



LETTER TO THE COMMISSION

LTC No: 25-259

TO: Honorable Mayor and Members of the Fort Lauderdale City Commission
FROM: Rickelle Williams, City Manager *RW*
DATE: December 24, 2025
SUBJECT: **Fort Lauderdale Executive Airport – Payment in Lieu of Taxes**

The purpose of this Letter to the Commission (LTC) is to provide an update regarding a potential General Fund revenue source that staff was asked to evaluate: a Payment in Lieu of Taxes (PILOT) charge to the Fort Lauderdale Executive Airport (FXE).

Payment in Lieu of Taxes (PILOT) refers to a voluntary or negotiated payment made by a tax-exempt entity to offset the loss of property tax revenue that would otherwise be generated if the property were taxable.

Prior to October 1, 2016, the City of Fort Lauderdale assessed FXE a PILOT based on the Broward County Property Appraiser's market value of airport-owned land multiplied by the City's millage rate.

On August 24, 2016, the Federal Aviation Administration (FAA) Southern Region, Office of Airport Compliance and Management Analysis, informed the City that transferring PILOT funds from FXE to the City's General Fund was inconsistent with the City's obligations under Grant Assurance 25: Airport Revenues. As a result, the City discontinued the practice of transferring PILOT-based funds from FXE to the General Fund effective October 1, 2016.

While the City does not charge a PILOT, an approved cost allocation methodology is utilized to distribute internal service costs to FXE. These costs include, but are not limited to, services such as procurement, human resources, finance, and budget.

Following a recent request from the City Commission, staff contacted the FAA to determine whether circumstances have changed to permit the City to recover additional funds from FXE under a PILOT framework. The FAA confirmed that such transfers are still not permitted.

For further information, please contact Laura Reece, Director of the Office of Management and Budget, at lreece@fortlauderdale.gov or Rufus James, Airport Director at rjames@fortlauderdale.gov.

Attachments:

1. FAA Request for Repayment
2. FAA E-mail Response

c: Shari McCartney, City Attorney
David R. Soloman, City Clerk
Patrick Reilly, City Auditor
City Manager's Office
Department Directors



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Compliance
and Management Analysis

APR 31 7 RC

800 Independence Ave., SW.
Washington, DC 20591



March 31, 2017

Mr. Lee R. Feldman, ICMA-CM
City of Fort Lauderdale
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

Dear Mr. Feldman:

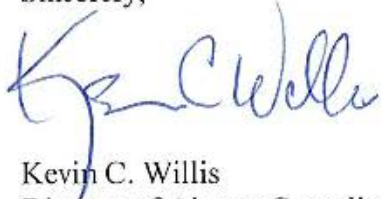
The Federal Aviation Administration's (FAA) Office of Airport Compliance and Management Analysis received the FAA Southern Region's Closure of Regional Inquiry dated December 6, 2016 regarding the payment in lieu of taxes or PILOT paid by the Fort Lauderdale Executive Airport (FXE) to the City of Fort Lauderdale, Florida's (City) general fund.

The Southern Region advised the City on August 24, 2016 that the PILOT fund transfer from FXE to the City's general fund is not consistent with the City's obligations under Grant Assurance 25, Airport Revenues. In response to the informal investigation, the City has developed and provided the FAA with a corrective action plan that includes the preparation of a cost allocation plan each year to identify the costs of services provided to FXE and all benefiting cost centers of the City in an equitable manner. As of October 1, 2016, the City has discontinued charging a PILOT to FXE; all charges assigned to FXE will be supported by a cost allocation plan or charged directly for services received from the City.

The FAA has made a preliminary finding that there has been unlawful diversion of airport revenue and requests the City to include repayment of the amount of the PILOT for the six year period of October 1, 2010 through September 30, 2016. (Policy and Procedures Concerning the Use of Airport Revenues, 64 Fed. Reg. 7722, February 16, 1999) (Revenue Use Policy). I am requesting the City to provide the actual amounts FXE paid to the City for each of the six years specified above. The City can offset the amounts of the repayment with actual costs of allowable services provided to FXE by the City during each of the six years. The cost of services should be itemized per year and comply with the Revenue Use Policy. Please provide this information to my office within 60 calendar days of receiving this letter.

Your prompt attention and swift response to this matter would be greatly appreciated. Please do not hesitate to contact me at (202) 267-3085 if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kevin C. Willis". The signature is fluid and cursive, with a large initial "K" and "W".

Kevin C. Willis
Director of Airport Compliance
and Management Analysis

From: Henry, Rebecca (FAA) <Rebecca.Henry@faa.gov>
Sent: Thursday, October 16, 2025 4:02 PM
To: Rufus James <RJJames@fortlauderdale.gov>; Rupinta, Vernon (FAA) <Vernon.Rupinta@faa.gov>; Elliott, Marisol (FAA) <Marisol.Elliott@faa.gov>
Cc: Brown, Juan (FAA) <Juan.Brown@faa.gov>
Subject: [EXTERNAL:CAUTION!]- RE: PILOT - Fort Lauderdale Executive Airport

Mimecast Attachment Protection has deemed this file to be safe, but always exercise caution when opening files.

[::CAUTION!:] This email originated from *outside* The City of Fort Lauderdale. Do Not Reply, click links, or open attachments from an unknown or suspicious origin. Confirm the email address is from an expected source before taking action. Report any suspicious emails to spamadmin@fortlauderdale.gov

Rufus,

Payments in Lieu of Taxes (PILOTs), or other assessments that exceed the value of services provided or are not based on a reasonable, transparent cost allocation formula calculated consistently for other comparable units of cost centers of government, are prohibited, per the FAA Policies and Procedures Concerning the Use of Airport Revenues dated February 16, 1999 (<https://www.govinfo.gov/content/pkg/FR-1999-02-16/pdf/99-3529.pdf>), page 7720. This policy is reiterated in FAA Order 5190.6, the Airport Compliance Handbook (https://www.faa.gov/documentLibrary/media/Order/Order_5190.6B_Compliance_Chg3.pdf), page 15-9.

Indirect costs for sponsor activities may be allowed, if they are based on a cost allocation plan, consistent with current OMB guidance. The allocation method shall not result in a disproportionate allocation of general government costs to the airport, in consideration of the benefits received by the airport. Also, costs allocated indirectly under the cost allocation plan should not be billed directly to the airport, and the costs billed to the airport under the cost allocation plan must be similarly billed to other comparable units of the City.

In simple terms, transparency and consistency is key. The airport must be treated fairly.

The FAA's 2017 letter to the City still stands, and the Agency would make a similar determination today. A PILOT is not an allowable use of airport revenue.

Rebecca R. Henry
Assistant Manager
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Orlando, Florida 32819
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