8. Financial Plan

This section presents a potential funding plan for implementing the projects recommended in the Master Plan Update and assesses the ability of the Airport sponsor to fund the recommended projects. The projects incorporated into this analysis are designed to maintain the Airport and accommodate projected facility needs through 2029, as detailed in Section 7.

The actual implementation schedule for various improvements identified in the Master Plan Update will be defined, in part, by demand, and may not correspond precisely to the schedule described in Section 7. For purposes of this illustrative financial analysis, a specific implementation schedule was assumed. However, it should be noted that this schedule and the resulting financial analysis are intended only to demonstrate financial feasibility. Actual funding strategies used for each project will be determined as implementation approaches.

8.1 Background Information

8.1.1 AIRPORT FINANCIAL STRUCTURE

The City and County are co-sponsors of the Airport, although the Airport is operated, maintained, and managed solely by the City Airport Department. The City also manages numerous tenant agreements and facilities, provides a safe and efficient facility for the operation of aircraft, promotes development of Airport property for aviation and commercial related services, obtains and administers FAA grants, and ensures the compatibility of proposed developments within and around the Airport with federal, state, and local standards.

The City/Airport operates on a Fiscal Year (FY) basis, which ends September 30. The Airport is administered through two City funds, as follows:

- The **Airport Fund** accounts for all operational revenues and expenses incurred by the Airport. As a tax supported fund, the Airport Fund is cooperatively funded by both the City and County. Property tax distributions made by the City, along with County contributions, account for the largest source of revenue in the Airport Fund. Other revenue sources include landing fees, rentals, ARFF fees, concessions, and land leases.
- The **Airport Construction Fund** is maintained as an enterprise fund, which is supported by user fees and grants. All Airport capital expenditures are incurred through the Airport Construction Fund.

8.1.2 RATES AND CHARGES

Operating revenue at the Airport is generated through rates and charges imposed by the City on Airport tenants and other users. Airport Management conducts periodic reviews of rates and charges to determine if the fees are appropriate. Certain rates are automatically adjusted annually, per the lease agreement. At the time of this report, the current fee schedule was adopted by the City in August 2012 (effective October 1, 2012) and is summarized in **Table 8-1**.

Table 8-1 Airport Rates and Charges

FEE TYPE	IMPOSED FEE
Private hangar land lease 1/	$0.130/sq. ft. (annually)
Commercial/FBO land lease 1/	$0.147/sq. ft. (annually)
Landing fee 2/	$1.25/1,000 lbs. max. gross landing weight (each occurrence)
Airline terminal rate 1/	$13.94/sq. ft. (annually)
Restaurant	$600 (monthly)
Tenant car rentals	10% of gross, $350 minimum (monthly)
Non-tenant car rental permit 3/	$150 permit fee, 10% of gross
ARFF fee 4/	$60/hour (each occurrence)
Fuel flowage fee	$0.07/gallon (monthly)
Security charge 5/	$20/hour of service (each occurrence)
FBO tie-downs (commercial operations)	$6.00 standard size (monthly); $7.00 oversized (monthly)

Notes:

FBO = fixed base operator; ARFF = airport rescue and fire-fighting.

1/ Annual rent is subject to annual escalation on October 1 of each year. An annual change in the rent payment shall be directly proportional to the percent change in the annual Consumer Price Index for all urban consumers (CPI-U).

2/ A landing fee is assessed for any aircraft operating under Federal Aviation Regulation Parts 121 or 135, or any aircraft with a maximum gross landing weight equal to or greater than 12,500 pounds. The fee is currently calculated at $1.25 per 1,000 pounds maximum gross landing weight per landing, with a $10.00 minimum fee per landing.

3/ A charge of $150 is applied to process a permit for non-tenant car rental permit. The permits are valid for 12 months.

4/ The Airport must provide additional ARFF service for the scheduled arrival, planned diversion arrival, and/or departure of any aircraft with a seating capacity greater than 9 seats and carrying passengers on board. A single $60 charge applies if the ARFF service time for any aircraft is a consecutive two hours or less from arrival to departure.

5/ The Airport must provide additional security service for the departure of any commercial service or public charter aircraft with a seating capacity greater than 60 seats and carrying passengers on board. An exception is for diversion aircraft that sop for fuel only and do not board or re-board passengers.

SOURCE: City of Twin Falls, Airport Department, August 2012.
PREPARED BY: Ricondo & Associates, Inc., December 2012.

8.1.3 HISTORICAL AIRPORT CASH FLOW

Table 8-2 presents historical revenues and expenses for the Airport Fund and the Airport Construction Fund from FY 2008 to FY 2012.

Table 8-2 Historical Airport Cash Flow (1 of 2)

	ACTUAL				
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012 [1/]
Aeronautical Operating Revenues					
Landing fees	$ 91,937	$ 74,542	$ 89,824	$ 106,502	$ 94,364
Fuel flowage fees	59,562	39,470	43,504	42,600	50,148
Terminal rentals	52,786	49,381	66,901	69,985	55,436
FBO rentals	8,045	18,540	17,631	18,079	18,140
Hangar rentals	55,285	59,909	75,803	74,597	75,995
ARFF fees	134,805	120,340	131,545	143,100	89,903
	$ 402,419	$ 362,182	$ 425,207	$ 454,862	$ 383,986
Nonaeronautical Operating Revenues					
Food & beverage concessions	$ 6,573	$ 5,890	$ 7,100	$ 7,208	$ 8,650
Other concessions	3,218	5,229	2,587	3,438	3,971
Phone system fees	2,510	2,586	3,547	3,883	3,375
Rental car	105,568	87,991	95,391	111,264	106,599
Land lease revenue	31,627	26,128	29,096	30,688	33,555
Other	423,715	67,496	62,492	71,532	296,271
	$ 573,212	$ 195,320	$ 200,213	$ 228,012	$ 452,421
Total Operating Revenues	**$ 975,631**	**$ 557,502**	**$ 625,420**	**$ 682,875**	**$ 836,407**
Operating Expenses					
Salaries and benefits	$ 400,421	$ 419,226	$ 407,006	$ 402,082	$ 420,685
Communications and utilities	60,842	72,128	78,621	72,079	69,031
Supplies and materials	83,746	71,739	91,749	100,298	95,348
Contractual services	74,651	70,910	79,435	76,966	82,970
Capital outlay	71,774	5,077	69,697	25,342	30,975
Other	456,235	25,240	26,799	35,963	292,633
Total Operating Expenses	**$1,147,670**	**$ 664,320**	**$ 753,308**	**$ 712,730**	**$ 991,642**
Operating Income (Loss)	**$ (172,038)**	**$ (106,818)**	**$ (127,888)**	**$ (29,855)**	**$ (155,234)**

