



7. IMPLEMENTATION PLAN

This chapter of the airport master plan (AMP) presents the implementation analysis for Colorado Plains Regional Airport (AKO or the Airport), and examines various facets of the financial operating condition of the Airport. In addition, this chapter reviews the Airport's historic operating revenues and expenses, and provides estimates for future financial results. The goal of this chapter is to help the Airport meet the requirements of Federal Aviation Administration (FAA) sponsor assurance number 24, Fee and Rental Structure, which states: "It (i.e. the airport sponsor) will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection."

The projections of airport revenues and expenses focus on the three planning periods of this AMP's Capital Improvement Program (CIP): Phase I (Short-term, 2018-2022), Phase II (Intermediate-term, 2023-2027), and Phase III (Long-term, 2028-2037). These planning periods are utilized to assist the Airport in financially supporting future capital projects either by contributing the local share of costs in coordination with FAA and CDOT grants, or by wholly funding them. The CIP and associated financial plan included in this chapter should be viewed as a guideline that is based on the circumstances and conditions that were current at the time of the completion of this master plan. Ultimately, capital projects should be undertaken when demand warrants and appropriate funding becomes available.

The overall approach for the development of the implementation analysis included the following elements:

- Gathered and reviewed key Airport documents related to historical financial results, capital improvement plans, operating budgets, regulatory requirements, and Airport policies.
- Interviewed key Airport management personnel to gain an understanding of the existing operating and financial environment, as well as the overall financial management philosophy.
- Reviewed the AMP CIP, project cost estimates, and development schedule anticipated for the three planning periods, to project the overall financial requirements to implement the CIP.
- Identified and analyzed the sources and timing of capital funding available to meet the financial requirements for funding the CIP.
- Analyzed historical and budgeted operating expenses, developed operations and maintenance expense assumptions, and projected future operating costs for the planning periods.
- Analyzed historical and budgeted operating revenues, developed operating revenue assumptions, and projected future operating revenues for the planning periods.
- Completed results of the analysis and evaluation in a Financial Plan Summary that provides conclusions regarding the financial feasibility of the CIP.



Airport budgets can be broadly categorized as capital improvements and operating and maintenance (O&M). Grants issued by the FAA and CDOT are generally restricted to capital improvement projects, and with few exceptions cannot be used for airport operating and maintenance expenses. Operating revenues generated by aircraft landing and parking fees, fuel flowage fees, land and building leases, etc., can be applied to both capital improvements as well as O&M expenses.

7.1 Capital Funding Sources

The implementation of AKO's Master Plan CIP is anticipated to be funded primarily through the following sources:

- FAA grants from its Airport Improvement Program (AIP)
- State of Colorado funding sources
- Local funding sources
- Other capital project funding sources, such as private parties

Each of these funding sources is described in the following sections.

7.1.1 Federal Aviation Administration Grants

Airports included in FAA's National Plan of Integrated Airport Systems (NPIAS) are eligible to receive FAA grants. For general aviation airports, the FAA provides the most significant percentage of the funding required for the construction of eligible capital projects. Following World War II, the federal government recognized the need to develop airports to meet the nation's long-term aviation needs, and thereafter initiated a Grants-In-Aid Program. Congress established the AIP on behalf of the FAA through the Airport and Airway Improvement Act of 1982.

AIP grants are generally available for planning, development, or noise compatibility projects at public-use airports included in the NPIAS. Eligible projects include improvements related to enhancing airport safety, capacity, security, and environmental concerns. Funds obligated for the AIP are drawn from the Airport and Airway Trust Fund, which is designed to support the improvement of the country's air transportation system by funding airport improvements, airport repair projects, and modernizing the Air Traffic Control system. The Trust Fund receives revenue through taxes on aviation fuels, airline ticket sales, and air freight shipments.

The initial AIP legislation provided funding through FY 1992; since then, the AIP has been reauthorized and amended multiple times. In order for FAA to continue issuing grants, Congress will ultimately need to authorize a new AIP program or else pass continuing resolutions as it has frequently done in the past. (Each time Congress reauthorizes the AIP, it typically changes parts of the program including funding disbursements, project eligibility requirements, appropriation levels, etc. These changes and the debate they can generate often delay the AIP reauthorization, and also make it difficult for airports to know how much FAA funding will be available in the future, and what requirements may be in place to secure that funding.)

