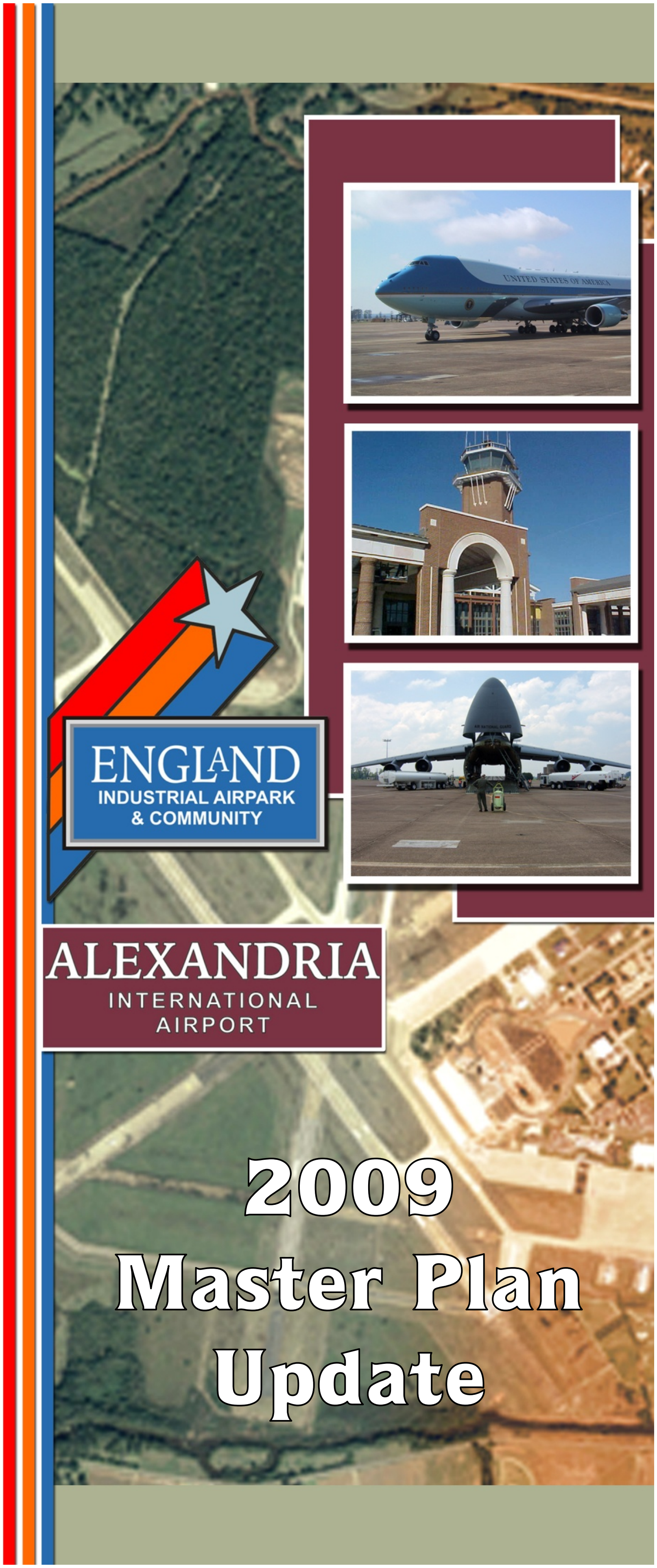

Chapter 8
Implementation Plan

Chapter 8
Implementation Plan

8.1 OVERVIEW

The objective of this chapter is to set forth a strategic financial plan (Financial Plan) which provides for the financial implementation of the recommended improvements identified in this Master Plan Update over a 20-year planning period.

Included as part of the Financial Plan is an overview of the capital improvements proposed for Alexandria International Airport/England Airpark (Proposed Projects) over a 20-year planning period (Development Period), with an emphasis on the Short-Term Development Period (Short-Term Development Period) during the 0 to 5 year planning period. An analysis assessing the financial implications of the England Economic and Industrial Development District (England Authority) undertaking the Proposed Projects and the Authority's ability to generate future revenues sufficient to exceed projected operating and capital expenses during the Short-Term Development Period are examined. The following summarizes the components of the Financial Plan:

- A detailed funding plan for the Proposed Projects was prepared with an emphasis on the Short-Term Development Period. Recommended projects were evaluated to determine eligibility for funding by the Federal Aviation Administration (FAA) Airport Improvement Program, Passenger Facility Charge Program, Louisiana Department of Transportation and Development (LADOTD), other funding sources, and Third Party/Tenant Financing. The local funding requirement and potential opportunities for satisfying the local share requirement were identified, including airport debt funding, cash flows, and Airport reserves;

- A compilation and review the England Authority's historical revenues and expenses for the past four years to identify historical trends;

- An order of magnitude estimate of airport revenues that would be generated by the traffic forecasted in Chapter 3 and the improvements completed within the Short-Term Development Period, and a pro forma cash flow analysis to estimate future revenues and expenses to assess the England Authority's financial self sufficiency in connection with the projects completed within the Short-Term Development Period recommended in this Master Plan Update.

8.2 ENABLING LEGISLATION AND BACKGROUND

Due to potential economic disruption to the Central Louisiana Region, the Louisiana State Legislature initiated ACT 42 in 1991. ACT 42 created the England Economic and Industrial Development District for the purpose of overseeing the maintenance and improvement of the former England Air Force Base for civilian use. The England Authority is governed by a 10-member board of Commissioners appointed by local government entities.

By the end of 1992, all military aircraft were reassigned to alternate bases and the US Air Force concluded their Environmental Impact Statement. In March of 1995, following an interim caretaker program and environmental cleanup effort by the military, the base was officially transferred to the England Economic and Industrial Development District.

After the base closure, the airport operated as a general aviation airport from August 1993 through August 1996. In 1996, commercial air service at nearby Esler Regional Airport was transitioned to the Alexandria International Airport providing service to Houston, Dallas, Memphis and Atlanta.

The purpose of the England Authority is to establish, maintain and operate a unified and coordinated airport system; to ensure the orderly and proper use and growth of the airport; to ensure that the maximum public benefit is obtained from the airport; to ensure proper planning and to establish airport needs in the future; to enhance business, industry and trade; to promote public transportation and commerce; and to provide an economical use of a public airport for the public welfare, safety and convenience.

8.3 FINANCIAL FRAMEWORK

The Authority's financial operations are accounted for on a fiscal year (FY) basis, ending June 30 each year. As the owner and operator of Alexandria International Airport/England Airpark, the England Authority has the right to enter into agreements, leases and contracts with tenants and to grant rights, privileges and services related to the use of the airport. In exchange, tenants compensate the Authority for use of airport facilities and consumption of services.

8.4 PROPOSED PROJECTS SUMMARY

Based on the projected facility requirements identified in the Demand/Capacity and Facility Requirements Analysis, a list of preferred Airpark Alternatives was developed as part of the Alternatives Analysis. The cost estimates associated with the recommended Proposed Projects in the Master Plan Update are intended to be order of magnitude and presented in 2009 dollars and include estimated engineering fees and contingencies.

In order to provide realistic assumptions regarding the availability of funding for the Proposed Projects, it is necessary to estimate the phasing requirements of each project based on the need for enhanced safety, security and/or demand for the facilities during the Development Period.

For the purpose of this Financial Plan, each project was included into one of three general project phasing periods based on an estimate of each project's estimated implementation. Following are the project phasing periods used for this purpose.

- Short-Term Development Period – Projects anticipated to be implemented within 0 to 5 years of the Master Plan Update. The Financial Plan will focus on the projects occurring in this Period.

- Intermediate-Term Development Period – Projects anticipated to be implemented between 6 to 10 years of the Master Plan Update.

- Long-Term Development Period – Projects anticipated to be implemented between 11 to 20 years following the Master Plan Update.

8.5 AIRSIDE CAPITAL IMPROVEMENT PROGRAM

The Airside Capital Improvement Program (ACIP) include cost estimates and development phasing for the various projects identified within the Airport Layout Plan (ALP) drawing. A subsequent section of this chapter will address the financial feasibility of the Short-Term Development Period. Cost projections are based on 2009 dollars and include estimated engineering fees and contingencies. The projections should be used for planning purposes only and do not imply that funding will necessarily be available. Each year indicates the initiation of design and/or environmental efforts and it is assumed that construction would be undertaken either in that same year or the following year.