Table 8-2 Historical Airport Cash Flow (2 of 2)

	ACTUAL				
	FY 2008	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012 [1/]**
Nonoperating Revenues (Expenses)					
Interest revenues	$ -	$ 888	$ -	$ -	$ -
Investment interest	8,094	16,670	10,436	10,714	22,610
Investment adjustment	(991)	8,191	1,919	(4,765)	-
	$ 7,103	$ 25,749	$ 12,355	$ 5,949	$ 22,610
Net Income (Loss) Before Contributions and Transfers	**$ (164,935)**	**$ (81,069)**	**$ (115,533)**	**$ (23,906)**	**$ (132,624)**
Contributions and Transfers					
Property tax	$ 284,262	$ 304,483	$ 296,021	$ 314,852	$ 330,904
County support	280,469	301,874	316,812	268,072	392,271
State grant revenues	-	-	-	-	20,000
Transfer to General Fund [2/]	(242,039)	(254,141)	(266,848)	(280,190)	(294,200)
Transfer to Airport Construction Fund [3/]	(70,000)	(70,000)	(1,066,064)	(52,650)	(52,650)
Transfer to Insurance Fund	(16,330)	(17,147)	(17,147)	(20,803)	(20,842)
	$ 236,362	$ 265,069	$ (737,226)	$ 229,281	$ 375,483
Airport Fund Net Income (Loss)	**$ 71,427**	**$ 184,000**	**$ (852,759)**	**$ 205,375**	**$ 242,858**
Airport Construction Fund					
Grant revenue	$1,098,413	$1,771,900	$ 762,297	$1,031,752	$ 556,880
Passenger facility charges	109,618	96,930	102,423	163,605	108,292
Transfer from Airport Fund	70,000	70,000	1,066,064	52,650	52,650
Capital expenditures	(956,836)	(1,843,646)	(967,002)	(1,056,428)	(339,276)
Airport Construction Fund Net Income (Loss)	**$ 321,196**	**$ 95,184**	**$ 963,782**	**$ 191,580**	**$ 378,545**

Notes:

CAGR = compounded annual growth rate; FBO = fixed base operator; ARFF = airport rescue and fire-fighting.

1/ FY 2012 data reflects preliminary actual (unaudited) financial data.

2/ Transfers to the General Fund are for internal support services rendered by the City, such as fire-fighting operations.

3/ Transfers to the Airport Construction Fund reflect sponsor matching funds for federal grants.

SOURCE: City of Twin Falls, Finance Department, December 2012.
PREPARED BY: Ricondo & Associates, Inc., December 2012.

Operating revenues are revenues that are directly associated with the running and operation of the Airport, including the operational areas, terminal, leased areas, and grounds. Airport operating revenues can be classified as aeronautical and nonaeronautical.

Aeronautical revenues at the Airport include landing fees, fuel flowage fees, rental fees, and ARFF fees. At most airports, landing fees include ARFF services, while at TWF, the two fees are charged separately. Together, landing/ARFF fees comprised approximately 50 percent to 55 percent of total aeronautical revenues from FY 2008 to FY 2011, decreasing to approximately 48 percent in FY 2012. Landing/ARFF fees peaked in FY 2011 due to twice-weekly service by Allegiant Air, which stopped serving the Airport in FY 2012. Overall, aeronautical operating revenues decreased from approximately $402,000 in FY 2008 to approximately $384,000 in FY 2012.

Nonaeronautical revenues at the Airport primarily include land lease revenue, as well as concessions revenues, such as food and beverage, retail, and rental cars. Rental car revenues have historically accounted for a majority of nonaeronautical revenues at the Airport. However, in FY 2008 and FY 2012, TWF hosted an airshow, which generated approximately $362,000 and $295,000, respectively. These revenues are accounted for as "Other" nonaeronautical revenues. From FY 2008 to FY 2012, nonaeronautical revenues decreased from approximately $573,000 to approximately $452,000.

Overall, total operating revenues decreased approximately 43 percent in FY 2009 compared to FY 2008, reflecting the economic downturn resulting from the nationwide recession. FY 2010 through FY 2012 showed gradual growth in total operating revenues, which totaled approximately $836,000 in FY 2012.

Operating expenses include all expenses/costs associated with operating the Airport. "Other" operating expenses in FY 2008 and FY 2012 include expenses associated with the airshows. Operating expenses decreased from approximately $1.1 million in FY 2008 to $992,000 in FY 2012.

Operating income/loss is calculated by subtracting operating expenses from operating revenues. As shown, the Airport has historically reported an operating loss. After the application of nonoperational revenues, which include income derived from activities not directly associated with the operation of the Airport, Table 8-2 shows a net loss before contributions and transfers from FY 2008 to FY 2012.

Contributions include property tax from the City, as well as intergovernmental revenues from the County and state grant revenues. Total City/County contributions ranged from approximately $565,000 in FY 2008 to approximately $723,000 in FY 2012. Transfers from the Airport Fund to the General Fund reflect internal support services conducted by the City, such as fire-fighting operations. Transfers to the Airport Construction Fund reflect the transfer of sponsor matching funds for federal grants, which are used to fund capital improvements. Actual data has historically reflected a net income for the Airport Fund. The exception was in FY 2010 where a large transfer of matching funds was made to the Airport Construction Fund.

As described previously, the Airport Construction Fund accounts for all funds available for Airport capital improvement projects.

8.2 Capital Improvement Program – Projects and Funding Sources

Section 7 discusses the projects that comprise the recommended ADP, as well as a phasing schedule for those projects. Separate from the projects included in the ADP, the Airport plans to undertake several additional projects as defined in its Capital Improvement Program (CIP). For the purposes of this financial analysis, projects included in the ADP were combined with projects included in the existing CIP to develop a total long-term CIP from which to assess the financial feasibility of the overall development program, which spans through 2029. This subsection presents a discussion of the Airport's long-term CIP, including discussion of major projects and potential funding sources.