Under current legislation, the AIP will typically provide 90 percent of the total cost of an FAA-eligible capital project (with the balance often being covered through a

combination of state and local funding), although this percentage can be reduced based on the size, complexity, and requirements of a specific project. FAA Order 5100.38D, *Airport Improvement Handbook* specifies the eligibility requirements for capital projects to receive FAA grants. In general, sponsors can apply AIP funds to most airfield capital improvements and preservation efforts, and in limited situations, for terminals, hangars, aprons, and other non-aviation development. Professional services that are necessary for eligible projects, such as planning, surveying, and engineering design, may also be eligible. In most cases, an airport's demand for capital improvements must be appropriately quantified and documented (such as through an airport master plan process), and each project must be shown on an approved Airport Layout Plan (ALP). Additionally, all proposed capital improvements must meet appropriate Federal environmental and procurement requirements. Projects related to revenue-generating improvements (such as privately owned or leased hangars and aprons, or those portions of a terminal building leased by airlines or concessions, etc.) are typically not eligible for AIP funding, nor are standard airport operations and maintenance costs (e.g., salaries, equipment, supplies, etc.).

AIP grants are generally divided into two categories: entitlements and discretionary. Entitlement Grants are allocated among NPIAS airports through a formula largely driven by passenger enplanements, landed cargo weights, and types of operations. Currently, "primary" airports, defined in the NPIAS as having a particular level of commercial air service (i.e. enplane more than 10,000 passengers annually), receive \$1 million annually in entitlement funding. "Non-primary" airports, which include small commercial service airports and general aviation airports like AKO, are currently eligible for \$150,000 of annual FAA entitlement funding. AIP grants must be expended within four years of being issued or be returned to the FAA. This means airports can accrue a maximum of three years' worth of annual entitlements to be applied towards eligible projects in the fourth year. There are also options potentially available to airports whereby they may "borrow" entitlements from future years to apply to a project in the near-term.

Similar to entitlements to individual airports, each state receives an annual apportionment from the FAA based on an area-population formula. These federal funds are utilized at the discretion of the individual states.

In addition to entitlement grants, the AIP also distributes discretionary grants, since the capital requirements of airports often will exceed the limits of their annual entitlement funding. National discretionary funding levels are established annually by the FAA, and result from federal funds that remain available after the distribution of entitlements. Congress sets the requirements for how discretionary funds are allocated by the FAA, with certain amounts set-asides for projects of special interest (e.g., airport safety, noise mitigation, the military airport program, etc.).

Each NPIAS airport development project is subject to eligibility and justification requirements as part of the normal AIP funding process. Generally, airports within similar categories (general aviation, reliever, primary, etc.) compete for these discretionary grants, which are typically awarded based on priority ratings given by the FAA to each potential project. Given the lack of adequate discretionary funding available, this prioritization process tries to ensure that the most important and beneficial projects (as viewed by the FAA) are given priority.



In early 2018, the President signed legislation that provided the AIP an additional \$1 billion in discretionary grants. The Act gives priority consideration to projects at non-primary airports that are classified as regional, local or basic rural airports, like AKO. Eligibility requirements may present an opportunity for AKO develop projects with 100 percent funding that would otherwise be unattainable. AKO should work closely with its consultant and the local FAA Airports District Office to take advantage of this AIP supplement.

7.1.2 State of Colorado Funding Sources

Colorado Aviation Grant Program

In support of the Colorado Department of Transportation's (CDOT) stated goal to develop a forward-looking multi-modal transportation system for the 21st century, CDOT Division of Aeronautics is charged with promoting partnerships with its public and private constituents to enhance aviation safety, aviation education, and the development of an effective air transportation system through the efficient administration of the Colorado Aviation Fund. Specifically, through the Colorado Aviation Grant program and at the discretion of the Colorado Aeronautical Board (CAB), the Division annually awards discretionary aviation grants to the state's public-use, publicly-owned airports from the Aviation Fund.

The chief priority for distributing these state grants is to leverage Federal AIP grants by providing a five percent match to state airports. The State awards half of the local match requirement up to a limit, recommended annually by the Division and approved by the CAB. Currently the grant cap is \$150,000 through the year 2020, after which that cap may be raised to \$250,000. Although the State is currently limiting grants to matches on AIP projects, it does have the statutory authority to give grants for overmatch on an AIP project that may be short of funds, as well as to award grants for State and Local projects without federal participation. In general, State funding is focused on non-revenue generating projects that are prioritized from the "runway out," meaning that preference is given to projects related to runways, then taxiways, and then others.