The ACIP projects shown in **Table 8-1** have been segregated into Short-Term Development Period (2009 – 2013), Intermediate-Term Development Period (2014 – 2018) and Long-Term Development Period (2019 – 2028).

TABLE 8-1
SCHEDULE OF PROJECT COSTS AND PHASING - AIRSIDE CAPITAL IMPROVEMENT PROGRAM (ACIP)

	Short Term (0-5yrs)	Intermediate Term (6-10yrs)	Long Term (11-20yrs)	Total
Airside Capital Improvement Program				
Runway Obstacle Removal / Phase 1	$100,375	$0	$0	$100,375
ATC Tower Emergency Transceiver	19,758	0	0	19,758
Airfield Sewer Lift Station	500,000	0	0	500,000
Rehabilitation of Runway 14-32	5,200,000	0	0	5,200,000
Part 150 Noise Mitigation Program	6,315,789	0	0	6,315,789
Fuel Farm Relocation - Engineering	600,000	0	0	600,000
Land Acquisition Associated w ext. of Runway 14	1,640,000	0	0	1,640,000
Extend Runway 14 Engineering\Environmental - Phase I	3,550,000	0	0	3,550,000
Relocate / Construct Fuel Farm & Construct Entrance Road & Demo Old Fuel Farm	5,700,000	0	0	5,700,000
Apron Lighting - South Ramp (16 poles)	600,000	0	0	600,000
ARFF Vehicle	850,000	0	0	850,000
Runway Obstacle Removal / Phase 2	98,352	0	0	98,352
Extend Runway 14 Engineering/Environmental – Phase II	1,000,000	0	0	1,000,000
Rehabilitate SE Ramp Area (ARFF/FBO) – Engineering Only	1,065,000	0	0	1,065,000
Runway Sweeper	135,050	0	0	135,050
Part 150 Noise Mitigation Program	6,300,000	0	0	6,300,000
Extend Runway 14 Construction	27,000,000	0	0	27,000,000
ILS Upgrade to Cat II (see note 1)	6,000,000	0	0	6,000,000
Part 150 Noise Mitigation Program	6,300,000	0	0	6,300,000
N Access Roadway Widening and Bridge Improvements	2,000,000	0	0	2,000,000
Rehabilitate Southeast Ramp Area (ARFF/FBO) - Priority 1 - Construction	12,000,000	0	0	12,000,000
South Ramp Rehabilitation (crack seal for entire south ramp area)	5,500,000	0	0	5,500,000
Rehabilitation Runway 18-36 (5.5 acres)	17,600,000	0	0	17,600,000
SE Apron Expansion S of FBO Terminal (5 Acres)	0	8,000,000	0	8,000,000
Runway 32 & 36 Blast Pad and Hold Pad Improvements (6.4 Acres)	0	5,400,000	0	5,400,000
Environmental Assessment - Runway 18 Extension	0	500,000	0	500,000
Property Acquisition N of Runway 18	0	824,000	0	824,000
Runway 18 Extension 1007' with perimeter road and navaid relocation 8.8 acres	0	16,100,000	0	16,100,000
Billy Mitchell Rd / England Dr. Road Connector Improvements 16,300 sf.	0	580,000	0	580,000
Master Drainage Rehabilitation	0	11,000,000	0	11,000,000
Perimeter Road Improvements (paved unpaved areas) 16,600 L.F.	0	4,800,000	0	4,800,000
ARFF Vehicle purchase	0	950,000	0	950,000
FAA Radar Facility Relocation	0	2,000,000	0	2,000,000

TABLE 8-1
SCHEDULE OF PROJECT COSTS AND PHASING - AIRSIDE CAPITAL IMPROVEMENT PROGRAM (ACIP)

	Short Term (0-5yrs)	Intermediate Term (6-10yrs)	Long Term (11-20yrs)	Total
North Ramp Rehabilitation - Priority 2	0	10,300,000	0	10,300,000
North Ramp Rehabilitation (6.1 acres concrete) - Priority 3	0	13,400,000	0	13,400,000
10-Unit T-hangar #1	0	0	700,000	700,000
Large SE Apron Hangar and Delushe - Billy Mitchell / England (33k s.f. building + 100k s.f. hangar)	0	0	22,000,000	22,000,000
SE Apron N two large hangars S of Existing Buildings (100k s.f.)	0	0	18,000,000	18,000,000
Full parallel taxiway and hold pad SW of Runway 14-32 (28.4 Acres)	0	0	43,000,000	43,000,000
Midfield Apron (N) New Construction w/access (14 acres)	0	0	22,600,000	22,600,000
Midfield Apron (S) New Construction w/access (21 acres)	0	0	34,000,000	34,000,000
Large SE Apron S Hangar #1 and Parking Development (120k s.f.)	0	0	19,200,000	19,200,000
Large SE Apron S Hangar #2 and Parking Development (120k s.f.)	0	0	19,200,000	19,200,000
Large SE Apron S Hangar #3 and Parking Development (120k s.f.)	0	0	19,200,000	19,200,000
10-Unit T-hangar #2	0	0	700,000	700,000
Subtotal Airfield Projects	$110,074,324	$73,854,000	$198,600,000	$382,528,324

Source: The LPA Group, Inc.
Compiled by Newton & Associates, Inc.

8.6 DEVELOPMENT PLAN FINANCING

8.6.1 Potential Funding Sources

Airports do not typically meet their capital development funding needs with internal funding sources. Federal, State, and private funding together with airport funds and debt funding (supported by airport revenues and/or municipal support) are usually combined to produce the total funds required to undertake a CIP. Typically, these sources include: FAA, State Department of Transportation, private funds (tenant or third party provided), Airport funds, Passenger Facility Charges (PFCs), loans or bond proceeds, among other sources of capital funding. Many of these sources are subject to change by Congress or other entities having jurisdiction over a particular funding source. Some, such as the FAA Airport Improvement Program, have been modified significantly from time to time. One source, the Passenger Facility Charge program, was authorized by Congress in 1991 and has become a major source of capital funds for airport development at airports with commercial passenger air service. It is also important to note that former military airfields like AEX are in a unique position to take advantage of the Military Airport Program, a grant set aside from the FAA Airport Improvement Program.

In identifying potential sources of funds it is necessary to examine each project element to determine its eligibility for each program or funding source. It is also important to consider the availability of funds for each funding source. The following paragraphs briefly describe the primary external funding sources which may be available to provide funding for projects recommended in this Master Plan Update.

8.6.2 Federal Aviation Administration – Aviation Trust Fund

Congress began appropriating money for airport development in 1946 through the enactment of the Federal Airport Act. Since that time, Congress has passed multiple legislative measures intended to develop the national air transportation system in the United States. Congress enacted the Airport and Airway Revenue Act of 1970 which established the Airport and Airways Trust Fund (Trust Fund). The Trust Fund is intended to provide the primary source of funding for FAA operations, facilities, and equipment, and to provide funding for the development of public use airports. The Trust Fund was supported by a series of taxes on the users of the national air transportation system through charges on passenger tickets, cargo waybills, and aviation jet fuel, among other things.

8.6.3 Overview and Status of the Airport Improvement Program

The Airport and Airway Improvement Act of 1982 (the Act) authorized the capital grant-in-aid program known as the Airport Improvement Program (AIP). The AIP is funded in part by the Trust Fund. Congress authorizes and appropriates funds used for eligible airport improvements which are administered by the FAA. AIP eligible projects include (i) Airport Planning; (ii) Airport Development; (iii) Noise Compatibility Programs; and (iv) Terminal Development at all but large hub airports. An airport must be included in the National Plan of Integrated Airport Systems (NPIAS) to be eligible to receive a grant from the AIP. Congress amends the Act from time to time as required to authorize funding levels on an annual or multi-year basis. However, it should be noted that Congress typically appropriates less AIP funding than the authorization allows.

On December 13, 2003, President George W. Bush signed into law the Vision 100-Century of Aviation Reauthorization Act (Vision 100). Also known as the FAA Reauthorization Bill, Congress authorized the AIP for over $14 billion over a period of four years, from 2004 through 2007. Vision 100 provides that certain projects are eligible for AIP funding at the 95% level at all airports classified by the FAA as a small hub or smaller. Large and medium hub airports are eligible for funding at the 75% level. As defined by the FAA, AEX is a "non-hub" and therefore is currently eligible for FAA funding at 95% for AIP eligible projects.