8.2.1 PROJECTS

The total estimated cost of the CIP in 2012 dollars is approximately $26.4 million. The implementation plan for the CIP calls for specific projects to be implemented each year from 2013 through 2016 (short-term development). Mid-term development includes projects to be implemented between 2017 and 2021, while long-term development includes projects to be implemented between 2022 and 2029. For summary purposes, the CIP was organized into airfield projects, terminal projects, reports, equipment, and other projects. **Table 8-3** summarizes the costs of the CIP by development period and type of project. The table also shows how the costs of the ADP combine with costs of the CIP to equal the total long-term CIP. In total, the ADP accounts for approximately 53 percent of total CIP project costs through the planning period. Highlights of the CIP are as follows:

- Airfield-related projects include development of a replacement crosswind runway (Runway 17-35) and associated taxiways, extension of the east apron, taxiway/taxilane development, and pavement maintenance projects, and are estimated to total approximately $18.9 million.
- The only terminal-related project included in the CIP is potential modifications to the passenger terminal building. The preliminary cost estimate for this project is $750,000. Costs will be further defined in a subsequent terminal modification study.
- Reports include PCI surveys/reports, an EA for the proposed replacement crosswind runway, the terminal modification study, and subsequent Master Plan Updates. These reports are estimated to cost approximately $1.7 million through 2029.
- Equipment includes various lighting upgrades and the purchase of new SRE and ARFF vehicles. Equipment costs are estimated at approximately $2.1 million.
- Other projects total approximately $2.8 million and include land acquisition, as well as construction of a new access road, stormwater detention areas, and a SRE facility.

Due to the conceptual nature of a master plan, implementation of many of these capital projects would occur only after further refinement through engineering and architectural analyses. As a result, the estimated CIP costs developed for the Airport must be viewed as preliminary, reflecting a master plan level of detail subject to refinement in subsequent implementation steps.

Table 8-3 Capital Improvement Program Summary

IMPLEMENTATION PERIOD	ESTIMATED COST BY PROJECT TYPE (2012 DOLLARS) AIRFIELD	TERMINAL	REPORTS	EQUIPMENT	OTHER	TOTAL
Short-Term						
2013	$ 3,805,000	$ -	$ 35,000	$ -	$ 1,613,362	$ 5,453,362
2014	150,000	-	100,000	330,000	80,000	660,000
2015	-	750,000	250,000	850,000	-	1,850,000
2016	900,000	-	-	-	-	900,000
Mid-Term						
2017-2021	7,010,000	-	470,000	450,000	-	7,930,000
Long-Term						
2022-2029	7,000,000	-	970,000	450,000	1,150,000	9,570,000
Total	**$ 18,865,000**	**$ 750,000**	**$ 1,825,000**	**$ 2,080,000**	**$ 2,833,362**	**$ 26,363,362**

	ADP	CIP	TOTAL CIP
Short-Term	$ 3,833,362	$ 5,030,000	$ 8,863,362
Mid-Term	6,410,000	1,520,000	7,930,000
Long-Term	3,650,000	5,920,000	9,570,000
Total	**$ 13,893,362**	**$ 12,470,000**	**$ 26,363,362**

Notes:

ADP = Airport Development Plan; CIP = Capital Improvement Program.

SOURCES: City of Twin Falls, Airport Department, and Riedesel Engineering, Inc., December 2012.
PREPARED BY: Ricondo & Associates, Inc., December 2012.

8.2.2 CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES

Airport development is often funded by a combination of public and private sources. Most nonhub airports, including TWF, typically rely heavily on federal grants (with a local match) to provide most of the funding for an airport's capital program. The funding plan presented herein does not represent a final plan of finance. Additional actions would need to be undertaken prior to the use of some of these funding sources for specific projects. It is assumed that the costs for the projects will ultimately be financed from a combination of funding sources, such as federal AIP grants, PFCs, state funds, third-party funds, and local funds.

Table 8-4 presents the estimated funding sources for the projects in the CIP. Total CIP funding adds to approximately $24.8 million, which is less than the total shown in Table 8-3. Although the new SRE facility is anticipated to be constructed in 2013 at a cost of approximately $1.6 million, it has already been funded with AIP grants and therefore, no funding for the project is included in the funding plan.

Table 8-4 Capital Improvement Program Funding Sources (1 of 3)

PROJECT	YEAR/TIMEFRAME OF PROJECT IMPLEMENTATION [1/]	ESTIMATED PROJECT COST [2/]	ESTIMATED FUNDING SOURCE: FEDERAL AIP GRANT [3/]	ESTIMATED FUNDING SOURCE: LOCAL FUNDS [4/]
Airfield Projects				
Runway 7/25 (8/26) Rehabilitation and Renumbering	2013	$ 545,000	$ 510,938	$ 34,063
Apron Reconstruction and Apron Mill and Overlay	2013	2,828,000	2,651,250	176,750
Taxilane Reconstruction	2013	432,000	405,000	27,000
Extension of Taxiway L - Phase 1	2014	150,000	140,625	9,375
Pavement Maintenance - Slurry Seal / Crack Fill	2016	600,000	562,500	37,500
Design Crosswind Runway	2016	300,000	281,250	18,750
Construct Crosswind Runway (Runway 17-35)	2017-2021	3,200,000	3,000,000	200,000
Construct Crosswind Runway Parallel Taxiway and Connections	2017-2021	1,800,000	1,687,500	112,500
Pavement Maintenance - Slurry Seal / Crack Fill	2017-2021	600,000	562,500	37,500
Extension of Taxiway L - Phase 2	2017-2021	1,410,000	1,321,875	88,125
Rehabilitate Runway 8/26 - (7/25)	2022-2029	2,500,000	2,343,750	156,250
Pavement Maintenance - Slurry Seal / Crack Fill	2022-2029	600,000	562,500	37,500
East Apron Extension and East Taxilane Construction	2022-2029	1,500,000	1,406,250	93,750
Construct Runway 7 Run-up Area	2022-2029	250,000	234,375	15,625
Pavement Maintenance - Slurry Seal / Crack Fill	2022-2029	900,000	843,750	56,250
Demolish Excess Taxiway Pavement	2022-2029	750,000	703,125	46,875
Construct new Taxilanes	2022-2029	500,000	468,750	31,250
Total Airfield Projects		**$ 18,865,000**	**$ 17,685,937**	**$ 1,179,063**
Terminal Projects				
Terminal Modifications	2015	750,000	703,125	46,875
Total Terminal Projects		**$ 750,000**	**$ 703,125**	**$ 46,875**

Table 8-4 Capital Improvement Program Funding Sources (2 of 3)

