CHAPTER SIX: FINANCIAL ANALYSIS

6.1 Introduction

The analysis conducted in the previous chapters evaluated airport improvement needs based upon forecast activity changes and operational efficiency. However, the most important element of the master planning process is the application of basic economic, financial, and management rationale to each improvement item so that the feasibility of implementation can be assured. The purpose of this chapter is to provide financial management information and tools which will make the master planning recommendations achievable.

This chapter provides a financial plan and examines the economic feasibility of developing the proposed improvements at Yellowstone Regional Airport. The use of airport revenue, federal and state grant programs and Passenger Facility Charges (PFC) is evaluated in considering the ability of the Yellowstone Regional Airport Board to finance the proposed capital improvements. Implementation of the improvements will be on an “as required” basis consistent with the financial capability of the Board.

The presentation of the financial plan and its feasibility has been organized into three sections. First, airport improvement funding sources on the federal, state, and local levels are identified and discussed. Secondly, the airport improvement schedule is presented. Finally, the airport’s cash flow is examined for its ability to support future capital improvements.

6.2 Airport Improvement Funding Sources

Financing capital improvements at the airport will not rely exclusively upon the financial resources of the Yellowstone Regional Airport Board. Capital improvements funding is available through various grant-in-aid programs administered by the FAA, the State of Wyoming and local passenger facility charges.

6.3 Federal Grants

<u>Airport Improvement Program</u>

The United States Department of Transportation, through the Federal Aviation Administration, provides a portion of development costs for eligible airport projects. This program is the Airport Improvement Program (AIP).

The source for AIP funds is the Aviation Trust Fund. The Aviation Trust Fund was established in 1970 to provide funding for aviation capital investment programs (aviation development, facilities and equipment, and research and development). The Trust Fund also finances the operation of the FAA. It is funded by user fees, taxes on airline tickets, aviation fuel, and various aircraft parts.

Under the AIP, eligible projects (such as airfield, apron, terminal, and access roads) in Wyoming currently can receive up to 93.75 percent federal participation with the airport sponsor responsible for the other 6.25 percent. (The Wyoming State Department of

Transportation Division of Aeronautics typically provides a grant for 60 percent of the sponsor's share or 3.75 percent of the total grant amount, which reduces the sponsor's share to 2.5 percent.) Projects that are undertaken for security, safety, operational efficiency, or environmental reasons are generally eligible for funding. Projects that have the potential to generate revenue or benefit a private individual or company are generally ineligible. Examples of ineligible projects include the construction of revenue producing parking lots and garages, general aviation terminals, hangars and fuel farms. Funds are distributed each year by the FAA under authorization from Congress.

Commercial service airports which enplane 10,000 or more passengers are considered primary airports and currently receive a minimum of $1,000,000 annually in "entitlement" funds from the FAA based upon enplanement levels. Airports enplaning .01% or more of the nation's passengers are entitled to additional funds. Yellowstone Regional Airport's enplanement forecasts through the twenty year period do not reach a level that would create this larger entitlement. Entitlement funds for primary nonhub airports like Yellowstone Regional can be carried over to the three fiscal years immediately following the year for which the amount was apportioned.

Remaining AIP funds are distributed by the FAA based upon the priority of the project for which they have requested Federal assistance through discretionary apportionments.

CARES Act

In March of 2020, nearly $10 billion was made available to US airports to prevent, prepare for and respond to impacts of the coronavirus pandemic through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. CARES funding makes available at least $7.4 billion to Commercial Service Airports for any purpose for which airport revenues may lawfully be used. The total allocation for individual airports is determined by formula. Funds under the CARES Act are available at a 100% Federal share.

6.4 Passenger Facility Charges

Passenger facility charges (PFCs) were authorized by Congress through the Aviation Safety and Capacity Act of 1990. Authorized agencies are allowed to impose a charge of as much as $4.50 for each enplaned passenger. Congress is currently considering an increase in the PFC cap. PFCs can only be used on approved projects. However, they can be used to fund all of a project, or to match other AIP funds. They can also be used to service debt and financing costs of bonds for eligible improvements. Yellowstone Regional Airport is currently collecting $4.50 in PFCs to fund federally ineligible projects as well as the local share of identified eligible projects.