The Colorado Aviation Fund is directly supported by revenues generated through a state sales tax on aviation fuel. This tax is indexed to a percentage of the cost of a gallon of commercial jet fuel. Therefore, as the cost of jet fuel increases, the size of the Colorado Aviation Fund increases, allowing for more state grant availability. Conversely, when fuel prices decline, the fund will decrease in size, reducing state grant availability.

At the time of this document, the Colorado Aviation Fund was in process of recovering from a significant deficit that was precluding the State from actively funding programs other than matching funds for individual AIP projects. This recovery is anticipated to be complete in FY 2018 at which time the State will be able to progressively start to reinstitute some of its former funding programs.

State Infrastructure Bank

The State Infrastructure Bank (SIB) Loan Program was enacted by the Colorado Legislature in 1998 and adopted by CDOT in 1999. This unique funding source is administered by the Colorado Transportation Commission and helps provide funding for all types of transportation facilities (including aviation) through a low-interest revolving loan program. For aviation needs, a separate fund has been established within the SIB so that airports only compete with other airports for funding.

Loans awarded to Colorado public-use airports from the SIB have been used to support funding for projects such as capital airport improvements, air traffic control towers, snow removal equipment, and airport pavement reconstruction. Additionally, these low-interest loans have been utilized for land acquisitions that have protected Colorado airports from incompatible land-use surrounding airports. These loans are awarded for a maximum of 10 years with an interest rate that is set every six months by the Transportation Commission. In November 2016, the interest rate was set at 2¼ percent and the aviation fund had an available balance of approximately \$11 million.

State Aviation Fuel Tax Disbursements

Pursuant to Colorado statutes, the State currently collects multiple sales taxes on aviation fuels at publicly owned, public-use airports at the following rates:

- Commercial jet fuel = 2.9 percent of the cost of a gallon
- Non-commercial jet fuel = \$0.04 per gallon
- Aviation gasoline = \$0.06 per gallon

Of the commercial jet fuel sales taxes collected annually, 65 percent are distributed back to the airport where the fuel was sold, with the remaining 35 percent being used to fund the Colorado Division of Aeronautics Program. Of the non-commercial jet fuel taxes collected, 100 percent is provided to the airport of origin. With respect to aviation gasoline tax revenues, 66 percent is sent to the airport, and the remaining 33 percent is applied to the State Aviation Program. **Table 7-1** shows the amount CDOT passed through to AKO from the aviation fuel taxes that were collected:

TABLE 7-1: CDOT AVIATION FUEL TAX DISTRIBUTION TO AKO

Fiscal Year	Amount
2016	\$ 4,926.16
2015	\$ 5,071.15
2014	\$ 3,339.62
2013	\$ 3,007.07
2012	\$ 5,597.93
2011	\$ 3,425.39
2010	\$ 1,336.89
2009	\$ 2,506.71

Source: CDOT Division of Aeronautics <https://www.codot.gov/programs/aeronautics/FuelTax>



7.1.3 Local Funding Sources

Local funding is typically generated from operating revenues accrued on a given airport and generally consist of user fees associated with leases, fuel sales, services, etc. The user fees are typically established by the airport based on market conditions in the area and vary from airport to airport.

The majority of facilities on the airport, including all of the hangar structures, are privately owned. Owners of the facilities lease property from the Town of Akron and pay a lease rate for the property. The facility owners are also taxed at the prevailing property tax rate, and as result the property taxes generate revenue in addition to fees generated by the leases. The land lease rate is currently \$0.02 per square foot per year and generates less than \$1,000 per year in revenue. The Town of Akron collects a fuel flowage fee of \$0.05 for every gallon of aviation fuel sold at the Airport. Revenue generated from this fee varies with the amount of fuel sold, but generally falls between \$2,000 and \$3,000 per year.

Landside facility development and levels of aviation activity are the primary factors affecting airport operating revenues. These revenues will normally increase as a function of usual inflationary growth as well as average annual increases associated with existing leases. Additionally, as additional airport development occurs, growth in the numbers of based aircraft and itinerant aircraft operational levels will often be realized. In general, land and building leases provide the most stable long-term sources of revenue at an airport. Fuel sales, tie-downs and other operational fees will fluctuate with traffic levels. Unlike commercial service airports, GA airports typically generate little to no revenue from auto parking, concessions (e.g. restaurants and shops), and terminal building tenants (airlines, rental car agencies).