			ESTIMATED FUNDING SOURCE	
PROJECT	**YEAR/TIMEFRAME OF PROJECT IMPLEMENTATION [1/]**	**ESTIMATED PROJECT COST [2/]**	**FEDERAL AIP GRANT [3/]**	**LOCAL FUNDS [4/]**
Reports				
PCI Report	2013	$ 35,000	$ 32,813	$ 2,188
Terminal Modification Study	2014	100,000	93,750	6,250
Environmental Assessment for Crosswind Runway	2015	250,000	234,375	15,625
PCI Survey & Report	2017-2021	35,000	32,813	2,188
Master Plan	2017-2021	400,000	375,000	25,000
PCI Survey & Report	2017-2021	35,000	32,813	2,188
Master Plan	2022-2029	400,000	375,000	25,000
PCI Survey & Report	2022-2029	35,000	32,813	2,188
Master Plan	2022-2029	500,000	468,750	31,250
PCI Survey & Report	2022-2029	35,000	32,813	2,188
Total Reports		**$ 1,825,000**	**$ 1,710,938**	**$ 114,063**
Equipment				
New Beacon	2014	$ 80,000	$ 75,000	$ 5,000
Lighting Control System Update	2014	50,000	46,875	3,125
Snow Removal Equipment	2014	200,000	187,500	12,500
ARFF Vehicle	2015	850,000	796,875	53,125
Lighting System Upgrade (R/W & T/W)	2017-2021	300,000	281,250	18,750
PAPI / REIL Upgrade	2017-2021	150,000	140,625	9,375
Snow Removal Equipment	2022-2029	250,000	234,375	15,625
Snow Removal Equipment	2022-2029	200,000	187,500	12,500
Total Equipment		**$ 2,080,000**	**$ 1,950,000**	**$ 130,000**
Other Projects				
Tree Obstruction Removal	2013	10,000	$ 9,375	$ 625
Reeder Property Acquisition	2014	80,000	75,000	5,000
Construct Access Road - Blue Lakes	2022-2029	900,000	843,750	56,250
Construct Stormwater Detention Areas	2022-2029	250,000	234,375	15,625
Total Other Projects		**$ 1,240,000**	**$ 1,162,500**	**$ 77,500**

Table 8-4 Capital Improvement Program Funding Sources (3 of 3)

PROJECT	YEAR/TIMEFRAME OF PROJECT IMPLEMENTATION [1/]	ESTIMATED PROJECT COST [2/]	ESTIMATED FUNDING SOURCE: FEDERAL AIP GRANT [3/]	ESTIMATED FUNDING SOURCE: LOCAL FUNDS [4/]
Total CIP		**$ 24,760,000**	**$ 23,212,500**	**$ 1,547,500**
	2013	$ 3,850,000	$ 3,609,375	$ 240,625
	2014	660,000	618,750	41,250
	2015	1,850,000	1,734,375	115,625
	2016	900,000	843,750	56,250
	2017-2021	7,930,000	7,434,375	495,625
	2022-2029	9,570,000	8,971,875	598,125
		$ 24,760,000	**$ 23,212,500**	**$ 1,547,500**

Notes:

1/ Year/timeframe of project implementation is expressed according to the Airport's Fiscal Year (ending September 30).

2/ Project costs are estimated in 2012 dollars.

3/ Federal Aviation Administration Airport Improvement Program (AIP) grants are assumed to cover 93.75 percent of total project costs, which represents maximum eligibility. AIP grants include both entitlement funds and discretionary funds.

4/ Local funds represent a match of 6.25 percent of a given project funded by AIP grants.

SOURCES: City of Twin Falls, Airport Department, and Riedesel Engineering, Inc., December 2012.
PREPARED BY: Ricondo & Associates, Inc., December 2012.

Of the total $24.8 million of project costs to be funded, approximately $23.2 million is estimated to be funded with federal grants, with the remaining costs to be covered through local funds. It is important to note that these funding estimates represent the amount of project costs that may be eligible for federal funding, not necessarily the level at which projects would ultimately be funded from these sources. As a result, these levels of federal participation may likely not be attainable.

8.2.2.1 Federal Grants

The Airport and Airway Improvement Act of 1982 authorizes funding for the AIP from the Airport and Airway Trust Fund (the Trust Fund) for airport development, airport planning, and noise compatibility planning and programs. The Trust Fund is funded through several user taxes on airfares, air freight, ad aviation fuel.

Grants under the AIP are distributed to airports in two ways: entitlement grants and discretionary grants. Entitlement grants are distributed to airports based on the number of enplaned passengers served on an annual basis. Discretionary grants are distributed by the FAA for individual projects based on capacity enhancement and their importance to the national air transportation system. AIP grants may be used to fund eligible land acquisition, noise mitigation, airfield improvements, airport roadways, terminal projects (for nonhub airports), and safety and security systems and equipment.

On February 15, 2012, President Obama signed into law the FAA reauthorization legislation entitled the FAA Modernization and Reform Act of 2012. This legislation marks the first multi-year reauthorization of the FAA/AIP since the Vision 100 – Century of Flight Authorization Act of 2003 expired September 30, 2007. Under this current reauthorization, the AIP was extended for four Federal Fiscal Years to September 30, 2015. The authorized funding levels for AIP investment were established at $3.35 billion for each year.

Under the AIP, the minimum entitlement for primary airports (i.e., an airport with a minimum of 10,000 enplaned passengers) is $1.0 million per year. Based on the approved aviation activity forecast presented in Section 3, TWF is expected to remain classified as a nonhub primary airport under FAA criteria, and thus is projected to receive annual AIP entitlement funds of $1.0 million throughout the projection period. Future reauthorizations of the FAA could adjust the minimum level of entitlement grants (either up or down), which could significantly affect the CIP funding plan.

Discretionary grants (annual and multi-year commitments through a Letter of Intent) are distributed by each FAA region on the basis of availability and project priorities. Discretionary grants are generally made immediately available to fund project costs, while Letter of Intent grants are distributed to the Airport over a number of years at defined annual funding levels. The funding plan presented in Table 8-4 includes approximately $7.5 million in discretionary funding through the planning period. Discretionary funds are anticipated to be sought for pavement rehabilitation and reconstruction, an ARFF vehicle, and for construction of the replacement crosswind runway.

As previously mentioned, the Airport has historically relied on FAA grants to fund important capital development and maintenance needs. **Table 8-5** provides a summary of past AIP grants received by the Airport, which total more than $13.5 million since 2000.

Under Vision 100, projects which qualify for AIP funding at nonhub airports (including TWF) were eligible for up to 95 percent of total project costs, with airport sponsors providing at least a five percent share/match of any project funded by AIP grants. When Vision 100 expired in 2007, a series of continuing resolutions provided funding for the FAA/AIP and maintained the 95/5 funding split. Under the FAA Modernization and Reform Act of 2012, the federal share of eligible project costs for nonhub airports has reverted back to 90 percent (with a 10 percent sponsor match), as was established prior to Vision 100. However, Idaho is one of a number of states with certain nontaxable and public land areas whereby an upward adjustment in the percentage of federal shares of eligible project costs has been listed in FAA Order 5100.38C (Airport Improvement Program Handbook). According to Appendix 23 of FAA Order 5100.38C, the federal share for AIP grants at small hub and nonhub airports in Idaho is 93.75 percent, with a 6.25 percent sponsor match. All AIP and local matching funds shown in Table 8-4 reflect this split.