6.5 FAA Facilities and Equipment Program

The Airway Facilities Division of the FAA administers the Facilities and Equipment (F&E) Program. This program provides funding for the installation and maintenance of various navigational aids and equipment of the national airspace system. Under the

F&E program, funding is provided for FAA approved airport traffic control towers, enroute navigational aids, on-airport navigational aids, and approach lighting systems. A number of items included in the program could potentially qualify for funding under this program.

6.6 State Aid to Airports

In support of the state airport system, the State of Wyoming also participates in airport improvement projects, through the Wyoming Department of Transportation.

State grants have slightly broader eligibility than the federal AIP, therefore projects deemed ineligible for FAA funding may be eligible for a standalone WYDOT grant. State grants for airport development without AIP funds are typically at a 90% state, 10% local cost share. The Wyoming Aeronautics Commission match percentages are set by commission policy, however airports can submit a deviation request pending commission approval to alter the match percentages on a project. The Yellowstone Regional Airport currently receives state funding for regular maintenance of airfield markings in this manner.

WYDOT Aeronautics also provides grants to cover a portion of the sponsor share on federal AIP funded projects. The Aeronautics Commission has funded 60 percent of most sponsor shares for the past several years. This leaves the airport sponsor with a forty percent cost on the eligible AIP project cost.

In addition, the Wyoming Aeronautics Commission Loan Program is available to public use airports for revenue generating facilities including the construction, development and improvement of facilities. Loans are maxed out at a 10 million dollar aggregate and have an interest rate of five percent (5%) with a repayment term that cannot exceed 20 years. Yellowstone Regional Airport does not have any loans through this program.

Another financing resource in the State of Wyoming is the Wyoming Business Council (WBC). The WBC is a State of Wyoming program that provides financing for publicly owned infrastructure that serves the needs of businesses and promotes economic development within Wyoming communities. Many aeronautical and non-aeronautical development proposals at the airport could potentially be eligible candidates for these grants.

6.7 Local Funding

The balance of project costs, after consideration has been given to grants and PFCs, must be funded through local resources. General fund contributions at the local level can vary greatly from airport to airport. This is due in part to varying community characteristics and tax base sizes.

There are several alternatives for local financing of airport projects, including airport revenues, bonds, and leasehold financing.

<u>Airport User Fees</u>

Airport revenue is also generated by users of the airport. Airline landing fees, fuel flowage, hangar rental, terminal rent, rental car concession fees, restaurant rent and FBO operating fees are the major sources of user fees at Yellowstone Regional Airport. Airport user fees and revenues are established in order to reduce the need for local tax support.

Car Rental Customer Facility Charge

The operation of an airport as a public facility attracting airline passengers who use car rental facilities imposes a financial responsibility on the Airport to provide car rental facilities in and adjacent to the terminal building, parking lots, and access roads. Many airports have established a Customer Facility Charge (CFC) collected by a rental car company upon a car rental customer arriving at the airport and renting a vehicle from an on-airport car rental company serving the Airport.

The CFC's are typically used to pay or reimburse the airport for the costs associated with the design, planning, and construction of facilities or improvements exclusively used by the rental car companies serving the airport. Any or all of the CFCs collected may be pledged to the punctual payment of debt service on obligations issued by or on behalf of the airport for the cost of the rental car portion of a parking garage expansion, car wash facility, or parking lots established for the rental car companies.

CFCs are typically collected by the rental car company and remitted to the Airport on a monthly basis. According to the 2018 WYDOT Rates and Charges Survey, the average charge imposed by airports that collect a CFC in Wyoming and neighboring states is $3.14 per rental car day.

The Yellowstone Regional Airport currently collects a CFC of $4.50.

Private Investment

The airport has a valuable resource in its land holdings. While a portion of these holdings will need to be reserved for aviation-related improvements, considerable land can be developed for additional commercial/industrial uses to increase airport revenues. Typically, this entails a ground lease upon which private investment is made.

The FAA's policy is that an airport can lease land which was not acquired with federal or state aid for non-aeronautical revenue production, as long as the development does not interfere with aeronautical activities. Non-aeronautical leases are required to be at fair market value. Typically, leases have a reversionary clause whereby the structures become airport property after 20 or 30 years.

General Obligation Bonds

General obligation (G.O.) bonds are a common form of municipal bonding which are issued by voter approval and secured by the full faith and credit of the city or county. Community tax revenues are pledged to retire the debt. As instruments of credit, and because the community secures the bonds, G.O. bonds reduce the available debt level of the community. Due to the community pledge to secure and pay G.O. bonds, they are the most secure type of municipal bond and are generally issued at lower interest rates. The primary disadvantage is that they require voter approval and are subject to statutory debt limits. This requires that they have broad support among the voters, and that they be reserved for projects that have highest public priorities.