On March 30, 2009, President Obama signed into law a bill to extend aviation programs and excise taxes through the end of September 2009. H.R. 1512, Federal Aviation Administration Extension Act of 2009, extends AIP contract authority through the end of September 2009 and will allow airports to receive more than $3.5 billion in AIP funds in federal fiscal year 2009.

Although the future of the AIP is not guaranteed, Federal funding for public use airports has been provided since 1946. Therefore, for the purpose of this Master Plan Update, it is assumed that the AIP, or some form of it, will continue to be available and a viable capital funding option available to the England Authority during the Development Period.

8.6.4 Obligations and Assurances

The Airport and Airways Improvements Act of 1982, among other things, requires airport sponsors to provide certain assurances (Sponsors Assurances) that it will comply with Federal law and regulation in using FAA AIP grant funds and in operating the airport. The Airport Sponsor must comply with the Sponsors Assurances in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants. The Sponsors Assurances are required to be submitted as part of the project application by Airport Sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended.

As of the date of this Master Plan Update, there are thirty-seven (37) Sponsors Assurances. Among these Sponsors Assurances is the assurance that the airport operator will: (i) make the airport available as an airport for public use on fair and reasonable terms without unjust discrimination (Assurance 22); (ii) permit no exclusive aeronautical rights for use of the airport (Assurance 23); and (iii) maintain a fee and rental structure, consistent with Assurances 22 and 23, for facilities and services being provided to the airport users that will make the airport as financially self-sustaining as possible under the circumstances existing at the particular airport (Assurance 24).

8.6.5 Airport Improvement Program - Funding Sources

Grants administered by the FAA through the AIP represent a critical capital funding source for the England Authority to accomplish the projects recommended in this Master Plan Update. However, given the uncertainty of the future status of the AIP Program, it is not possible to confirm the level of future AIP grants available to provide funding for the recommended projects. Notwithstanding, for the purpose of this Master Plan Update, it is assumed that the AIP will continue to be authorized and appropriated at levels reasonably consistent with the Congressional authorization of Vision 100 and the 2009 AIP appropriation.

Within the existing AIP authorization, there are three major sub-categories which are generally used to provide partial funding for improvement programs: entitlement grant, discretionary grant, and military airport programs.

Airport Improvement Program - Passenger Entitlement Grants

One of the most common types of Federal funding available for commercial service airports in the United States is passenger entitlement grants (Entitlement Grants) funded through the AIP and administered by the FAA. Entitlement Grants are essentially an allocation of certain AIP funds based upon an airport's total number of annual enplaned passengers in a given year. Only airports defined by the FAA as "Primary Airports" (those having 10,000 or more enplanements) are eligible to receive AIP Entitlement Grants. AEX is classified by the FAA as a Primary Airport. Pursuant to Vision 100, in any Federal fiscal year in which Congress appropriates funding for the AIP program at the $3.2 billion level or more, then primary airports receive apportionments based on the following number of enplaned passengers:

$15.60 for each of the first 50,000 enplanements
$10.40 for each of the next 50,000 enplanements
$5.20 for each of the next 400,000 enplanements
$1.20 for each additional enplanement.

For the purpose of determining passenger Entitlements Grants apportioned in 2009, the FAA uses the number of passengers enplaned at each airport in calendar year 2007. According to the FAA, AEX enplaned 129,005 passengers in Calendar Year 2007. Based on the number of enplaned passengers in calendar year 2007, the AIP passenger Entitlement Grant apportionment formula yields $1,450,826 per year.

Actual final amounts of AIP passenger entitlement grants may be affected by the total amounts periodically authorized and appropriated by Congress for this program. Entitlement Grants may be carried over from one year to the next, used to pay eligible debt service on bonds issued to finance eligible projects, and among other provisions, future allocation may be earmarked for repayment of current expenditures if the FAA concurs and issues a Letter of Intent ("LOI").

Cargo Service Entitlement Grants

While originally designed to provide a source of reliable funding for commercial service airports that provide passenger service, changes to the AIP have also resulted in entitlement set asides for Cargo Service airports. Certain airports are designated by the FAA as "Cargo Service Airports." According to FAA Order 5100.38C (AIP Handbook) a Cargo Service Airport is any airport that, in addition to any other air transportation services that may be available, are served by aircraft providing air transportation of only cargo with a total annual landed weight of more than 100 million pounds. “Landed weight” for this purpose means the weight of aircraft transporting only cargo intrastate, interstate, and in foreign air transportation. An airport may be both a commercial passenger service and Cargo Service Airport.

AEX is not currently designated as a Cargo Service Airport and does not currently receive Cargo Service Entitlement Grants. Therefore, for the purpose of this Master Plan Update, it is assumed that AEX will not receive Cargo Service Entitlements during the Development Period.

Airport Improvement Program - Discretionary Grants

“Discretionary Grants”, as the name implies, are based upon commitments to certain eligible development projects at the discretion of the FAA. Discretionary Grants are available for use by most types of public use airports. Discretionary Grant funding comprises two types of funds: “set-aside” and “remaining” funds. The “set-aside” funds are allocated for noise compatibility and military airport programs. The “remaining” discretionary funds are used for projects that enhance capacity, safety, security, and noise compatibility programs based on a priority system which is designed to allocate the available funds using a point-value system. The FAA has established the National Priority System (NPS) to assist in deciding how to allocate AIP Discretionary Grants. Therefore, a project that is eligible for funding may not necessarily be funded because of its priority ranking.

Airport Improvement Program - Military Airport Program

The “Military Airport Program” (MAP) is a grant set aside from the Airport Improvement Program. Through this program, the FAA awards grants to current or former military airfields to assist in converting them to civil use and to reduce congestion at existing airports experiencing significant delays. The MAP provides financial assistance to the civilian sponsors who are converting, or have already converted, military airfields to civilian or joint military/civilian use.

To aid in this process, MAP grants may be used for projects not generally funded by the AIP, such as building or rehabilitating surface parking lots, fuel farms, hangars, utility systems, access roads, and cargo buildings.

8.6.6 AIP Eligibility and Funding Assumptions

All AIP grants are subject to approval by the Secretary of Transportation and periodic appropriation by Congress. Certain project work elements may be eligible for AIP funding at the 95% level. The Airport Improvement Program Handbook (FAA Order 5100.38C) sets forth project eligibility guidelines for AIP funding. **Table 8-2** sets forth the anticipated AIP eligibility of each Proposed Project for the ACIP. As depicted on Table 8-2, the total AIP Eligibility of the Proposed Projects is estimated to be approximately $267.3 million, or 69.9% of the total estimated cost during the Development Period.

TABLE 8-2
AIP ELIGIBILITY - ACIP

	Project Cost	% AIP Eligible	Total AIP Eligibility
Airside Capital Improvement Program			
Runway Obstacle Removal / Phase 1	$100,375	95%	$95,356
ATC Tower Emergency Transceiver	19,758	95%	18,770
Airfield Sewer Lift Station	500,000	95%	475,000
Rehabilitation of Runway 14-32	5,200,000	95%	4,940,000
Part 150 Noise Mitigation Program	6,315,789	95%	6,000,000
Fuel Farm Relocation - Engineering	600,000	95%	570,000
Land Acquisition Associated w ext. of Runway 14	1,640,000	95%	1,558,000
Extend Runway 14 Engineering\Environmental - Phase I	3,550,000	95%	3,372,500
Relocate / Construct Fuel Farm & Construct Entrance Road & Demo Old Fuel Farm	5,700,000	95%	5,415,000
Apron Lighting - South Ramp (16 poles)	400,000	95%	380,000
ARFF Vehicle	850,000	95%	807,500
Runway Obstacle Removal / Phase 2	98,352	95%	93,434
Extend Runway 14 Engineering/Environmental - Phase II	1,000,000	95%	950,000
Rehabilitate SE Ramp Area (ARFF/FBO) – Engineering Only	1,065,000	95%	1,011,750
Runway Sweeper	135,050	95%	128,298
Part 150 Noise Mitigation Program	6,300,000	95%	5,985,000
Extend Runway 14 Construction	27,000,000	95%	25,650,000
ILS Upgrade to Cat II (see note 1)	6,000,000	95%	5,700,000
Part 150 Noise Mitigation Program	6,300,000	95%	5,985,000
N Access Roadway Widening and Bridge Improvements	2,000,000	0%	0
Rehabilitate Southeast Ramp Area (ARFF/FBO) - Priority 1 - Construction	12,000,000	95%	11,400,000
South Ramp Rehabilitation (crack seal for entire south ramp area)	5,500,000	95%	5,225,000
Rehabilitation Runway 18-36 (5.5 acres)	17,600,000	95%	16,720,000
SE Apron Expansion S of FBO Terminal (5 Acres)	8,000,000	95%	7,600,000
Runway 32 & 36 Blast Pad and Hold Pad Improvements (6.4 Acres)	5,400,000	95%	5,130,000
Environmental Assessment - Runway 18 Extension	500,000	95%	475,000
Property Acquisition N of Runway 18	824,000	95%	782,800
Runway 18 Extension 1007' with perimeter road and navaid relocation 8.8 acres	16,100,000	95%	15,295,000
Billy Mitchell Rd / England Dr. Road Connector Improvements 16,300 sf.	580,000	95%	551,000
Master Drainage Rehabilitation	11,000,000	95%	10,450,000
Perimeter Road Improvements (paved unpaved areas) 16,600 L.F.	4,800,000	95%	4,560,000
ARFF Vehicle purchase	950,000	95%	902,500
FAA Radar Facility Relocation	2,000,000	95%	1,900,000
North Ramp Rehabilitation - Priority 2	10,300,000	95%	9,785,000
North Ramp Rehabilitation 6.1 acres concrete (Priority 3)	13,400,000	95%	12,730,000
10-Unit T-hangar #1	700,000	0%	0
Large SE Apron Hangar and Delushe - Billy Mitchell / England (33k bldg+100k hangar)	22,000,000	0%	0