8.2.2.2 Passenger Facility Charges

Since 1991, PFCs have been authorized by Title 14 of the Code of Federal Regulations, Part 158, and the PFC program administered by the FAA. PFCs are collected from qualified passengers to fund eligible projects. Since April 1, 2001, a PFC of up to $4.50 per qualified enplaned passenger can be imposed by an airport operator. The Airport currently collects a $4.50 PFC (less $0.11 airline carrier compensation charge) from qualified enplaned passengers.

Table 8-5 Airport Improvement Program Grant History

YEAR OF GRANT AWARD [1/]	GRANT AMOUNT [2/]	PROJECT
2000	$ 1,552,096	Rehabilitate Runway
2001	183,240	Update Airport Master Plan Study
2002	877,275	Security Enhancements
2002	13,090	Security Enhancements
2002	225,000	Rehabilitate Taxiway
2004	2,003,446	Acquire Equipment, Acquire Snow Removal Equipment, Construct Taxiway, Extend Taxiway, Improve Runway Safety Area
2005	3,600,000	Conduct Miscellaneous Study, Extend Taxiway, Install Miscellaneous NAVAIDS, Install Perimeter Fencing, Rehabilitate Access Road, Rehabilitate Apron, Rehabilitate Runway Lighting - 07/25
2006	592,876	Improve Access Road, Rehabilitate Parking Lot, Rehabilitate Taxiway
2007	912,118	Acquire Aircraft Rescue & Fire Fighting Safety Equipment, Rehabilitate Runway - 12/30, Rehabilitate Taxiway
2008	-	
2009	1,065,440	Acquire Snow Removal Equipment, Conduct Miscellaneous Study, Rehabilitate Apron, Rehabilitate Runway - 07/25
2009	1,416,198	Acquire Snow Removal Equipment, Conduct Miscellaneous Study, Rehabilitate Apron, Rehabilitate Runway - 07/25
2010	100,000	Wildlife Hazard Assessments
2010	466,500	Rehabilitate Apron; Rehabilitate Runway - 12/30; Rehabilitate Taxiway
2010	319,877	Update Airport Master Plan Study
2011	153,308	Construct Snow Removal Equipment Building
	$ 13,480,464	

Notes:

1/ Federal Fiscal Year, ending September 30.

2/ Includes entitlement and discretionary grants.

SOURCE: Federal Aviation Administration, November 2012.
PREPARED BY: Ricondo & Associates, Inc., December 2012.

PFC revenues may be used on a "pay-as-you-go" basis or leveraged to pay debt service on bonds or other debt used to pay for PFC-eligible projects. Because airports may use PFC revenues for the local matching share of AIP grants, PFCs can help airports implement AIP-financed projects sooner than otherwise. Although the FAA is required to approve the collection and use of PFCs, the program permits local collection of PFC revenues through the airlines operating at an airport and provides more flexibility to airport sponsors than AIP funds. PFCs may be used for FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition.

As of January 2012, the Airport has the authority to impose and use approximately $544,000 of PFC revenues to fund the local (matching) share of various recently completed and future improvements at the Airport. As of December 18, 2012, the Airport has yet to collect approximately $451,000 of this authority. Collection authority for this application expires June 1, 2016. For purposes of this financial analysis, it is assumed that the Airport will continue to apply for, collect, and use PFCs at a level of $4.50 per eligible enplaned passenger throughout the planning period.

Projected PFCs based on the enplaned passenger forecast described in Section 3 are presented in **Table 8-6**. For this analysis, the low growth enplaned passenger scenario was used. The low growth scenario was initially developed to consider the effects of Allegiant Air terminating service in mid-2012 (two years after initiation of service). Allegiant Air did terminate service at the Airport in January 2012, making this scenario applicable for purposes of this financial analysis. Over the course of the planning period, this forecast, and the resulting PFC revenue projection, is anticipated to be conservative. Based on this analysis, a total of approximately $2.4 million of PFC revenues may be generated through the end of the planning period.

Table 8-6 Passenger Facility Charge Revenue Projection

	SHORT-TERM				MID-TERM	LONG-TERM
	2013	2014	2015	2016	2017-2021	2022-2029
Enplaned passengers [1/]	26,900	27,700	28,500	29,375	160,625	311,525
Passenger Facility Charge	$4.50	$4.50	$4.50	$4.50	$4.50	$4.50
Less airline collection fee	0.11	0.11	0.11	0.11	0.11	0.11
Net Passenger Facility Charge	$4.39	$4.39	$4.39	$4.39	$4.39	$4.39
Percent of passengers paying a PFC [2/]	95%	95%	95%	95%	95%	95%
Estimated PFC revenues	$ 112,186	$ 115,523	$ 118,859	$ 122,508	$ 669,887	$ 1,299,215

Note:

1/ Enplaned passengers are based on the low growth forecast scenario described in Section 3, but have been re-calculated for Fiscal Years compared to calendar year data presented in Section 3.

2/ Only those passengers that pay for a ticket are charged a PFC for that ticket. Therefore, in any given year, the percentage of passengers paying a PFC may not equal 100 percent. The assumption that 95 percent of passengers enplaned at the Airport pay a PFC is assumed to be reasonable based on historical Airport collections data, as well as generally accepted industry PFC revenue projection practices. This percentage is also assumed to be reasonable considering that the enplaned passenger forecast used for this projection is likely to be conservative.

SOURCE: Ricondo & Associates, Inc., December 2012.
PREPARED BY: Ricondo & Associates, Inc., December 2012.

8.2.2.3 State Funds

Many states have programs to assist in airport capital development. The Idaho Transportation Department Division of Aeronautics provides discretionary grant funding for public airports in Idaho through the Idaho

Airport Aid Program (IAAP). The IAAP provides matching funds to municipal governments for public airport improvements. The grant funds are derived from Idaho's aviation fuel tax. Effective July 2008, the aviation fuel tax is $0.07 per gallon of aviation gasoline and $0.06 per gallon of jet fuel.

The Airport has historically received some funds from the IAAP. However, the funding allocated to the Airport has been relatively small (approximately $20,000) and the availability of such funds in any given year is not guaranteed. While state funds may ultimately be used to fund a portion of certain CIP projects through the planning period, the availability/use of such funds is not assumed as part of the funding plan presented in this section.