7.1.4 Other Capital Project Funding Sources

The traditional funding sources described in previous sections (FAA and CDOT grants and airport revenue) are often insufficient to finance the full range of capital projects programmed for development during a CIP. In addition, some projects are not eligible for FAA or state grants. When the availability of traditional funding is lacking, other non-traditional sources need to be investigated and possibly utilized for the ultimate implementation of projects. (In this chapter, these sources have collectively been referenced as “Other Funding Sources.”) If funding sources cannot be ultimately identified and obtained in the time frames planned, the associated projects should be delayed until appropriate funding can be identified and secured.

Non-traditional funding sources for an airport typically include general fund revenues, bond issues, and private funding. Of these, general fund revenues and general obligation bonds are the most common funding sources. The ability of municipalities and counties to issue general obligation bonds for airport capital projects is directly affected by their debt level and ability to finance their existing and future debt load. As the debt burden increases, rating agencies often lower their credit ratings, which increases their interest payments. Revenue bonds supported by airport-generated revenues are seldom used by general aviation airports because most such airports do not generate enough income to pay operating expenses and the debt service of capital funding requirements.

Private funding sources such as FBOs, aircraft owners, investors, etc., often assume the responsibility of paying for hangars, fuel storage tanks, and sometimes for parking aprons, taxiways, and utility hookups. However, when private parties make capital investments in airports, they often try to negotiate reduced land and/or building lease rates to balance their capital investment. Additionally, they can seek to avoid property reversion clauses whereby ownership facilities constructed on an airport ultimately revert to the airport after a set period (often a minimum of 20 years).

General Fund Revenues

General fund revenues are those provided by the airport sponsor (county, municipality, or state) from their general tax revenues. Airport capital development expenditures from general fund sources have been somewhat difficult to obtain in recent years. One reason for this difficulty is the seemingly universal shortfall in local general fund revenues. Budgetary problems have created an environment where local funding is uncertain. The amount of general fund support for airport improvement projects varies by airport and is generally based upon the local tax base, the credit rating of the county, municipality, and state, priority of the development project, historical funding trends, and, of course, local attitudes concerning the importance of aviation.

Bond Funds

The period since the mid-1990s has seen the unprecedented development of various types of municipal bonds and securities used for airport projects. Municipal and County securities (bonds) refer generically to interest-bearing obligations issued by state and local governmental entities to finance capital costs. These funding instruments are generally broken down into the following categories: (1) general obligation bonds, (2) revenue and special facility bonds, (3) hybrid source bonds, and (4) industrial development and exempt facility bonds.

For an airport owned by a town, like AKO, bond issues funding the local share of airport development projects will often compete for the same attention and leadership consideration as other departments or divisions within the town government (i.e., roads, sewer, parks, etc.). As with the general fund apportionment, bond issues supporting airport development depend greatly on the priority assigned to such projects by the local community.

Private Funds

Items such as hangars, fuel systems, and other revenue producers are not typically eligible for federal or state grant funding at public airports because they generate income for the airport. Communities sometimes work with FBOs or other local businesses to fund these types of improvements. Each of these options would need to be weighed independently to determine the appropriateness of their potential application for eligible projects.



7.2 Financial Analysis and Implementation Plan

This section, along with the tables presented at the end of the section, provide the analysis and results of evaluating the financial reasonableness of implementing the master plan CIP during the planning period (2018 through 2037).

Capital Improvement Program (CIP)

The following is a listing and brief description of the projects identified within this AMP for inclusion in AKO's on-going CIP. The individual projects are listed in order of their CIP identifying letter and all projects are assumed to require some level of federal, state, and/or local funding, unless otherwise indicated. (Each project's associated "CIP ID" is not an indication of prioritization, importance, or funding participation, but simply a mechanism for tracking the individual projects.) Note that this listing is the best estimate of anticipated projects at the time of this AMP; however, it should be understood that many of these projects may change in scope or in timing based on future requirements. Therefore, the CIP must be reviewed, assessed and updated on a regular basis (typically annually).