Limited Obligation Bonds

In contrast to G.O. bonds, limited obligation bonds (sometimes referred to as self liquidating bonds) are secured by revenues from a local source. While neither general fund revenues nor the taxing power of the local community is pledged to pay the debt service, these sources may be required to retire the debt if pledged revenues are insufficient to make interest and principal payments on the bonds. These bonds still carry the full faith and credit pledge of the local community and therefore are considered, for the purpose of financial analysis, as part of the debt burden of the local community. The overall debt burden of the local community is a factor in determining interest rates on municipal bonds.

Revenue Bonds

There are several types of revenue bonds, but in general they are a form of municipal bond which is payable solely from the revenue derived from the operation of a facility that was constructed or acquired with the proceeds of the bonds. For example, a lease revenue bond is secured with the income from a lease assigned to the repayment of the bonds. Revenue bonds have become a common form of financing airport improvements. In fact, they have become the preferred method of financing new airport construction, expansion, and improvements over the past two decades.

Financing airport facilities under the "Airport Authorities Act" Title 67-11 MCA (2005) allows an airport authority to sell bonds payable out of any revenues to the authority, including revenues derived from: airport facilities, taxes levied, grants or contributions from the federal government or other sources. Issuance of revenue bonds by the airport authority does not require an election, but is subject to the limitation of the airport authority that annual pledged revenues meet the total bond payment.

Revenue bonds present the opportunity to provide the improvements without direct burden to the taxpayer. Revenue bonds normally carry a higher interest rate because they lack the guarantees of general and limited obligation bonds.

The Airport Authority Act also states that if insufficient revenues are available to pay the principal and interest due on a revenue bond, that a general tax can be levied to pay for the deficiency. This, however, requires approval of a majority of the voters voting on the question.

Certificate of Participation

Another source for funding is a certificate of participation. Certificates of participation are similar to lease revenue bonds, except that they normally do not constitute indebtedness under constitutional or statutory debt limits. In general, they are a form of security which allows the purchaser of the certificate to participate in the income stream of the improvement.

Leasehold Financing

Leasehold financing refers to developer or tenant financing of improvements under a long-term ground lease. The obvious advantage of such an arrangement is that it relieves the community of all responsibility for raising the capital funds for improvements. However, the private construction of facilities on a ground lease, particularly on property owned by a municipal agency, produces a unique set of problems. In particular, it is more difficult to obtain private financing as only the improvements and the right to continue the lease can be claimed in the event of a default.

6.8 Airport Financial Structure

A summary of the historical revenues and expenses at the airport for the years 2016-2019 has been included in **Table 6-1**. Revenues and Expenses are classified into a number of separate cost centers based on the financial activity centers of the airport. Revenue cost centers include passenger airline revenue (landing fees, terminal arrival fees, rents and utilities), non-passenger aeronautical revenue (FBO revenue, cargo and hangar rentals, aviation fuel tax, fuel sales), non-aeronautical revenue (land and non-terminal facilitiy leases, terminal services, rental cars). Included in the expenditure accounts: personnel compensation and benefits, communications and utilities, supplies and materials, and contractual services.

The categories under the revenue accounts are rather broad, and include a number of diverse sources of revenue on the airport. Sources from within the terminal building originate from the airlines, the rental car companies, the restaurant, terminal advertising, and various vendors. Landing fees are collected from the airlines. The airport collects building and hangar rental from a number of aviation operators on the airfield. With the amount of property currently available, it is anticipated that the airport can continue to grow these various accounts during the planning period, from both the aviation and non-aviation related categories.

Operating costs at non hub primary commercial service airports are not typically offset by revenues generated on the airport. Nonhub airports must meet the same safety and security requirements of larger airports without the ability to generate nearly as much revenue. For this reason, operational costs not covered by airport revenues have historically been funded through the City of Cody and Park County General Funds. Due to recent impacts of the coronavirus, CARES Act funding has been made available to fund operations and maintenance for the short term. The local share of capital improvement projects are generally funded by PFCs.