8.2.2.4 Third-Party Funds

Development projects that are not eligible for federal grants require funding from local or private funding sources. General examples of projects that are often candidates for third-party funding include hangars, aircraft and automobile parking facilities, and other facilities to be constructed by tenants under a lease agreement. Facilities that are constructed with private financial contributions may also provide a financial benefit in the form of land lease revenues to the Airport.

While no third-party funding has been identified for funding of the CIP, it should be pursued and evaluated, where possible, as an option for reducing the local share of some project costs. As described in Section 7, hangar development is anticipated to occur at the Airport through the planning period. Hangar facilities at TWF are constructed/funded by individual tenants who lease land from the Airport. The potential BLM facility expansion would be funded by the BLM and serves as another example of third-party funding at the Airport. Future aeronautical/nonaeronautical commercial development at the Airport would likely involve some amount of third-party funding.

8.2.2.5 Local Funds

Local funds make up the difference between the total development costs and the sum of the federal, state, and third-party funds. Local funding sources may include revenues of the Airport, City resources from the General Fund, proceeds from the issuance of bonds, or short-term bank loans. Bonds may be issued either as stand-alone obligations of the Airport or as City-backed 'alternate revenue' bonds that carry the City's general obligation pledge. In either case, the bonds may be secured by the general revenues of the Airport, PFC revenue, and/or lease revenue generated from specific assets of the Airport. As indicated in the funding plan (Table 8-4), local funds are used to provide matching contributions for AIP grants. Throughout implementation of the CIP, it is assumed that additional local funds may be required to fund any shortfalls in federal funding.

While potential terminal modifications are assumed to be funded primarily with AIP funds, it is likely that a portion of the modifications will not be eligible for AIP funds, or that such funds will not be available for terminal development. The subsequent terminal modification study proposed in this Master Plan Update would include a detailed funding plan for any necessary terminal improvements. A previous renovation of the terminal, completed in 1996, was funded, in part, by a bank loan. It is possible that some form of local funding will be required or otherwise pursued for modifications to the terminal building.

8.3 Cash Flow Analysis

8.3.1 CAPITAL IMPROVEMENT PROGRAM CASH FLOW ANALYSIS

A project cash flow analysis was performed to identify the estimated capital development funding requirements for each year of the planning period. This analysis further refined the project funding source analysis and quantified the total local funding required in each year after all other funding sources had been utilized to the fullest extent feasible. For example, estimated federal AIP entitlement grants to the Airport were capped at $1.0 million in each year based on current entitlement guidelines and forecast enplaned passenger activity. AIP discretionary grants are assumed in the funding plan for projects and in amounts for which the receipt of such funds can be reasonably expected. The AIP revenues in this analysis may be negatively affected should the Congress reduce the annual minimum entitlement grant or the Airport fail to achieve the minimum annual passenger level needed to receive AIP entitlement grants at the assumed level.

As previously described, net PFCs after allowances for program administration and other expenses in each year were estimated based on the enplaned passenger forecast. PFCs were not specifically assumed to fund certain projects in the CIP. Rather, annual projected PFCs are reflected in total in this cash flow analysis as available funds for local AIP match requirements. This methodology gives the Airport flexibility in how PFCs are applied throughout the planning period. As individual projects are implemented, it may be determined that the local share of some projects identified in the CIP may not be eligible for PFC funding. In such cases, alternative local funding would be needed to provide the required match.

The CIP cash flow analysis is presented in **Table 8-7**. In general, the table provides greater detail for the first four years of the CIP (short-term period) and then summarizes the results for all three implementation periods. The upper section of the table summarizes the estimated project costs that need to be funded. The estimated funding requirement is based on the funding plan presented in Table 8-4. The funding plan presents an ideal funding scenario whereby adequate AIP and matching funds are available each year.

This analysis compares the estimated funding requirements with the actual expected availability of funds through the planning period. As shown in Table 8-7, sufficient funds are projected to be available to fund the CIP through the planning period. By the end of the short-term period, a funding surplus of approximately $700,000 is projected. Similar funding surpluses are also estimated through the mid-term and long-term implementation periods. Within the defined implementation periods, the implementation of specific projects may be shifted/re-prioritized to optimize available funding, and surplus funds can be carried over, as appropriate.

Table 8-7 Summary of Estimated CIP Cash Flow – Fiscal Years Ending September 30

	SHORT-TERM DETAIL				SHORT-TERM	MID-TERM	LONG-TERM
	2013	2014	2015	2016	2013-2016	2017-2021	2022-2029
Estimated capital costs (2012 dollars)	$ 3,850,000	$ 660,000	$ 1,850,000	$ 900,000	$ 7,260,000	$ 7,930,000	$ 9,570,000
Estimated Funding Requirement							
AIP	$ 3,609,375	$ 618,750	$ 1,734,375	$ 843,750	$ 6,806,250	$ 7,434,375	$ 8,971,875
Matching requirement	240,625	41,250	115,625	56,250	453,750	495,625	598,125
Total estimated funding requirement	**$ 3,850,000**	**$ 660,000**	**$ 1,850,000**	**$ 900,000**	**$ 7,260,000**	**$ 7,930,000**	**$ 9,570,000**
Estimated Available Funding Sources							
AIP entitlement	$ 1,500,000	$ 1,000,000	$ 1,000,000	$ 1,000,000	$ 4,500,000	$ 5,000,000	$ 8,000,000
AIP discretionary	2,109,375		850,000		2,959,375	2,400,000	2,000,000
PFC matching requirement [1/]	240,625	66,667	123,333	66,667	497,292	493,333	666,667
Carry-over from previous year/period	-	-	-	-	-	696,667	660,000
Total estimated available funding	**$ 3,850,000**	**$ 1,066,667**	**$ 1,973,333**	**$ 1,066,667**	**$ 7,956,667**	**$ 8,590,000**	**$ 11,326,667**
Estimated funding surplus (deficiency)	-	406,667	123,333	166,667	696,667	660,000	1,756,667
Local fund matching requirement [1/]	$ 240,625	$ 66,667	$ 123,333	$ 66,667	$ 497,292	$ 493,333	$ 666,667
PFC revenues available for matching [2/]	133,412	115,523	118,859	122,508	490,303	669,887	1,299,215
Estimated PFC revenue surplus (deficiency)	**$ (107,213)**	**$ 48,856**	**$ (4,474)**	**$ 55,842**	**$ (6,989)**	**$ 176,553**	**$ 632,548**

Notes: AIP = airport improvement program; PFC = passenger facility charge.

1/ Matching requirements assume that the AIP grant represents the federal share (93.75 percent) with a local match of 6.25 percent.