TABLE 8-2
AIP ELIGIBILITY - ACIP

	Project Cost	% AIP Eligible	Total AIP Eligibility
SE Apron N two large hangars S of existing Bldgs (100k s.f.)	18,000,000	0%	0
Full parallel taxiway and hold pad SW of Runway 14-32 (28.4 Acres)	43,000,000	95%	40,850,000
Midfield Apron (N) New Construction w/access (14 acres)	22,600,000	95%	21,470,000
Midfield Apron (S) New Construction w/access (21 acres)	34,000,000	95%	32,300,000
Large SE Apron S Hangar #1 and Parking Development (120k s.f.)	19,200,000	0%	0
Large SE Apron S Hangar #2 and Parking Development (120k s.f.)	19,200,000	0%	0
Large SE Apron S Hangar #3 and Parking Development (120k s.f.)	19,200,000	0%	0
10-Unit T-hangar #2	700,000	0%	0
Total Airport Master Plan Projects	**$382,328,324**		**$267,261,908**
Percent of Total			**69.9%**

Source: Newton & Associates, Inc.

Due to the demand for AIP grant funds and the uncertainty regarding the future of the AIP, the Authority may not be able to secure AIP funding at the maximum level for each of the Proposed Projects recommended in this Master Plan Update. In fact, it is impossible, at this time, to accurately estimate the amount of AIP funds which may materialize for any project.

As previously described, it is assumed that the AIP or some variation thereof will continue to be authorized and appropriated by Congress through the Development Period. Therefore, it is assumed that the England Authority will receive Entitlement Grants in the amount of approximately $1.5 million per year during the Short-Term Development Period.

Table 8-3 presents the estimated funding plan by project element for the Short-Term Development Period. As depicted, it is estimated that approximately $86.4 million in AIP funding will be used to fund the Proposed Projects during the Short-Term Development Period or approximately 78.6% of the total Short-Term Development project costs.

The estimated funding plan for the projects included in the Intermediate-Term and Long-Term Development Periods are set forth on **Table 8-4**. Based on the availability of AIP funds at that time and under the assumption that AIP funding will be applied at the 95% level for eligible projects, the Intermediate and Long-Term projects are estimated to be funded with approximately $163.1 million in AIP funds, which represents 59.8% of the total project cost of projects proposed during that time.

TABLE 8-3
SHORT-TERM FUNDING PLAN - ACIP

Year	Project Description	Project Cost	FAA Entitlement	FAA Discretionary	FAA MAP	State/ Other	Local Cash	Local Loan	Total
2009	Runway Obstacle Removal / Phase 1	$100,375	$95,356	$0	$0	$5,019	$0	$0	$100,375
2009	ATC Tower Emergency Transceiver	19,758	18,770	0	0	988	0	0	19,758
2009	Airfield Sewer Lift Station	500,000	100,000	0	0	400,000	0	0	500,000
2009	Rehabilitation of Runway 14-32	5,200,000	1,817,997	3,122,003	0	260,000	0	0	5,200,000
2009	Part 150 Noise Mitigation Program	6,315,789	0	6,000,000	0	315,789	0	0	6,315,789
2009	Fuel Farm Relocation - Engineering	600,000	0	0	570,000	30,000	0	0	600,000
2009	Land Acquisition Associated w ext. of Runway 14	1,640,000	0		0	82,000	0	1,558,000	1,640,000
2009	Extend Runway 14 Engineering\Environmental - Phase I	3,550,000	0	750,000	0	2,800,000	0	0	3,550,000
	Total 2009	**$17,925,922**	**$2,032,123**	**$9,872,003**	**$570,000**	**$3,893,796**	**$0**	**$1,558,000**	**$17,925,922**
2010	Relocate / Construct Fuel Farm & Construct Entrance Road & Demo Old Fuel Farm	$5,700,000	$0	$0	$5,415,000	$285,000	$0	$0	$5,700,000
2010	Apron Lighting - South Ramp (16 poles)	400,000	380,000	0	0	20,000	0	0	400,000
2010	ARFF Vehicle	850,000	0	807,500	0	42,500	0	0	850,000
2010	Runway Obstacle Removal / Phase 2	98,352	93,434	0	0	4,918	0	0	98,352
2010	Extend Runway 14 Engineering/Environmental - Phase II	1,000,000	0	0	0	1,000,000	0	0	1,000,000
2010	Rehab SE Ramp Area (ARFF/FBO) - Priority 1 – Engineering Only	1,065,000	1,011,750	0	0	53,250	0	0	1,065,000
2010	Runway Sweeper	135,050	0	0	0	135,050	0	0	135,050
2010	Part 150 Noise Mitigation Program	6,300,000	0	5,985,000	0	315,000	0	0	6,300,000
	Total 2010	**$15,548,402**	**$1,485,184**	**$,6792,500**	**$5,415,000**	**$1,855,718**	**$0**	**$0**	**$15,548,402**

TABLE 8-3
SHORT-TERM FUNDING PLAN - ACIP

Year	Project Description	Project Cost	FAA Entitlement	FAA Discretionary	FAA MAP	State/ Other	Local Cash	Local Loan	Total
2011	Extend Runway 14 Construction	$27,000,000	$0	$25,650,000	$0	$1,350,000	$0	$0	$27,000,000
2011	ILS Upgrade to Cat II	6,000,000	0	0	0	2,800,000	0	3,200,000	6,000,000
2011	Part 150 Noise Mitigation Program	6,300,000	0	5,985,000	0	315,000	0	0	6,300,000
	Total 2011	**$39,300,000**	**$0**	**$31,635,000**	**$0**	**$4,465,000**	**$0**	**$3,200,000**	**$39,300,000**
2012	N Access Roadway Widening and Bridge Improvements	$2,000,000	$0	$0	$0	$2,000,000	$0	$0	$2,000,000
2012	Rehabilitate Southeast Ramp Area (ARFF/FBO) - Priority 1	12,000,000	3,000,000	6,200,000	0	2,800,000	0	0	12,000,000
	Total 2012	**$14,000,000**	**$3,000,000**	**$6,200,000**	**$0**	**$4,800,000**	**$0**	**$0**	**$14,000,000**
2013	South Ramp Rehab (crack seal for entire south apron)	$5,500,000	$1,500,000	$1,200,000	$0	$2,800,000	$0	$0	$5,500,000
2013	Rehabilitation Runway 18-36 (5.5 acres)	17,600,000	0	16,720,000	0	880,000	0	0	17,600,000
	Total 2013	**$23,100,000**	**$1,500,000**	**$17,920,000**	**$0**	**$3,680,000**	**$0**	**$0**	**$23,100,000**
Total Near-Term Projects		**$109,874,324**	**$8,017,307**	**$72,419,503**	**$5,985,000**	**$18,694,514**	**$0**	**$4,758,000**	**$109,874,324**
Percent of Total			**7.3%**	**65.9%**	**5.4%**	**17.0%**	**0.0%**	**4.3%**	

Source: Project Cost and funding plan by The LPA Group Incorporated
Compiled by Newton & Associates, Inc.