Table 6-1 Historic Operating Revenues and Expenses: Yellowstone Regional Airport

	Fiscal Year 2019	% of Total	Fiscal Year 2018	% of Total	Fiscal Year 2017	% of Total	Fiscal Year 2016	% of Total
Reimbursement Revenue								
TSA Reimbursement	38,390	1.1%	40,750	2%	32,674	1%	23,251	1%
Total Reimbursement Revenue	**38,390**	**1.1%**	**40,750**	**2.4%**	**32,674**	**1.2%**	**23,251**	**1.4%**
Non Operating Revenue								
Passenger Facility Charge					9,142	0.3%	113,222	6.7%
Total Non-Operating Revenue	**-**	**0.0%**	**-**	**0.0%**	**9,142**	**0.3%**	**113,222**	**6.7%**
Operating Revenue								
Agricultural Leases	2,000	0.1%	599	0.0%	500	0.0%	500	0.0%
Airline Landing Fees	63,634	1.9%	58,419	3.5%	45,884	1.7%	31,688	1.9%
Airline Office Space	38,400	1.1%	38,400	2.3%	40,720	1.5%	35,400	2.1%
Airport / Hangar Leases	58,430	1.7%	54,471	3.3%	51,158	1.9%	42,603	2.5%
AIRINC Monthly Rental Fee	1,025	0.0%	825	0.0%	975	0.0%	750	0.0%
Beverage Income	2,320	0.1%	1,043	0.1%	2,590	0.1%	2,451	0.1%
Business Park Leases	16,445	0.5%	16,445	1.0%	16,445	0.6%	11,960	0.7%
Car Condo Lease	2,038	0.1%	2,038	0.1%	2,038	0.1%	2,038	0.1%
Car Customer Facility Charge	89,754	2.7%	77,602	4.6%	-	0.0%	-	0.0%
Cargo Landing Fees	9,012	0.3%	4,088	0.2%	3,838	0.1%	4,893	0.3%
City of Cody Funds	174,365	5.2%	177,356	10.6%	193,374	7.2%	197,589	11.7%
Contract Services	5,900	0.2%	750	0.0%	-	0.0%	600	0.0%
Concessions	5,000	0.1%	8,883	0.5%	3,585	0.1%	5,286	0.3%
FBO Leases	28,153	0.8%	33,302	2.0%	31,054	1.1%	31,280	1.9%
Fuel Flowage Fees	30,159	0.9%	32,022	1.9%	35,115	1.3%	24,855	1.5%
Interest	5,797	0.2%	2,261	0.1%	2,170	0.1%	1,806	0.1%
Non Aviation Leases	18,958	0.6%	10,941	0.7%	9,912	0.4%	15,256	0.9%
Other Income	201	0.0%	405	0.0%	787	0.0%	945	0.1%
Park County Funds	116,244	3.4%	124,770	7.5%	128,916	4.8%	131,726	7.8%
PFC's Authorized for Use	135,197	4.0%	158,971	9.5%	155,331	5.8%		0.0%
Recycled Salvage	56	0.0%	150	0.0%	142	0.0%	-	0.0%
Reimbursement - Conf/Meetings		0.0%		0.0%	33	0.0%	1,187	0.1%
Rental Carl Office/Daily Fees	282,125	8.4%	308,777	18.5%	304,581	11.3%	223,613	13.3%
Sale of Surplus Equipment	-	0.0%	21,139	1.3%	15,500	0.6%	26,335	1.6%
State Fuel Tax Refund	31,735	0.9%	34,486	2.1%	37,896	1.4%	32,100	1.9%
Terminal Advertising	38,945	1.2%	41,535	2.5%	61,862	2.3%	41,283	2.4%
TSA Office Space	44,718	1.3%	44,580	2.7%	37,061	1.4%	20	0.0%
Vending Machines	2,961	0.1%	583	0.0%	2,424	0.1%	672	0.0%
Credentialing	2,378	0.1%	1,005	0.1%	557	0.0%	166	0.0%
GA Landing Fees	14,871	0.4%				0.0%	14,000	0.8%
Returned Check Charges	4	0.0%						
Total Operating Revenue	**1,220,824**	**36%**	**1,255,846**	**75%**	**1,184,448**	**44%**	**881,004**	**52%**
Grant Revenue								
Fly Local Marketing Grant	14,151	0.4%	12,877	0.8%	12,581	0.5%	21,788	1.3%
Inbound Market Grant Local	10,000	0.3%	15,000	0.9%	15,000	0.6%		
Inbound Market Grant State	7,939	0.2%	10,026	0.6%	4,564	0.2%		
AIP Grants Federal	2,001,889	59.3%	120,265	7.2%	1,190,860	44.1%	646,887	38.4%
AIP Grants State	80,076	2.4%	215,554	12.9%	251,643	9.3%		
Total Grant Revenue	**2,114,054**	**63%**	**373,722**	**22%**	**1,474,648**	**55%**	**668,675**	**40%**
Total Revenue	**3,373,269**	**100.0%**	**1,670,318**	**100.0%**	**2,700,911**	**100.0%**	**1,686,153**	**100.0%**
Operating Expenses								
Administrative	86,352	2.6%	60,849	2.0%	47,406	1.7%	54,846	3.1%
Personnel	538,505	15.9%	526,882	17.3%	478,981	17.0%	457,696	25.9%
Payroll Expenses	3826.02	2.4%	1,063	0.0%	-	0.0%	623	0.0%
Operations / Maintenance	82,411	2.7%	79,826	2.6%	67,239	2.4%	83,254	4.7%
Utilities	90,350	0.1%	112,865	3.7%	85,990	3.0%	84,688	4.8%
Local Promotion	2,478	0.9%	3,119	0.1%	599	0.0%	1,261	0.1%
Vehicles / Equipment	30,966	8.2%	38,739	1.3%	71,596	2.5%	91,824	5.2%
Indirect Expenses	276,702	67.1%	274,302	9.0%	280,968	9.9%	233,466	13.2%
Grant Expenses	2,268,992	0.0%	180,475	5.9%	1,792,653	63.4%	759,962	43.0%
Local Projects	-	100.0%	1,735,426	57.1%	-	0.0%		
Amortization	-	0.0%	24,144	0.8%	-	0.0%		
Total Operating Expenses	**3,380,580**	**100.0%**	**3,037,689**	**100.0%**	**2,825,432**	**100.0%**	**1,767,619**	**100.0%**
Operating Income (Loss)	**(7,311)**		**(1,367,371)**		**(124,521)**		**(81,466)**	