2/ Available PFC revenues in FY 2013 reflect and include the beginning FY 2013 PFC account balance.

SOURCE: Ricondo & Associates, Inc., December 2012, based on information provided by City of Twin Falls, Airport Department, and Riedesel Engineering, Inc.
PREPARED BY: Ricondo & Associates, Inc., December 2012.

Since the Airport typically uses PFC revenues to cover the match on AIP grants, the second part of the CIP cash flow analysis compares projected PFC revenues to estimated match requirements. The analysis assumes that the maximum AIP entitlements and any available discretionary funds would be matched each year. As shown, there are a couple of years in the short-term period where potential match requirements are in excess of projected PFC revenues. However, in total for each implementation period, PFC revenues are projected to be generally adequate to meet the matching requirements. In practice, the Airport sponsor provides local funds to match AIP grants on a year-to-year basis and PFC revenues are then collected to offset the local funds. In this way, year-to-year surpluses/deficits in projected PFC revenues are not material.

8.3.2 AIRPORT CASH FLOW ANALYSIS

The CIP cash flows were factored into the projected overall cash flows of the Airport to evaluate the impact of the CIP on overall Airport financial performance. In this cash flow analysis, projections of future Airport revenues and expenses were developed based on information provided by the Airport and the activity forecasts presented in Section 3.

Table 8-8 presents a conceptual projection of Airport operating revenues through the planning period. Key assumptions in the development of the revenue projections include the following:

- Airline Landing fee revenues assume the continuation of three passenger airline flights per day. Beginning in FY 2014, it was assumed that one of the three daily flights would be operated on a regional jet, while the EMB-120 Brasilia (or equivalent) would continue to operate the other two daily flights. No increase in the actual landing fee was assumed. Landing fee revenues from cargo operators were held constant through the planning period. Landing fee revenues from BLM and large GA (i.e., charter) operators were projected based on the forecast average annual growth in air taxi operations through the planning period.
- Fuel flowage fees were projected based on the forecast growth of total general aviation operations.
- Terminal rentals were conservatively held constant through the planning period.
- FBO and hangar rentals were projected based on the private and commercial hangar site lease rate calculation methodology where rates increase each year based on the projected change in CPI-U.
- ARFF fees were held constant at the Budget FY 2013 amount through the planning period.
- Revenue associated with food and beverage concessions, retail/other concessions, concessions and franchises, and the phone system, were held constant through the planning period.
- Revenues from rental car operators were projected by applying a factor of $3.40 per enplaned passenger, which is the approximate average revenue per enplaned passenger calculated from FY 2008 to FY 2012.
- Land lease revenues were projected to increase by 1.5 percent per year, based on the average annual growth from FY 2008 to FY 2012.
- Revenue projections do not account for any additional revenue that may be generated by new facilities, tenants, or operations that may occur throughout the planning period.

Table 8-8 Projection of Airport Operating Revenues

	BUDGET	PROJECTED					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2019	FY 2024	FY 2029
Aeronautical Revenues							
Landing fees	$ 63,565	$ 71,901	$ 72,080	$ 72,262	$ 72,818	$ 73,781	$ 74,794
Fuel flowage fees	40,000	40,440	40,885	41,335	42,714	45,115	47,652
Terminal rentals	59,585	60,000	60,000	60,000	60,000	60,000	60,000
FBO rentals	18,500	18,760	19,011	19,322	20,279	22,070	24,089
Hangar rentals	79,465	81,242	83,019	84,950	91,181	103,335	116,828
ARFF fees	87,600	87,600	87,600	87,600	87,600	87,600	87,600
	$ 348,715	$ 359,943	$ 362,595	$ 365,468	$ 374,591	$ 391,902	$ 410,964
Nonaeronautical Revenues							
Food & beverage concessions	$ 7,200	$ 7,200	$ 7,200	$ 7,200	$ 7,200	$ 7,200	$ 7,200
Other concessions	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Phone system fees	2,880	3,000	3,000	3,000	3,000	3,000	3,000
Rental car	90,000	94,180	96,900	99,875	109,055	126,310	146,455
Land lease revenue	29,775	30,219	30,669	31,126	32,538	35,035	37,725
Other	209	-	-	-	-	-	-
	$ 133,064	$ 137,599	$ 140,769	$ 144,201	$ 154,793	$ 174,545	$ 197,380
Total Operating Revenues	**$ 481,779**	**$ 497,541**	**$ 503,363**	**$ 509,669**	**$ 529,384**	**$ 566,447**	**$ 608,343**

Note: FBO = fixed base operator; ARFF = airport rescue and fire-fighting.

SOURCE: City of Twin Falls, Finance Department, November 2012 (budget revenues); Ricondo & Associates, Inc., December 2012 (projected revenues).
PREPARED BY: Ricondo & Associates, Inc., December 2012.

Table 8-9 presents a conceptual projection of Airport operating expenses through the planning period. Key assumptions in the development of the expense projections include the following:

- Personnel costs are projected to increase at 1.25 percent per year, based on average annual increases from FY 2008 to FY 2012.
- Communications and utilities expenses are projected to increase at 3.2 percent per year, based on average annual increases from FY 2008 to FY 2012.
- Costs associated with contractual services are projected to increase at 3.3 percent, based on average annual increases from FY 2008 to FY 2012.
- Capital outlay and other expenses are assumed to remain constant through the planning period. Capital outlay expenses are based on average expenditures from FY 2008 to FY 2012.

Table 8-9 Projection of Airport Operating Expenses

	BUDGET	PROJECTED					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2019	FY 2024	FY 2029
Salaries and Benefits	$ 459,360	$ 465,102	$ 470,916	$ 476,802	$ 494,907	$ 526,621	$ 560,368
Communications and utilities	85,681	88,423	91,252	94,172	103,505	121,161	141,827
Supplies and materials	102,013	105,379	108,857	112,449	123,953	145,801	171,499
Contractual services	90,931	93,386	95,908	98,497	106,693	121,895	139,264
Capital outlay	51,000	40,500	40,500	40,500	40,500	40,500	40,500
Other	41,778	42,000	42,000	42,000	42,000	42,000	42,000
Total Operating Expenses	**$ 830,763**	**$ 834,790**	**$ 849,433**	**$ 864,421**	**$ 911,558**	**$ 997,978**	**$ 1,095,458**

SOURCE: City of Twin Falls, Finance Department, November 2012 (budget expenses); Ricondo & Associates, Inc., December 2012 (projected expenses).
PREPARED BY: Ricondo & Associates, Inc., December 2012.