TABLE 8-4
INTERMEDIATE AND LONG TERM PROJECTS FUNDING PLAN

Year	Project Description	Project Cost	FAA Entitlement	FAA Discretionary	State/ Other	Local	Total
Intermediate-Term Development							
2014	SE Apron Expansion S of FBO Terminal (5 Acres)	$8,000,000	$1,600,000	$6,000,000	$400,000	$0	$8,000,000
2014	Runway 32 & 36 Blast Pad and Hold Pad Improvements (6.4 Acres)	5,400,000	1,600,000	3,530,000	270,000	0	5,400,000
2014	Environmental Assessment - Runway 18 Extension	500,000	0	475,000	25,000	0	500,000
2014	Property Acquisition N of Runway 18	824,000	0	782,800	41,200	0	824,000
2015	Runway 18 Extension 1007' with Perimeter Toad and Navaid relocation 8.8 acres	16,100,000	1,600,000	13,695,000	805,000	0	16,100,000
2016	Billy Mitchell Rd / England Dr. Road Connector Improvements 16,300 sf.	580,000	0	0	580,000	0	580,000
2016	Master Drainage Rehabilitation	11,000,000	0	10,450,000	550,000	0	11,000,000
2016	Perimeter Road Improvements (paved unpaved areas) 16,600 L.F.	4,800,000	1,700,000	2,860,000	240,000	0	4,800,000
2017	ARFF Vehicle purchase	950,000	902,500	0	47,500	0	950,000
2017	FAA Radar Facility Relocation	2,000,000	0	0	2,000,000	0	2,000,000
2017	North Ramp Rehabilitation - Priority 2	10,300,000	0	9,785,000	515,000	0	10,300,000
2018	North Ramp Rehabilitation (6.1 acres concrete) - Priority 3	13,400,000	0	12,730,000	670,000	0	13,400,000
Total Intermediate-Term Development		$73,854,000	$7,402,500	$60,307,800	$6,143,700	$0	$73,854,000

TABLE 8-4
INTERMEDIATE AND LONG TERM PROJECTS FUNDING PLAN

Year	Project Description	Project Cost	FAA Entitlement	FAA Discretionary	State/ Other	Local	Total
Long-Term Development							
2019	10-Unit T-hangar #1	$700,000	$0	$0	$700,000	$0	$700,000
2020	Large SE Apron Hangar and Delushe - Billy Mitchell / England (33k bldg+100k hangar)	22,000,000	0	0	11,000,000	11,000,000	22,000,000
2021	SE Apron N two large hangars S of Existing Buildings (100k s.f.)	18,000,000	0	0	9,000,000	9,000,000	18,000,000
2022	Full parallel taxiway and hold pad SW of Runway 14-32 (28.4 Acres)	43,000,000	1,700,000	39,150,000	0	2,150,000	43,000,000
2023	Midfield Apron (N) New Construction w/access points (14 acres)	22,600,000	3,400,000	18,870,000	0	330,000	22,600,000
2024	Midfield Apron (S) New Construction w/access (21 acres)	34,000,000	1,800,000	30,500,000	0	1,700,000	34,000,000
2025	Large SE Apron S Hangar #1 and Parking Development (120k s.f.)	19,200,000	0	0	9,600,000	9,600,000	19,200,000
2026	Large SE Apron S Hangar #2 and Parking Development (120k s.f.)	19,200,000	0	0	9,600,000	9,600,000	19,200,000
2027	Large SE Apron S Hangar #3 and Parking Development (120k s.f.)	19,200,000	0	0	9,600,000	9,600,000	19,200,000
2028	10-Unit T-hangar #2	700,000	0	0	700,000	0	700,000
Total Long-Term Development		$198,600,000	$6,900,000	$88,520,000	$50,200,000	$52,980,000	$198,600,000
TOTAL INTERMEDIATE AND LONG-TERM DEVELOPMENT		**272,454,000**	**14,302,500**	**148,827,800**	**56,343,700**	**52,980,000**	**272,454,000**
Percent of Total			**5.2%**	**54.6%**	**20.7%**	**19.4%**	

Source: Project Cost and funding plan by The LPA Group, Inc.
Compiled by Newton & Associates, Inc.

8.6.7 Facilities and Equipment Program

The FAA is funded by four primary appropriation accounts: AIP; Facilities and Equipment (F&E); Operations and Research; and Engineering and Development. The F&E Program is the principal means for modernizing and improving the air traffic control and airway facilities. The F&E Program also finances major capital investments required by other FAA programs and other improvements to enhance the safety and capacity of the national air transportation system. In Federal fiscal year 2006, the F&E Program was funded at $2.5 billion. However, under the FAA's new organization structure, the F&E Program is included under the FAA "Air Traffic Organization" Account (ATO). According the FAA's 2009 Budget, the amount included in the ATO formerly represented by the F&E Program is $2.6 billion. The Authority should contact the FAA regarding the funding of certain projects which may be eligible for funding under the F&E Program or the ATO. However, for the purpose of this Master Plan Update, it is assumed that funding under the F&E will be unavailable for the Proposed Projects.

8.6.8 Louisiana Department of Transportation and Development

The State of Louisiana (State) Department of Transportation and Development (LADOTD), Division of Aviation has assisted the Authority with capital funding in the past. Under the state aviation program, projects that receive AIP funding are eligible for the local matching share from state funds. It is assumed that the LADOTD will continue to provide funding for a number of capital projects in the ACIP that are eligible for AIP funding.

8.6.9 Third Party/Tenant Financing

Funding by third party/tenant financing (Third Party/Tenant Funding) is another important source of funding for certain of the proposed Project elements. This source of funding is facility related and directly reduces the amount that must be funded by the Authority. Third Party/Tenant Funding is a particularly important financing arrangement to pay the cost of proprietary facilities that may be ineligible for FAA and/or State funding participation and which lend themselves to capital investment by third parties, existing tenants or the prospective tenants.

Third Party/Tenant Funding may take many forms depending upon the particular facility to be constructed. The third party or tenant may either pay for facilities directly or pledge to pay debt service on municipal or special facility bonds issued to construct the proposed facilities. This would require a minimum initial capital investment from the Authority and other local sources and, if properly arranged, could result in the development of a first class facility.

It should be noted that for facilities financed by tenant/investors or through use of industrial development bonds or special facility bonds (as each is subsequently described), that the third party/tenant would likely require a long term lease of possibly up to thirty (30) years to ensure the third party or tenant's (investor's) recovery of its investment in the facility. The Airport would collect a land rental and benefit from the residual value of the facility remaining upon expiration of the lease.

The real estate aspects of airports are an important consideration in airport development. FAA grant assurances encourage the airport operator to impose a system of user charges that will enable it to be as financially self-sustaining as possible. A significant and dependable land rental revenue stream from the lease of available aviation land to third parties generally allows the airport operator to minimize fees for the aeronautical users of the airport. This land rental revenue stream will also assist in generating funds to match Federal grants to provide funding for the projects recommended in this Master Plan Update and to enhance its ability to achieve financial self-sufficiency.

The England Authority should thoroughly examine the proposed facilities in the Long-Term Development Period included in the Proposed Projects to determine which facilities could most readily be adapted to this potential funding source. These other projects may include the development of hangar facilities or other general aviation or non-aeronautical commercial development at the airport.

8.6.10 Non-Traditional Funding Sources

There are a number of other potential non-traditional funding sources the Authority may consider for various portions of the recommended projects. At the Federal level, these may include agencies dealing with transportation (highways), soil conservation, forestry, multi-modal transportation, environmental mitigation, Department of Defense, or waste management. State and regional agencies may be involved with economic development, transportation, agricultural diversity or various environmental concerns and other agencies which may have "crossover" funding potential. Because of the uncertain nature of these sources of funding, the Financial Plan assumes that the England Authority will not receive any such funds. Nevertheless, the Authority should thoroughly examine these potential sources to fund the Proposed Projects recommended in this Master Plan Update and to reduce the Authority's local funding requirement.