- A. **Relocate Existing Automated Surface Observing System (ASOS):** The Airport's ASOS must be relocated from its existing location near Taxiway A to make room for terminal area development. A clearance area of 500 feet from the center of the ASOS should be maintained in order to provide reliable weather reporting.
- B. **Maintain Runway 11/29 and Taxiway A Pavement:** As part of the Airport's on-going pavement maintenance initiative, this project includes inspection and repair of any cracks or other defects to the runway and taxiway pavement.
- C. **Redevelop Terminal Area:** Expansion of the terminal area includes the construction of a new terminal building, access roadways and vehicle parking, relocation of existing hangars to accommodate expanded apron areas, new hangar development of various sizes, and relocation of the self-serve fuel system. This project may be developed in stages to reduce tenant inconvenience and take advantage of the funding opportunities when they become available.
- D. **Repair Concrete Ramp Pavement:** The concrete ramp at AKO serves as the primary movement, fueling, staging and tiedown area for based and transient aircraft. Regular inspection and repair to cracks and defects in the concrete allow for on-gong utilization of this important asset.
- E. **Extend Taxiway A to Full Length:** The runway is currently served by a partial-length parallel taxiway. Extending the taxiway to a full-length parallel, while maintaining current separation standards will enhance runway safety as well as provide a greater level of service and convenience to airport users. This includes necessary land acquisition.
- F. **Maintain Runway 11/29 and Taxiway A Pavement:** As part of the Airport's on-going pavement maintenance initiative, this project includes inspection and repair of any cracks or other defects to the runway and taxiway pavement.

- G. Relocate Runway 29 Threshold and Extend Runway 11 End:** In order to clear the runway Object Free Area (OFA) of existing buildings and meet design standards, the Runway 29 threshold should be relocated northwest approximately 500 feet. To compensate for the loss of runway length on the 29 end, the Runway 11 end will be extended approximately 500 feet. These projects will ensure design standards are met while providing unaltered runway length for aircraft using the Airport. In association with this project, it is recommended that the Airport seek to lower non-precision approach minimums to Runway 11 to ¼-mile.
- H. Extend Taxiway A:** The full-length taxiway will be extended to the new threshold locations produced from the extension project noted above. Taxiway connectors will also be constructed.
- I. Construct Crosswind Turf Runway:** Development of a turf crosswind runway will allow smaller aircraft using the airport adequate wind coverage. A 6,000-foot by 75-foot turf runway will accommodate small, group A and B aircraft. A short turf taxiway connector from the extended Taxiway A will provide convenient access. This project also includes the property acquisition needed to develop the runway.

7.2.2 Estimated Project Costs and Development Schedule

A list of capital improvement projects has been assembled based on the recommended development alternatives for the Airport established in **Chapter Five**. This project list has been coordinated with the ALP drawing set and the Airport’s current CIP, both of which should be maintained and updated by Airport management, as required. Generally, the CIP has three primary purposes:

1. Identify projects that will be required over a specific period of time.
2. Estimate the order of implementation of the projects included in the plan.
3. Estimate the total costs and funding sources for each of the projects.

As the CIP progresses from project planning in the current year to projects planned in future years, the plan becomes less detailed and more flexible. Additionally, the CIP is typically modified on an annual basis as new projects are identified, priorities change, funding sources evolve, and financial environments evolve.

Each proposed capital improvement project has been assigned to one of four planning periods, as depicted in **Table 7-2**, along with all proposed and current CIP projects (including AIP-funded, State-funded, Airport-funded, and privately funded) and their estimated costs for each phase within the planning horizon. (As mentioned previously, reauthorization of the FAA AIP by Congress may change the funding formulas used in these tables.) The project cost estimates are based on 2018 dollars.