6.9 Airport Improvement Schedule and Cost Summaries

With the establishment of the specific needs and improvements for the airport in Chapters 3 and 4, the next step is to determine a realistic schedule and costs for implementing the plan. This section examines the overall cost of improvement and presents a development schedule. The recommended improvements are grouped into three planning horizons: short, intermediate, and long-term. **Table 6-2** summarizes the key activity milestones for each planning horizon.

Table 6-2 Planning Horizons Yellowstone Regional Airport

	PLANNING HORIZONS		
	Short Term (2019-2023)	Intermediate Term (2024-2028)	Long Term (2029-2038)
AIRFIELD			
Annual Operations			
Air Carrier	255	1,813	2,470
Commuter/Air Taxi	2,299	453	274
General Aviation	58,268	61,350	68,600
Military	43	43	43
Total	56,996	63,658	71,389
AIRLINE			
Enplanements	45,998	50,144	61,846
GENERAL AVIATION			
Based Aircraft	91	97	111
Itinerant Operations	39,640	42,166	48,254
Local Operations	18,628	19,184	20,346

The short-term planning horizon covers items of highest priority. These items are coordinated with the FAA on a yearly basis, as they update short-term capital program information and assign potential funding sources and priorities to individual projects. Each year, the airport will need to re-examine the priorities for funding in the short-term period, bringing projects which were originally included in intermediate or long-term planning horizons, onto the FAA's capital programming list. While some projects will be demand-based, others will be dictated by design standards, safety, or rehabilitation needs. In putting together a listing of projects, an attempt has been made to include anticipated rehabilitation and capital replacement needs through the planning period. However, it is difficult to project with certainty the scope of such projects when looking 20 years into the future.

The airport improvement schedule is presented in **Table 6-3**. An estimate has been included with each project of federal funding eligibility, although this amount is not guaranteed. For larger capital projects, it may be necessary for the Board to apply for federal discretionary funds.