8.6.11 Local Funding Requirement

The Authority will be required to provide for the remaining funding requirement after the application of all Federal and State (if any) grants; and Third Party/Tenant Funding to complete the proposed improvements. Several local funding sources have been identified and are hereinafter described in the Funding Plan. In the case of financially self-sufficient airports with positive cash flows and accumulated cash reserves, a portion of the local share may be funded by such cash reserves and the remaining local share requirements may be funded with a debt instrument and the resulting annual debt service would be paid from cash flow surpluses. However, given the Authority's existing cash flows, as will be described in the Historical Financial Information Section, it is recommended that the England Authority maximize the use of other available funding sources.

8.6.12 FAA Approved Passenger Facility Charges

Arguably, the most important source of restricted revenue available to fund certain qualified airport capital development projects at commercial passenger service airports in the United States is the initiation and expansion in the use of Passenger Facility Charges (PFCs). The Aviation Safety and Capacity Expansion Act of 1990 (ASECEA) authorized the Secretary of the Department of Transportation to grant public agencies which control commercial service airports enplaning more than 2,500 annual passengers the authority to impose a PFC for each passenger boarding an aircraft (enplanement) at a given airport. The purpose of the PFC Program is to preserve or enhance safety, security, capacity, competition, and mitigate the impact of aircraft noise. The ASECEA provides that PFC revenues may only be used for projects approved by the FAA including: (i) payment of all or part of allowable project costs; (ii) for an airport's AIP matching funds; (iii) to augment AIP funded projects; and (iv) for payment of debt service or financing costs associated with eligible airport development bonds.

Under existing authorization by Congress, airport sponsors may impose a PFC at a level of up to $4.50 per enplaned passenger. These charges are collected by the air carriers when tickets are sold and are later remitted to the airport, less a handling fee of $0.11 per PFC collected. Based on the estimated revenue passenger enplanement levels during the Short-Term Development Period, the Authority can anticipate approximately $600,000 in PFC revenues each year.

The England Authority has received approval to impose and use PFCs at AEX to apply to debt service for the bonds issued to construct the terminal project at the Airport until December 1, 2022. As a result, all PFC revenues collected are reimbursements to the Airport and cannot be used for funding new projects. However, the PFC level may be increased to $7.00 based on recent legislation introduced in Congress. If this were to occur, the Authority should submit a new PFC application to increase its PFC level to the increased level and reimburse itself for new projects.

8.6.13 Contract Facility Charges

Rental car contract facility charges (CFCs) are another type of restricted airport revenue similar to the PFC. The primary distinction between a CFC and a PFC is a PFC must be approved by the FAA. A CFC is a charge commonly paid by rental car customers per the number of contract days that a person has rented a vehicle. The CFC can be negotiated and implemented contractually between the Authority and a rental car company. Generally, CFC revenue is limited to (i) funding rental car facilities at an airport; (ii) rental car related capital expense (debt service), and (iii) certain rental car related operating and maintenance expenses in some cases.

8.6.14 Authority's Remaining Funding Requirement

The Authority will be required to fund the remaining local funding requirement for the Short-Term Development projects prior to their undertaking. As previously depicted on Table 8-3 this amount represents approximately $4.8 million (4.3%) for the ACIP projects which remains after the application of all applicable Federal, State, and other grants to fund the cost of the proposed projects.

8.6.15 Airport Cash Flows and Reserves

Airport cash flows refer to the inflow of revenues earned or received, and outflow of expenses incurred during a particular period of time, typically a fiscal year. The ability of the England Authority to use cash flows and reserves as a source of funding depends on its ability to generate airport revenues in excess of the cost of operating and maintaining the Airport. As shown in Table 8-3, it is assumed that the Authority will not fund any of the ACIP projects in the Short-Term Development Period from its annual cash flows.

8.6.16 Issuance of Municipal Debt

Proceeds from the issuance of municipal bonds are a common source of funding for airport sponsors in the United States. To obtain these funds, airports seek access to the capital markets on reasonable terms for short, intermediate and long term-financing needs. The most commonly used financing instruments to fund major airport capital development programs are tax-exempt or tax-advantaged municipal debt, including General Obligation Bonds, General Airport Revenue Bonds, Industrial Development Bonds, and Special Facility Bonds.

The following is a brief summary of these primary types of municipal funding instruments. Note that there are Federal and State laws and procedures that must be followed for the bonds to qualify for tax-exempt status. The Internal Revenue Code allows the use of tax advantaged bonds for airport developments, but because of abuses over the years has restricted the amount of debt that can be used for other purposes. Ultimately the type of instrument to be used would be decided at the time the bonds were to be issued.

General Obligation Bonds (GO Bonds)

GO Bonds are among the first municipal financing instruments used for airport development. GO Bonds are a debt of the issuing agency and are supported by its taxing power. Since these bonds are backed by the full faith and credit of the issuing agency, they generally require voter approval. As a rule, GO Bonds generally have the lowest interest rates when compared with other municipal financing instruments and typically do not require the establishment of backup reserve funds or coverage to enhance their creditworthiness. GO Bonds used for airport financing increases the issuing agency's outstanding debt, and thus reduces the amount of credit available to finance other community needs. The need to issue GO Bonds has also been reduced because of the increased use of Third Party/Tenant financing for airport development.

General Airport Revenue Bonds (GARBs)

The first GARBs used to support airport development were issued in the late 1950's. The bonds were supported by revenues from the commercial airlines operating at the airport who entered into long term agreements with airport sponsors in which they agreed to pay fees and charges necessary to pay debt service and the O&M expenses remaining after deducting revenue from non-airline sources. These agreements also restricted the airport sponsor's ability to undertake capital developments without airline approval and thus, except in unusual circumstances, long term, residual agreements with the commercial airlines that guarantee a specific level of fees and charges are no longer required to support GARBs. The use of GARBs for airport development purposes has created a market demand for tax favored investments, and today GARBs are the primary instrument used to finance airport development.

Unlike GO Bonds, GARBs have no tax support, but are secured by a pledge of either all revenues of the airport (gross revenue pledge) or, more commonly, net airport revenues remaining after the payment of O&M expenses (net pledge). The creditworthiness of the bond issuer will determine the interest rate and the credit enhancements required to sell the GARBs.

Industrial Development Bonds/Economic Development Bonds (IDBs)

IDBs are used by governmental entities for projects eligible under the Internal Revenue Code in conjunction with other incentives such as local and state tax abatement and/or tax credits to create a package which will attract businesses to these zones and provide employment opportunities for its residents. IDBs provide financing methods for economic development projects. IDBs are issued by the governmental entity which then loans the proceeds to a private company. The company issues a promissory note and the IDBs are secured by (payable from) the payment on the note by the private company. As the issuer, the governmental entity acts as a conduit for the private company and has no liability.

Special Facility Bonds (SFBs)

SFBs are issued by airport sponsors to encourage specific developments. Their use originated in the 1960's as a means to finance needed facilities for airlines upon reasonable terms and conditions. The facilities constructed with the proceeds are leased by the issuer to the airline for a period that coincides with the term of the SFBs. The SFBs are not a debt of the issuer, but are supported solely by the revenues from the project they were issued to construct, and the sole responsibility of the issuer is to use its best efforts to generate rental revenue from the project. The purposes for which they may be issued are strictly governed by the Internal Revenue Code. Aside from benefits derived from the existence of the special facility, the issuer benefits from the program from a land rent for the area on which the facility has been constructed and by the ability to lease the facility at fair market value once the original lease expires.

Although the use of municipal debt may represent a viable funding option, the Financial Plan does not assume the use of municipal debt to fund the Local Requirement for airside improvements occurring in the Short-Term Development Period.

Short Term Financing Instruments

In certain instances, the issuance of municipal bonds is not the most cost-effective way to provide for the local funding requirement at an airport. There are several different short term financing instruments available to an airport sponsor to provide short term funding for capital projects. Airport sponsors use short term financing instruments to bridge the gap between when expenses occur and when revenues are available. Short term instruments often have maturities of less than one year.

The most commonly used short term financing instruments used to provide bridge funding include Revenue Anticipation Notes, Bond Anticipation Notes, General Obligation Notes and Lines of Credit.

Following is a brief summary of the types of short term municipal funding instruments.

Revenue Anticipation Notes (RANs)

RANs are issued by an airport sponsor or municipality in anticipation of future revenues generated by the improvement being financed. RANs may be used to provide short term funding for projects that are entirely self-sufficient, the revenues of which would reimburse the airport sponsor for providing the capital needed to fund the improvement.

Bond Anticipation Notes (BANs)

BANs are issued by airport sponsors to provide for bridge or interim financing in anticipation of a future long term bond issuance. Therefore, BANs are secured by a municipality or airport sponsor's ability to issue long term municipal bonds.