TABLE 7-2: AKO CAPITAL IMPROVEMENT PROGRAM

CIP ID	Project	Primary Funding Source	Estimated Capital Cost	Funding Sources			
				Federal	State	Local	Other/ Private
Phase I (2018-2022)							
A	Relocate Existing ASOS	Federal	\$106,000	\$95,400	\$5,300	\$5,300	
B	Maintain Runway 11/29 and Taxiway A Pavement	Federal	\$394,000	\$354,600	\$19,700	\$19,700	
C	Redevelop Terminal Area						
	- Mobilization/Demolition	Federal	\$1,678,000	\$1,510,200	\$83,900	\$83,900	
	- Aprons/Taxilanes	Federal	\$6,265,000	\$5,638,500	\$313,250	\$313,250	
	- New Terminal	Federal	\$1,230,000	\$1,107,000	\$61,500	\$61,500	
	- New Hangars	Private	\$3,313,000				\$3,313,000
	Phase I Total		\$12,986,000	\$8,705,700	\$483,650	\$483,650	\$3,313,000
Phase II (2023 – 2027)							
D	Repair Concrete Apron Pavement	Federal	\$500,000	\$450,000	\$25,000	\$25,000	
E	Extend Taxiway A to Full Length	Federal	\$5,720,000	\$5,148,000	\$286,000	\$286,000	
F	Maintain Runway 11/29 and Taxiway A Pavement	Federal	\$330,000	\$297,000	\$16,500	\$16,500	
	Phase II Total		\$6,550,000	\$5,895,000	\$327,500	\$327,500	
Phase III (2028 – 2037)							
G	Relocate Runway 29 Threshold and Extend Runway 11 End	Federal	\$1,252,000	\$1,126,800	\$62,600	\$62,000	
H	Extend Taxiway A to New Thresholds	Federal	\$1,140,000	\$1,026,000	\$57,000	\$57,000	
	Phase III Total		\$2,392,000	\$2,152,800	\$119,600	\$119,600	
Ultimate (Beyond 20-Year Period)							
I	Construct Crosswind Turf Runway	Federal	\$2,300,000	\$2,070,000	\$115,000	\$115,000	
	Ultimate Total		\$2,300,000	\$2,070,000	\$115,000	\$115,000	
	Program Total		\$24,228,000	\$18,826,500	\$1,045,750	\$1,045,750	\$3,313,000

Source: Jviation

7.2.3 Airport Operating Revenue and Expenses

Airport revenues are typically generated through user fees charged by a given airport for the facilities and services that it provides. These user fees are normally established by that airport based on the market conditions within its service area and can vary dramatically from airport-to-airport. At AKO, operating revenues are realized through ground leases and aircraft fuel sales.

The amount of land leased, the lease rates charged, and levels of aviation activity that generate fuel sales are the primary factors affecting operating revenues at the Airport. At AKO, Hayes Aviation serves as the fixed-base operator (FBO). As a result, the Town receives a portion of the money collected on fuel sales called fuel flowage. Some Towns, Cities, and Counties act as the FBO and realize a greater share of the profit on fuel sales, but these are typically at larger, more active airports. The higher revenues generated by the Town acting as the FBO, however, is somewhat offset by

higher costs associated with staffing, wholesale fuel purchasing, maintaining fuel tanks and mobile fuelers, and associated insurance.

One industry trend of note affecting airports and FBOs in general is the ability of corporate aircraft to “tanker” fuel due to their increasingly fuel-efficient engines. Because turbine powered aircraft can buy between 500 to 2,000 gallons of fuel at one time, corporate operators often negotiate the retail price per gallon before buying fuel at a given airport. If they do not reach agreement with the FBO on the discount they will not buy fuel, relying on their fuel reserves to fly to another airport that offers lower fuel prices. As a result, a given FBO is competing not just with adjacent airports for fuel sales, but also against airports located hundreds of miles away that may offer lower fuel prices. Some FBOs have noted that although overall corporate aircraft activity has risen, their fuel sales have not increased as quickly due to their inability to compete other FBOs on price.

As additional airport development occurs, the number of based aircraft and itinerant aircraft operations should reasonably be expected to increase, resulting in a commensurate increase in airport operating revenues. (Note that revenues associated with fuel sales, aircraft tiedowns and transient hangar rentals are directly influenced by traffic levels). Additionally, as new leases are enacted and existing leases are updated to reflect prevailing rates and terms, the Airport’s most stable source of revenue will continue to increase over the long term.

In that the Airport accepts AIP grants with the stipulation that it abide by FAA grant assurances, it is important that the Airport continue to consider the following with respect to the future establishment of lease rates and other income generating fees:

- FAA Grant Assurance 22, *Economic Nondiscrimination*, states, “It [the airport sponsor] will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.”
- FAA Grant Assurance 22 also states that the sponsor, as well as airport tenants who enter into an agreement with the sponsor, will “furnish said services on a reasonable, and not unjustly discriminatory, basis to all users” and “charge reasonable, and not unjustly discriminatory prices.”
- FAA Grant Assurance 22 also states that “each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.”
- The FAA considers any lease with a term of greater than 20 years to be “long-term,” and a lease with a term of 50 years or greater to be in violation of FAA policy (per FAA Order 5160.9B, *Airport Compliance Manual*). The FAA considers 50-year lease terms as equivalent to the sale of airport property, which FAA allows only under very specific circumstances. FAA recommends that lease terms extend no longer than the end of the amortization period and/or useful life of the facility.