Table 6-3 Capital Improvement Program Yellowstone Regional Airport

Project Description	FAA AIP Funds – Entitlement	FAA AIP Funds – Other	State Funds	Local Funds	Total Project Cost
SHORT-TERM PLANNING HORIZON (FY2020-2024)					
QTA Rental Car Wash Facility		$ 1,750,000			$ 1,750,000
Extend Access Road and Expand Auto Parking	$ 1,477,500		$ 59,100	$ 39,400	$ 1,576,000
Runway 4-22 Approach Improvement - MALSF,		$ 4,200,000	$ -	$ -	$ 4,200,000
Terminal Backup Generator	$ -	$ 100,000	$ -	$ -	$ 100,000
Upgrade Airport Wildlife Fencing	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Expand Terminal Building		$ 5,567,498	$ -	$ -	$ 5,567,498
GA Taxilanes / Hangar Development		$ 1,000,000	$ -	$ -	$ 1,000,000
Access Road Upgrades		$ 500,000	$ -	$ -	$ 500,000
Duggleby Drive Overlay and Drainage Imp			$ 300,000	$ 33,333	$ 333,333
Commercial Apron Mill/Overlay	$ 600,000		$ 24,000	$ 16,000	$ 640,000
Replace One Ops/Admin Vehicle			$ -	$ 45,000	$ 45,000
Seal Coat - Pavement Marking			$ 450,000	$ 50,000	$ 500,000
Acquire SRE (Blower)	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Replace One Ops/Admin Vehicle			$ -	$ 45,000	$ 45,000
Subtotal	**$ 4,077,500**	**$ 11,367,498**	**$ 913,100**	**$ 282,067**	**$ 16,640,165**
INTERMEDIATE-TERM PLANNING HORIZON (FY2025-2029)					
Rehab GA Apron - Small Aircraft	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Armory Site Development (Design)	$ 150,000		$ 6,000	$ 4,000	$ 160,000
Armory Site Development (Construction)	$ 1,850,000		$ 74,000	$ 49,333	$ 1,973,333
Seal Coat - Pavement Marking			$ 500,000	$ 55,556	$ 555,556
Remote Air Traffic Control Tower	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Extend TW 'B' - 1,000' East	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Subtotal	**$ 5,000,000**	**$ -**	**$ 700,000**	**$ 188,889**	**$ 5,888,889**
LONG-TERM PLANNING HORIZON (FY2030-2039)					
Taxiway Holding Aprons	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Replace ARFF Vehicle	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Rehab GA Apron - Small Aircraft	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Rehab GA Apron - Small Aircraft	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Seal Coat - Pavement Marking			$ 500,000	$ 55,556	$ 555,556
Rehab GA Apron - Small Aircraft	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Acquire SRE	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Hangar Development	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Rehab Runway 4/22	$ 1,000,000	$ 4,000,000	$ 200,000	$ 133,333	$ 5,333,333
Rehab TW A	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Expand Terminal Building	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Expand Terminal Building	$ 1,000,000		$ 40,000	$ 26,667	$ 1,066,667
Extend Runway 22	$ 1,000,000	$ 13,000,000	$ 560,000	$ 373,333	$ 14,933,333
Widen Runway 4-22	$ 1,000,000	$ 8,000,000	$ 360,000	$ 240,000	$ 9,600,000
Master Plan	$ 400,000		$ 16,000	$ 10,667	$ 426,667
Expand Terminal Apron	$ 2,000,000		$ 80,000	$ 53,333	$ 2,133,333
Executive Apron	$ 2,000,000		$ 80,000	$ 53,333	$ 2,133,333
Subtotal	**$ 17,400,000**	**$ 25,000,000**	**$ 2,196,000**	**$ 1,132,889**	**$ 45,782,222**
Program Totals	**$ 26,477,500**	**$ 36,367,498**	**$ 3,809,100**	**$ 2,101,000**	**$ 68,311,276**

Due to the conceptual nature of a master plan, capital projects should undergo further refinement prior to requesting funds from the FAA. Capital costs presented in **Table 6-3** are in current (2020) dollars. Adjustments will need to be applied over time as construction costs or capital equipment costs change.

6.10 CIP Feasibility Analysis

Projections of airport revenues and expenses, presented in **Tables 6-4** and **6-5** were based on the following assumptions:

- Constant 2020 dollars were used, and no inflationary factor was included.
- All relevant time periods were assumed to coincide with each other. That is, the airport's fiscal year and the federal fiscal year were brought into phase with the calendar year to coincide with the collection of airport activity data (enplanement levels, number of operations, etc.).
- Aviation activity and passenger forecasts will be realized, as projected in Chapter 2 of this study.
- The PFC program will not be repealed. An assumption is made that the $4.50 per boarded passenger level will remain.
- The AIP program will not be repealed.
- CIP projects to be undertaken during the forecast period include those presented in this study in **Table 6-3**.
- Effective financial management of the airport's operations will continue throughout the forecast period.