General Obligation Notes

Similar to GO Bonds, General Obligation Notes are issued with the full backing of the issuing municipality. General Obligation Notes are used for the same purposes as RANs and BANs.

Commercial Paper and Line of Credit (LOC)

Perhaps the most popular instrument available to an airport to provide for short term financing is the use of commercial paper backed by a LOC. This instrument involves the sale of commercial paper in the competitive financial markets by a commercial paper dealer in the name of the airport sponsor or municipality. The commercial paper is sold under the guarantee of a bank letter of credit. Commercial paper is typically issued in $100,000 increments to fund needed airport improvements. The bank letter of credit is not expected to ever actually be drawn upon.

8.6.17 Bank Loan

In addition to the various bonding and short-term financing options discussed above, it may be more economical for the England Authority to arrange a short or long-term financing instrument with a local financial institution. This would provide the Authority with the flexibility to bid its local funding needs to local financial institutions and determine which bank or other credit provider provides the most cost effective means of obtaining funding for its needs.

8.7 FINANCING THE REMAINING LOCAL REQUIREMENT - ACIP

It is assumed that the Authority would undertake additional debt to provide the local funding for the proposed Short-Term Development Period for the ACIP projects. As previously shown in Table 8-3, one project in 2009 and one project in 2011 will require $1.6 million and $3.2 million, respectively in local funding which cannot be supported by the annual cash flow at the Airport.

The ACIP project costs were developed in 2009 dollars. Therefore, the local funding requirement was held constant for the Land Acquisition project in 2009 and the ILS capital project in 2011 was increased by 3.0 percent for 2 years to inflate the local funding requirement to 2011 dollars. Based on these assumptions, it is estimated that the $5.0 million in local funding would require a financing of approximately $5.5million, as depicted on **Table 8-5**. To calculate the annual debt service (principal and interest) requirement based on a $5.5 million financing, an assumed interest rate of 7.0% and a financing term of 30 years were used. These assumptions have been adopted to provide a reasonable framework with which to estimate the financing costs to be incurred if the Authority proceeds with the development of these projects. It is important to recognize, however, that due to the inherent fluctuations in interest rates and of factors related to identifying probable construction costs, it is inevitable that some or all of the financing assumptions will vary to some degree from those actually employed and such variances may be significant and adverse to the estimates contained in this Master Plan Update.

Based on these financing assumptions, the average annual debt service would be approximately $443,483 per year beginning in 2011 when the debt service for both projects will be due..

TABLE 8-5
SHORT-TERM DEVELOPMENT ACIP FINANCING - SOURCES & USES OF FUNDS

Sources of Funds: 2009 Projects		
Local Financing		**$1,731,111**
Uses of Funds		
Project Fund Deposits		
Land Acquisition Associated w ext. of Runway 14		$1,558,000
Subtotal Project Fund Deposits		$1,558,000
Financing Contingency	8.0%	$138,489
Cost of Issuance	2.0%	$34,622
Total Uses of Funds		**$1,731,111**
Estimated Average Annual Debt Service		**$139,504**

Sources of Funds: 2011 Projects		
Local Financing		**$3,772,089**
Uses of Funds		
Project Fund Deposits		
ILS Upgrade to Cat II		$3,200,000
Inflation (3 percent, 2 years)		194,880
Subtotal Project Fund Deposits		$3,394,880
Financing Contingency	8.0%	$301,767
Cost of Issuance	2.0%	$75,442
Total Uses of Funds		**$3,772,089**
Estimated Average Annual Debt Service		**$303,979**

Estimated Total Average Annual Debt Service - 2011		**$443,483**
Financing Assumptions:		
Interest Rate	7.0%	
Financing Period	30	

Prepared by Newton & Associates, Inc.

8.8 LANDSIDE CAPITAL IMPROVEMENT PROGRAM

Similar to the ACIP, a separate Landside Capital Improvement Program (LCIP) was developed in order to demonstrate the Authority's intention to improve and develop landside features in conjunction with airside related improvements. The most important difference is that Proposed Projects in the LCIP are generally economic development projects or demand based projects and not eligible for AIP funding. Rather, funding for these projects are primarily from public and private, third party sources, with the balance paid from Authority funds.

Landside project costs include the removal of existing structures in the Airpark Town Core; public infrastructure improvements necessary to accommodate development as proposed in the Strategic Land Use Framework; and the construction of buildings consistent with the development programming elements identified in the refined design concepts. In addition, many public improvements have been included in the LCIP. These projects include new streets, pedestrian links and trails, green spaces and parks, and recreational amenities.

The LCIP is broken down into phasing periods similar to the ACIP. The projects shown in **Table 8-6** have been segregated into Short-Term Development (2009 – 2013), Intermediate-Term Development (2014 – 2018) and Long-Term Development (2019 – 2028). These cost projections should be used for planning purposes only and do not imply that funding for these projects will necessarily be available now or in the future.

It is important to note that the LCIP is established to generate income to support AEX as a major asset in the national aviation transportation system pursuant to the public benefit transfer to the England Authority. As a result, these facilities are needed to keep AEX viable and to stay operating.

TABLE 8-6
SCHEDULE OF PROJECT COSTS AND PHASING - LANDSIDE CAPITAL IMPROVEMENT PROGRAM (LCIP)

	Short Term (0-5yrs)	Intermediate Term (6-10yrs)	Long Term (11-20yrs)	Total
Landside Capital Improvement Program				
Gateway #1 Construction (England Dr/Air Base Rd)	$250,000	$0	$0	$250,000
Gateway #2 Construction (Vandenberg Dr/Bayou Rapides Rd)	250,000	0	0	250,000
Roundabout #1 Construction (England Dr/Vandenberg Dr)	1,537,000	0	0	1,537,000
Parcel 11 - Warehouse District - Ex. Building Demolition (585,750 c.f.)	585,750	0	0	585,750
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.)-Phase I	6,400,000	0	0	6,400,000
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.)-Phase I	1,737,230	0	0	1,737,230
Parcel 11 - Warehouse District - Service Road Construction	4,795,000	0	0	4,795,000
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.)-Phase II	6,400,000	0	0	6,400,000
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.)-Phase II	1,737,230	0	0	1,737,230
Parcel 6 - Heritage Park - Ex. Building Demolition (383,625 c.f.)	383,625	0	0	383,625
Parcel 5 - Parking Lot Construction (71,600 s.f.)	1,109,800	0	0	1,109,800
Parcel 5 - Parking Lot Buffer Landscape Installation (66,942 s.f.)	167,355	0	0	167,355
Parcel 6 - Heritage Park - Amphitheater Construction	1,500,000	0	0	1,500,000
Parcel 6 - Heritage Park - Landscape Buffer Installation (20,635 s.f.)	51,588	0	0	51,588
Park Development at former ATCT site	250,000	0	0	250,000
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.)-Phase III	6,400,000	0	0	6,400,000
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.)-Phase III	1,737,230	0	0	1,737,230
Parcel 8 - Market Square - Retail Construction (32,850 s.f.)	2,759,400	0	0	2,759,400
Parcel 8 - Market Square - Parking Lot Construction (11,725 s.f.)	181,738	0	0	181,738
Parcel 8 - Market Square - Apartments & Parking Construction (17 units)	1,623,500	0	0	1,623,500
Parcel 8 - Market Square - Parking/circulation Construction (201,747 s..f)	3,127,079	0	0	3,127,079
Parcel 8 - Market Square - Greenspace/ Lawn Construction (100,593 s.f.)	150,890	0	0	150,890
Parcel 8 - Market Square - Landscape Buffer Installation (64,595 s.f.)	161,488	0	0	161,488
Roundabout #2 Construction (Chappie James Ave/Frank Andrews Blvd)	1,338,000	0	0	1,338,000
Parcels 2, 4 - Ex. Building Demolition (444,480 c.f.)	444,480	0	0	444,480

TABLE 8-6
SCHEDULE OF PROJECT COSTS AND PHASING - LANDSIDE CAPITAL IMPROVEMENT PROGRAM (LCIP)