Ideally, airport operating revenues will at least offset the airport’s operating expenses, typically referred to as O&M costs. Airport operating expenses are the day-



to-day costs incurred by operating the airport. They do not include non-cash and capital costs associated with depreciation and infrastructure development. Capital outlay shown below can vary significantly from year to year and are typically related to on-going maintenance expenses that are large supported by State and/or Federal grants. Primary components of O&M costs at AKO include, but are not limited to, the following:

- Operating Supplies and Expenses
- Utilities and Lighting
- Insurance and Bonds
- Capital Outlay

The historical expenses for AKO between 2012 and 2016 are presented in **Table 7-3**.

TABLE 7-3: AKO ANNUAL OPERATING AND MAINTENANCE EXPENDITURES

Source/Service	2012	2013	2014	2015	2016 Estimated
Operating Supplies/Expenses	\$29,089	\$28,567	\$29,385	\$28,611	\$27,073
Utilities and Lighting	\$2,202	\$2,172	\$2,409	\$2,484	\$2,477
Insurance and Bonds	\$9,530	\$8,406	\$7,719	\$8,981	\$7,717
Capital Outlay*	\$894,649	\$263,823	\$13,098	\$383,696	\$32,775
Total	\$935,470	\$302,968	\$52,611	\$423,772	\$70,042

Source: Town of Akron

*Often offset, in part, by State and/or Federal grants

7.2.4 Projected Operating Revenues and Expenses

The continued growth of AKO in terms of activity, tenants, new leases and facility development will impact the Airport’s operating revenues and expenses over the 20-year planning period. Projections developed in this evaluation depict future airport operating revenues and expenses based on recent financial results, budgeted revenues and expenses, forecasted increases in airport based and itinerant aircraft activities, as well as airport tenant population trends identified in previous chapters of this Master Plan. Projections of future airport operating revenues and expenses at AKO for the periods 2017 through 2036 are presented in **Table 7-4**.

Specifically, the estimates for future operating revenues were established through close consideration of historical trends, as well as proposed airport development initiatives and how they might impact those future revenues. In most instances, revenue projections resulted from normal, conservative growth factors refined to more closely reflect the circumstances of the Airport. Annual revenues were projected to increase 30 percent over the 20-year planning period. The exception to these rates may be miscellaneous revenues that could be realized through the one-time sales of airport assets, such as easement rights or other assets. Additionally, since the Airport is projected to continue to hangar construction throughout the planning period, increased revenue growth associated with hangar and land leases was identified in selected years.

On the operating expenses side, increases in operating supplies and expenses, as well as overall operational activities are based on accepted inflationary growth rates and reasonable growth in costs related to increases in activity. Due to unique aspects of capital outlays to support on-going maintenance, this category is excluded from projections.

TABLE 7-4: AIRPORT OPERATING REVENUES AND EXPENSES

	2017 Budget	2021	2026	2036
Revenues				
– Rent	\$770	\$1,600	\$1,200	\$1,500
– Fuel Flowage	\$2,000	\$2,700	\$3,300	\$4,500
– State Aviation Tax Refund	\$4,500	\$4,750	\$5,000	\$6,000
Expenses				
– Operating Supplies/Expenses	\$27,500	\$29,000	\$31,000	\$35,000
– Utilities and Lighting	\$2,720	\$2,900	\$3,100	\$3,500
– Insurance and Bonds	\$7,800	\$8,350	\$8,900	\$10,000
Net Operating Income	(\$30,750)	(\$31,200)	(\$33,500)	(\$36,500)

Source: Town of Akron (2017 budget), Aviation (projections)

The projections of revenues and expense shown above depict a continued negative operating income for the Airport. It may be reasonable to assume, however, additional revenue growth beyond what is shown with the development of new facilities and the attraction of additional businesses and tenants. Nevertheless, additional businesses and tenants as a result of future development is speculation and development intended for specific uses should only be carried out with certainty and commitment.