Results of the Airport cash flow analysis are presented in **Table 8-10**. The Airport Fund's projected net income (before contributions and transfers) was quantified for each year. Transfers were then estimated, including transfers of required matching funds to the Airport Construction Fund. Transfers to the General Fund were projected to increase 3.0 percent per year, based on the FY 2013 Budget. Transfers to the Insurance Fund were held constant through the planning period.

During the budgeting process, the total City/County contributions that will be required in a given year are estimated to equal the net loss before contributions and transfers plus transfers, such that the net income of the Airport Fund is zero. In this way, the sponsor ensures that required matching funds are available. However, the provision of matching funds increases the contribution required by the City/County. Table 8-10 shows the estimated annual City/County contribution through the planning period.

8.4 Conclusion and Recommendations

Based on the analyses documented in this section, implementation of the recommended projects included in the ADP, as incorporated into the Airport's overall long-term CIP, appears to be financially feasible given the funding sources anticipated to be available to the Airport through the planning period.

As implementation of the CIP progresses, Airport Management, in conjunction with the Airport sponsor, should continually assess the financial feasibility of each project included in the CIP. Future considerations regarding the funding of the CIP include the following:

Table 8-10 Summary of Estimated Airport Cash Flow

	BUDGET	PROJECTED					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2019	FY 2024	FY 2029
Operating Revenues and Expenses							
Operating revenues	$ 481,779	$ 497,541	$ 503,363	$ 509,669	$ 529,384	$ 566,447	$ 608,343
Operating expenses	830,763	834,790	849,433	864,421	911,558	997,978	1,095,458
Operating Income (Loss)	**$ (348,984)**	**$ (337,249)**	**$ (346,069)**	**$ (354,752)**	**$ (382,174)**	**$ (431,530)**	**$ (487,115)**
Nonoperating income (expenses)	$ 18,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Net Income (Loss) Before Contributions and Transfers	**$ (330,984)**	**$ (327,249)**	**$ (336,069)**	**$ (344,752)**	**$ (372,174)**	**$ (421,530)**	**$ (477,115)**
Transfers							
Transfer to General Fund [1/]	$ (303,026)	$ (312,117)	$ (321,480)	$ (331,125)	$ (361,829)	$ (419,459)	$ (486,268)
Transfer to Airport Construction Fund [2/]	-	(66,667)	(123,333)	(66,667)	(66,667)	(66,667)	(66,667)
Transfer to Insurance Fund	(21,691)	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)	(22,000)
Total Transfers	**$ (324,717)**	**$ (400,783)**	**$ (466,814)**	**$ (419,791)**	**$ (450,496)**	**$ (508,126)**	**$ (574,934)**
Estimated City/County Contribution [3/]	**$ 686,323**	**$ 728,032**	**$ 802,883**	**$ 764,543**	**$ 822,669**	**$ 929,656**	**$ 1,052,050**

Notes:

1/ Transfers to the General Fund are for internal support services rendered by the City, such as fire-fighting operations.

2/ Transfers to the Airport Construction Fund reflect sponsor matching funds for federal grants.

3/ The required City/County contribution is amount calculated to offset the net loss before contributions and transfers plus transfers, such that the net income of the Airport Fund is zero.

SOURCE: City of Twin Falls, Finance Department, November 2012 (budget cash flow); Ricondo & Associates, Inc., December 2012 (projected cash flow).
PREPARED BY: Ricondo & Associates, Inc., December 2012.

- **Enplaned passenger/traffic growth** – As applicable, the financial plan was developed and analyzed in consideration of the FAA approved aviation activity forecast developed for the Airport (see Section 3). Actual year-to-year enplaned passengers and aircraft operations will likely deviate from the forecast. Significant changes in enplaned passenger and aircraft operations levels may impact revenues and expenses, as well as PFC revenues and AIP grants.
- **Availability of AIP funds** – The current funding plan proposed for the CIP assumes that the FAA will continue to authorize and appropriate AIP funds for eligible projects. Because the level of authorized and appropriated AIP funds may vary from year to year, alternative funding sources may need to be identified if grants cannot be obtained for certain eligible projects.
- **Potential increase in maximum PFC level** – Airport industry groups have requested that federal PFC regulations be changed to increase the PFC program's maximum PFC level from its current level of $4.50 per eligible enplaned passenger. While the FAA reauthorization bill enacted in February 2012 did not address the issue, it is likely that future reauthorization legislation will have to address it, with increasing pressure to raise the maximum PFC level. The financial projections and the funding plan reflected in this section assume the Airport's current $4.50 PFC level is in place for the entire planning period. If federal PFC regulations are changed and the maximum PFC level is increased, the Airport may choose to apply to the FAA for authorization to collect the higher PFC level.

Although the Airport is well positioned to take advantage of federal funding opportunities for capital development, the cash flow analysis indicates that the Airport will continue to rely on City/County funds to offset the Airport's operating deficit. During the Strategic Planning Initiative, the primary financial goal that was identified was to work toward financial self-sufficiency, thereby reducing or eventually eliminating the need for City/County financial support.

Appendix A describes several financial objectives or strategies that would enhance the ability of the Airport to achieve financial self-sufficiency. Based on those identified strategies, the Airport/sponsor should consider the following recommendations:

- Conduct periodic assessments of operating and maintenance activities to determine if specific activities are being conducted as efficiently as possible, and take advantage of opportunities to implement sustainable practices, development, and technologies (i.e., alternative fuel vehicles, solar/wind power, green roofs). Cost savings may also be realized through the use of recycling programs and purchasing certain equipment and materials second hand.
- Actively seek opportunities to encourage nonaeronautical development at the Airport. Section 6 identifies prime areas for nonaeronautical development at the Airport and provides numerous examples of such development that exists at other airports. Consideration should be given to development of a marketing plan to help identify and guide appropriate development on the Airport, as outlined in Appendix A.
- Take advantage of funding opportunities that may replace or supplement existing federal funding sources. Potential alternative funding sources include TSA grants, state grants, bond financing/short-term loans, third-party financing, and economic development grants.

- As current leases expire, review terms/rates of current leases to determine the most appropriate lease terms and rates given market conditions, specific land/facility uses, and opportunity costs. In addition, periodic reviews of rates and charges imposed on Airport users should be undertaken. One such review took place in June 2012 and resulted in the adoption of a new landing fee that compares more favorably to similar airports in the region.
- Consider the pros and cons of charging a fee for vehicle parking in the main terminal parking areas. As an alternative, premium parking opportunities could be established in certain areas of the existing public parking lots, as described in Section 5. For airports that charge a vehicle parking fee, resulting revenues typically account for a significant share of total operating revenues.