rate for FY 2027 is $0.193 with a further 10% estimated 5-year CPI increase to a ground rental rate of $0.212 anticipated for the lease planned for July 1, 2029.

This lease expires on June 30, 2034 and rates are calculated pursuant to the contract as provided herein, whereas all facilities will revert to the airport at that time.

Rock Hangar

RPX Holdings, LLC (subleased to RPX Technologies) entered into a 10-year ground lease with the city, effective October 1, 2019, for a 7,700 square foot office/hangar. The facility is utilized for aircraft storage and aeronautical equipment development, as well as for the storage of Stillwater Emergency Management Agency (SEMA) equipment.

The SEMA hangar is a conjoined but separate hangar on the north side of the Rock Hangar and is not included in the ground lease. The leased property required significant upgrades, including a new roof with hurricane straps and front face improvements, estimated at $150,000. In return for these capital improvements, the city waived the rent for the entire 10-year lease term.

The tenant has the option to extend the lease up to four additional 5-year terms. Should they choose to extend, the building rent will commence at $0.94 per square foot, which equates to $600 per month, and will be adjusted annually based on the Consumer Price Index (CPI), starting October 1, 2029. For forecasting purposes, a building rate of $600 per month has been considered from October 1, 2029, with annual increases in line with the CPI.

This lease expires on September 30, 2029 and rates are calculated pursuant to the contract as provided herein. However, upon termination the contract reads to provide the tenant, not both parties, the option to extend. If at all possible, this contract should be amended to reflect current market rates and to amend language the requires approval of both parties (City and tenant) to exercise lease extensions.

Waits Holding Hangar

On September 21, 2001, City approved a 20-year ground lease with Special Exploration Co, Inc. for a 10,160 square feet tract of land for the purpose of constructing a 2,500 square foot corporate hangar to be used to store aircraft. The ground lease included a 5-year option to renew, which has been exercised, whereas the land and the hangar will revert to the Airport on December 20, 2026. On April 18, 2019, the City approved the transfer of the facilities from Special Exploration Co., Inc to Waits Holding, LLC.

The ground lease rental rate is approximately $0.20 for FY 2026 and will expire on December 20, 2026. As such, a new lease should set rents for both the 25-year-old building and the land, KSA plans to propose rates featuring an annual increase tied to the Consumer Price Index (CPI).

Detwiler Hangar

On June 1 2008, Special Exploration Co. Inc. lease a 27,500 square foot tract of land to construct a 3,682 square foot steel frame metal hangar and associated ramp area to perform aircraft maintenance and overhaul services. The 25-year lease is set to expire May 30, 2033 whereas the tenant has the option to extend for two 5-year periods. On November 8, 2022 the City approved the transfer of the facility from Special Exploration Co. Inc, to Alex Detwiler. In FY 2027 the land rental rate is estimated at $0.22 and forecast to increase annually by CPI to the nearest $.01. The hangar is currently used for private aircraft storage for Pistol Aviation.

This lease expires on August 30, 2033 and rates are calculated pursuant to the contract as provided herein. However, upon termination the contract reads to provide the tenant, not both parties, the option to extend. If at all possible, this contract should be amended to reflect current market rates calculated every five years and to amend language the requires approval of both parties (City and tenant) to exercise lease extensions.

OSU Cowboy Hangar

On August 1, 1987, the Board of Regents for the Oklahoma Agricultural and Mechanical College, acting on behalf of Oklahoma State University, entered into an agreement to lease an 11,100-square-foot tract of land, which includes a 5,745-square-foot metal hangar. This 75-year ground lease is set to expire on June 30, 2062. The rent for the lease, totaling $83,250, was paid in advance, and no further rent payments are anticipated for the duration of the lease. The facility is being utilized for purposes of maintenance for the OSU Flight Center's fleet of training aircraft.

This lease expires on June 30, 2062 and no rents are payable pursuant to the terms of the lease agreement. This lease should be amended to include a rental structure at the first available opportunity.

OSU Flight Center & MD-80 Parking

Effective July 1, 2020, Oklahoma State University entered into a ground lease for an 8.06-acre (351,093.6 square foot) tract of land at the Stillwater Regional Airport. This land has been used for the construction and operation of a flight training school. The 30-year ground lease agreement is set to expire on June 30, 2050, and includes an option for the lessee to extend for two additional 5-year periods. Annual rate adjustments are tied to the Consumer Price Index (CPI) to the nearest $0.01.

On May 12, 2020, the parties entered into a Memorandum of Understanding (MOU) for the purchase of a ladder truck, valued at $235,000, and an aircraft rescue and firefighting truck, valued at $225,000. Under this agreement, OSU would acquire the vehicles to donate to the City of Stillwater, and, in return, receive rent credits until the full cost of the acquisition was recovered.