7.3 A Path Toward Growth

Future development of AKO should consider the value the Airport represents to various stakeholders. The residents of Akron and the surrounding region, local businesses, Airport tenants and transient users all have different perspectives from which to view AKO. Below are examples what the Airport may mean to various stakeholders.

Residents of Akron and the Surrounding Region:

- Flight training
- Jobs in aviation/technology
- Access to medical evacuation services
- Connection to energy and agricultural businesses
- Reach beyond the Town of Akron



Businesses:

- Pro-business attitude to attract entrepreneurs
- Agricultural support facilities – quarantine for Ag freight
- Unmanned Aerial Vehicle opportunities

Based Aircraft Owners and Tenants:

- Pilot facilities and services, at a competitive price
- Specialized aircraft maintenance, fostering other aspects of aircraft maintenance
- Excellent airfield capabilities, serving a large region

Transient Aircraft:

- Pilot facilities and services, at a competitive price
- Full range of aircraft fuel, maintenance and storage
- Excellent airfield capabilities, serving a large region
- Pilot proficiency, training

A town has many financial obligations, many of which are basic services, but few of which represent an investment in the town's future equal to improvements of an airport. As the Airport and Town considers future development opportunities, decision makers should be reminded of the value airport facilities represent to all stakeholder groups.

7.4 Financial Plan Summary

The primary goal is for AKO to evolve into a facility that will best serve the air transportation needs of Akron and the surrounding region, while simultaneously striving to become a self-sustaining economic generator. This Airport Master Plan can best be described as the road map to helping the Airport and the Town achieve these goals. In order to realize those goals through the successful implementation of airport development projects, the Airport must make sound and measured decisions. Two of the most important factors influencing the decision to move forward with a specific improvement are airport activity levels (i.e., demand) and funding availability. Both factors must be considered in the implementation of the CIP, because while airport activity levels provide the “what” and the “why” in implementing future airport improvements, the timing of funding provides the “how.” The “what” and the “why” have been discussed in detail in previous chapters.

This chapter has addressed the “how” by providing an overview of the practical financial realities required to implement this overall airport development program. While every effort has been made in this chapter to conservatively estimate when facility development may be required, aviation demand and the availability of financial resources for capital projects will ultimately dictate when facility improvements need to be implemented, accelerated or delayed.

The financial plan presented in this chapter includes projection totals for operating revenues, operating expenses, capital expenditures, and capital funding presented above. Based on the assumptions identified within the previous sections, and subject to the availability of FAA and CDOT funding (identification of a potential funding source does not guarantee its availability), and the identification of other financial resources described in the analysis, implementation of AKO's master plan CIP is financially feasible.

Key assumptions supporting the financial plan relate to the availability and timeliness of the funding sources. Continuation of the AIP entitlement program at authorized funding levels is essential. Additionally, securing federal funding of approximately \$8,705,700 during Phase I, \$5,895,000 during Phase II and \$2,152,800 during Phase III is critical to the financial feasibility of implementing these projects. Without these levels of funding, these projects are not feasible and would need to be delayed or cancelled unless another source of funds could be acquired. As mentioned earlier, the Airport's ability to take advantage of recent supplementary AIP funding may be key in the development of Phase I projects.

As noted previously, when Congress reauthorizes the FAA's AIP, the funding formulas shown in the AKO CIP may change. If that happens, the CIP should be adjusted accordingly and the feasibility of implementing the projects in the time frame shown should be reconfirmed. After a new AIP program has been authorized, discussions will need to be held between AKO and the Denver Airports District Office (ADO) to determine the ADO's funding availability based on the new formulas and stipulations set by Congress. Similarly, CDOT funding levels and formulas change over time and need to be monitored, and close coordination with CDOT be maintained to ensure that state funding will be available when anticipated.

However, it should be recognized that planning is a continuous process that does not end with the completion of the Master Plan—the fundamental issues that have driven this planning effort will remain valid for many years. Therefore, the ability to continuously monitor actual revenues and expenses, as well as aviation activity levels, will be key to maintaining a sound financial position. Actual future financial outcomes will be determined by a variety of factors, many of which are difficult to identify at this time, such as future FAA and CDOT funding formulas, and potential revenues associated with future development as well as businesses and tenants seeking to locate to AKO.



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