When expected AIP funds are subtracted from CIP Requirements, on both the annual and 5-year cumulative basis, the net deficiency or surplus of AIP eligible portion of CIP projects is identified in each table. If a shortfall results, the airport can apply for an FAA Discretionary single-year or multi-year grant, defer a project or projects, or use internally generated funds to fund its CIP needs.

The total Local Share shown in **Tables 6-4** and **6-5** include the Sponsor's share of AIP eligible projects and ineligible projects or ineligible portions of eligible projects. PFCs are assumed to be the primary source for funding local costs and grant ineligible projects.

Table 6-4 shows cash flow projections that are projected for the short-term CIP (2020-2024). The table indicates that during the 5 year period there are adequate FAA AIP Entitlement and CARES funds to cover identified projects. Potential PFC revenue, based on forecast passenger enplanements, should be sufficient to cover the local share funding requirement of identified projects.

Table 6-5 shows the cash flow projections for the intermediate term CIP (2025-2029) and the long term CIP (2030-2039). There is a net deficiency in available FAA Entitlement funds of $32,400,000 in the long term. The airport has the option to obtain FAA AIP discretionary grants, defer projects or cover the costs from internally generated funds. Potential PFC revenue, based on forecast passenger enplanements, should be sufficient to cover the local share funding requirement of identified projects for the long term.

Table 6-4: Short Term Horizon Cash Flow

	2020	2021	2022	2023	2024
Capital Improvement Program - Total	3,326,000	12,434,165	1,018,333	1,566,667	45,000
Capital Improvement Program - AIP Eligible	3,227,500	12,367,498	600,000	1,000,000	-
AIP Carry Forward	477,500	-	-		
Expected FAA AIP Entitlement Funds	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
*CARES Funds	1,750,000	11,367,498	-	-	-
Net Surplus (Defecit) AIP Entitlement Funds - (AIP Discretionary Required)	-	-	400,000	-	1,000,000
Capital Improvement Program - AIP Ineligible	-	-	378,333	-	45,000
State Share	59,100	40,000	324,000	490,000	-
Local Requirement					
CIP Local Share	39,400	26,667	144,333	76,667	45,000
Potential PFC Collection	198,468	200,708	202,269	204,055	206,944
Carry Forward		159,068	333,110	391,045	518,433
Net Surplus (Deficit)	159,068	333,110	391,045	518,433	680,377

*Pending FAA Approval

Table 6-5: Intermediate and Long Term Horizon Cash Flow

	Intermediate Term (2025-2029)	Long Term (2030-2039)
Capital Improvement Program - Total	5,888,889	45,782,222
Capital Improvement Program - AIP Eligible	5,000,000	42,400,000
Expected FAA AIP Entitlement Funds	5,000,000	10,000,000
Net Surplus (Deficit) AIP Entitlement Funds - (AIP Discretionary Required)	-	(32,400,000)
Capital Improvement Program - AIP Ineligible	555,556	555,556
State Share	700,000	2,196,000
Local Requirement		
CIP Local Share	188,889	1,132,889
Potential PFC Collection	1,088,621	2,523,470
Net Surplus (Deficit)	899,733	1,390,581

In summary, the airport should be capable of accomplishing its Capital Improvement Program over the master planning period provided that sufficient local match funds can be generated through PFC's or other revenue sources.

6.11 Plan Implementation

The successful implementation of the Yellowstone Regional Airport Master Plan will require sound judgment on the part of Board management with regard to implementation of projects to meeting future activity demands, while maintaining the existing infrastructure and expanding this infrastructure to support new improvements. While the projects included in the capital program have been broken into short, intermediate, and long-term planning periods, the Board will need to consider the scheduling of projects in a flexible manner, and add new projects from time to time to satisfy safety or design standards, or newly created demands. As new buildings or pavement is added, the as-built information should be reflected on the Airport Layout Plan drawings, and the revised drawings resubmitted to the FAA for approval.

In summary, the planning process requires that the Yellowstone Regional Airport Board continually monitor the need for new or rehabilitated facilities, since applications (for eligible projects) must be submitted with the FAA each year. The Board should also continually monitor with FAA the projects which are required for safety and continued certification under F.A.R. Part 139.