For FY 2026, the annual rent has been adjusted to account for the remaining balance, resulting in a pro-rated rent. The full annual rent of $95,029.98 ($0.2707 per square foot) will be reinstated in FY 2027.

Old OSU Flight Center Hangar

The Old OSU Flight Center (as it is commonly referred to as, is currently unleased, as the building is in a state of disrepair. This building is slated for demolition and redevelopment in the 2025 Airport Master Plan.

OSU Maintenance Hangar

Effective June 1, 1996, the Oklahoma State University held a ground lease for a 98,010 square foot tract of land to support construction of a 16,500 aircraft maintenance hangar to support the OSU flight training school. The 25-year ground lease expired on May 31, 2021 and the parties subsequently entered an interim agreement, as amended, that expired May 30, 2024. The hangar currently is leased out on a month-month basis with OSU Property Services/OSU Flight Center.

A new lease should be drafted for FY 2027, incorporating best industry practices including rent on both the building and the land.

Waste Management Facility

The Stillwater Utilities Authority leases this facility for the nonaeronautical use of the City of Stillwater Waste Management services. The ground lease covers 139,392 square feet of land at a rate of $0.13 per square foot. Following the recent lease amendment, effective October 1, 2023, the 25-year lease is now extended by an additional 25 years, ending September 30, 2048. Notably, this amendment did not introduce any additional rent for the 10,170 square foot building. Waste Management's lease is increased on a yearly basis utilizing CPI changes from the previous year.

Currently, the lease rate is substantially below the recently appraised FMV rental rate of $0.39 per square foot, and no rent is being charged for the building itself. To address these discrepancies, the lease should be amended at the earliest opportunity to reflect updated rates for both the land and the building.

Animal Welfare Center

In January 2025, voters approved $8.75 million for the construction of a new animal welfare center, which is planned for a location on airport property.

Further discussions are necessary to determine the terms related to the more than six acres designated for this center. Additionally, since this is a non-aeronautical use, an FMV rental rate will be required in accordance with FAA regulations.

Other City Properties

Several City-owned properties are situated on airport lands, yet there is no evidence of payment for these land/facilities. However, the City provides a substantial annual subsidy to the airport to help manage its operating deficits.

FAA regulations prohibit the use of airport property for non-aviation purposes—such as for city parks or other municipal departments—without paying rent constitutes illegal revenue diversion. Airport Sponsors are required by the FAA to ensure that all airport-generated revenue is used exclusively for airport-related expenses. Any deviation from this requirement can result in compliance issues and potential penalties imposed by the FAA. Specifically, allowing airport property to be used for aeronautical or non-aeronautical purposes without receiving fair market value for use of the land/facilities is strictly prohibited as it qualifies as revenue diversion.

To ensure transparency, the 14.6 acre waste disposal site, the 6000 sq ft emergency management services site, the 12.44 acres dedicated to airport ballfields, and the 24.5 acre Sanborn Lake Park areas, and any other airport properties utilized by the City currently or in the future should reflect rents that have been properly monetized, and the airport should focus on achieving financial sustainability by clearly identifying the actual subsidy provided by the City.

T—Hangars

The airport operates two T-hangar facilities, each containing 10 units. T-Hangar 1 offers units of 1,247 square feet, while Hangar 2 features units of 1,375 square feet. Both types currently lease for $250 per month, a rate that has remained unchanged from FY 2023 through FY 2026.

Office Space

Stillwater Flight Center, Inc. (SFCI) currently leases the office in T-Hangar #1 located in the north wing of the building along with unit 10 under a 10-year agreement that will expire on May 30, 2028. SFCI utilizes these facilities for managing Flight Center operations and for storage purposes. The existing lease includes two options to extend for an additional five years each. Rent for the leased square footage is outlined in the lease agreement.

T-Hangar #2 has two small storage areas located on either end of the building. The western storage area is used by SFCI as storage (rent free), and the eastern storage room being utilized by SWO as equipment storage.

KSA will assess rental rates at comparable airports to identify the optimal monthly rent for these T-Hangar facilities, excluding the SF associated with SCFI. Given the larger unit size, KSA will also consider a modest rate increase for T-Hangar 2.

Fuel Flowage Fee

The City of Stillwater sells fuel to the Stillwater Flight Center, Inc. (FBO) and Phillips 66 (corporate fueler). Fuel flowage fees are assessed to the FBO and corporate fueler based on the volume of fuel delivered to them. The current rate is $0.20 per gallon for both AV Gas and Jet A Fuel.

KSA will conduct a survey of rates imposed at competitive and local airports, as these may be more appropriate for comparison than the rental rates for similar properties at the subject or comparable airports.