	Short Term (0-5yrs)	Intermediate Term (6-10yrs)	Long Term (11-20yrs)	Total
Expansion of Rental Car Parking Facility	500,000	0	0	500,000
England Estates Phase I	25,620,078	0	0	25,620,078
Off-base Apartment Housing Phase I	15,000,000	0	0	15,000,000
Town Core Ex. Building Demolition (1,329,960 c.f.)	0	1,329,960	0	1,329,960
<u>Public Realm</u>				
Town Core Streets Construction	0	311,280	0	311,280
Town Core Greenspace/Lawns Construction (105,150 s.f.)	0	157,725	0	157,725
Town Core Linear Park Construction (132,904 s.f.)	0	531,616	0	531,616
Parcel 2 - Education Campus - Landscape Buffer Installation (12,800 s.f.)	0	32,000	0	32,000
Town Core Parking Construction	0	7,740,700	0	7,740,700
Parcel 7 - Tennis Courts Construction	0	70,000	0	70,000
Parcel 6 - Heritage Park - Pedestrian Trails Construction (26,100 l.f.)	0	104,400	0	104,400
<u>Building Construction</u>	0		0	0
Town Core Office (229,900 s.f.)	0	27,588,000	0	27,588,000
Town Core Warehouse (120,500 s.f.)	0	7,230,000	0	7,230,000
Town Core Retail (29,600 s.f.)	0	2,486,400	0	2,486,400
Town Core Hotel (Qty two, 168 rooms total)	0	11,424,000	0	11,424,000
Restaurant (Qty two, 2,400 s.f. total)	0	4,128,000	0	4,128,000
Town Core Education Campus (281,600 s.f.)	0	42,803,200	0	42,803,200
Town Core Warehouse/Office (51,800 s.f.)	0	3,418,800	0	3,418,800
England Estates Phase II	0	25,620,078	0	25,620,078
Off-base Apartment Housing Phase II	0	15,000,000	0	15,000,000
Remaining Town Core Building Demolition (812,985 c.f.)	0	0	812,985	812,985
<u>Public Realm</u>	0	0		0
Parcel 1 - Signature Office Parking Construction (85,000 s.f.)	0	0	1,317,500	1,317,500
<u>Building Construction</u>	0	0		
Remaining Town Core Office (50,000 s.f.)	0	0	6,000,000	6,000,000
Remaining Town Core Warehouse/Office (35,000 s.f.)	0	0	2,310,000	2,310,000
Remaining Town Core Apartments (187 units)	0	0	17,858,500	17,858,500
Westside Campus (833 acres, Site prep and infrastructure costs only)	0	0	83,638,500	83,638,500
Subtotal Landside Projects	$87,060,959	$149,976,159	$111,937,485	$348,974,603

Source: EDAW, Inc.
Compiled by Newton & Associates, Inc.

8.8.1 Short-Term Development Period Projects - LCIP

The Short-Term Development Period projects include the construction of new warehouse buildings along Frank Andrews Boulevard and the development of visible, auto-oriented retail space at the proposed Market Square. Building demolition costs slated for the short-term include the removal of several buildings including two remaining barracks structures and administrative buildings along England Drive. In addition to demolition and construction, there are also several public realm improvements, such as roundabouts at the intersections of Vandenburg Drive/England Drive and Chappie James Avenue/Frank Andrews Boulevard, as well as proposed pedestrian trails and common green spaces. A funding plan for the LCIP Short-Term Development Period is presented in **Table 8-7**.

TABLE 8-7
SHORT-TERM FUNDING PLAN - LCIP

Year	Project Description	Project Cost	Public	Private	Local	Total
2009	Gateway #1 Construction (England Dr/Air Base Rd)	$250,000	$0	$0	$250,000	$250,000
2009	Gateway #2 Construction (Vandenberg Dr/Bayou Rapides Rd)	250,000	0	0	250,000	250,000
2009	Roundabout #1 Construction (England Dr/Vandenberg Dr)	1,537,000	768,500	0	768,500	1,537,000
	Total 2009	**$2,037,000**	**$768,500**	**$0**	**$1,268,500**	**$2,037,000**
2010	Parcel 11 - Warehouse District – Ex. Building Demo (585,750 c.f.)	$585,750	$292,875	$0	$292,875	$585,750
2010	Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase I	6,400,000	3,200,000	0	3,200,000	6,400,000
2010	Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase I	1,737,230	868,615	0	868,615	1,737,230
2010	Parcel 11 - Warehouse District - Service Road Construction	4,795,000	2,397,500	0	2,397,500	4,795,000
	Total 2010	**$13,517,980**	**$6,758,990**	**$0**	**$6,758,990**	**$13,517,980**
2011	Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase II	$6,400,000	$3,200,000	$0	$3,200,000	$6,400,000
2011	Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase II	1,737,230	868,615	0	868,615	1,737,230
2011	Parcel 6 - Heritage Park - Ex. Building Demolition (383,625 c.f.)	383,625	383,625	0	0	383,625
2011	Parcel 5 - Parking Lot Construction (71,600 s.f.)	1,109,800	0	0	1,109,800	1,109,800
2011	Parcel 5 - Parking Lot Buffer Landscape Installation (66,942 s.f.)	167,355	0	0	167,355	167,355
2011	Parcel 6 - Heritage Park - Amphitheater Construction	1,500,000	0	0	1,500,000	1,500,000

TABLE 8-7
SHORT-TERM FUNDING PLAN - LCIP

Year	Project Description	Project Cost	Public	Private	Local	Total
2011	Parcel 6 - Heritage Park - Landscape Buffer Installation (20,635 s.f.)	51,588	0	0	51,588	51,588
2011	Park Development at former ATCT site	250,000	0	0	250,000	250,000
	Total 2011	**$11,599,598**	**$4,452,240**	**$0**	**$7,147,358**	**$11,599,598**
2012	Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase III	$6,400,000	$3,200,000	$0	$3,200,000	$6,400,000
2012	Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase III	1,737,230	868,615	0	868,615	1,737,230
2012	Parcel 8 - Market Square - Retail Construction (32,850 s.f.)	2,759,400	0	2,483,460	275,940	2,759,400
2012	Parcel 8 - Market Square - Parking Lot Construction (11,725 s.f.)	181,738	0	163,564	18,174	181,738
2012	Parcel 8 - Market Square - Apartments & Parking Construction (17 units)	1,623,500	0	1,461,150	162,350	1,623,500
2012	Parcel 8 - Market Square - Parking/circulation Construction (201,747 s..f)	3,127,079	0	2,814,371	312,708	3,127,079
2012	Parcel 8 - Market Square - Greenspace/ Lawn Construction (100,593 s.f.)	150,890	0	0	150,890	150,890
2012	Parcel 8 - Market Square - Landscape Buffer Installation (64,595 s.f.)	161,488	0	0	161,488	161,488
2012	Town Core Walks/Promenades Construction (138,000 s.f.)	862,500	0	0	862,500	862,500
2012	Roundabout #2 Construction (Chappie James Ave/Frank Andrews Blvd)	1,338,000	669,000	0	669,000	1,338,000
2012	Parcels 2, 4 - Ex. Building Demolition (444,480 c.f.)	444,480	444,480	0	0	444,480
2012	Expansion of Rental Car Parking Facility	500,000	0	500,000	0	500,000
	Total 2012	**$19,286,303**	**$5,182,095**	**$7,422,544**	**$6,681,664**	**$19,286,303**
2013	England Estates Phase I	$25,620,078	$0	$23,058,070	$2,562,008	$25,620,078
2013	Off-base Apartment Housing Phase I	15,000,000	0	13,500,000	1,500,000	15,000,000
	Total 2013	**$40,620,078**	**$0**	**$36,558,070**	**$4,062,008**	**$40,620,078**
Total Short-Term Projects		**$87,060,959**	**$17,161,825**	**$43,980,615**	**$25,918,519**	**$87,060,959**
Percent of Total			**19.7%**	**50.5%**	**29.8%**	

Source: Project Cost and Funding Plan by EDAW, Inc.
Compiled by Newton & Associates, Inc.

8.8.2 Intermediate and Long-Term Development Period Projects - LCIP

The focus of the Intermediate-Term Development Period projects for the LCIP is on building demolition and housing and retail development. Buildings strategically located along Frank Andrews Drive corridor are to be removed in preparation of future developments or for public improvements. New housing development is planned within England Estates and retail and residential development is to occur within the Market Square area.

The Long-Term Development Period projects include the construction of a signature office space along Frank Andrews near the commercial terminal, the construction of additional office space near Frank Luke Boulevard and the Market Square, and development of the Westside Industrial campus. The project costs depicted for the industrial campus reflect site preparation and infrastructure installation but does not include new building construction or land acquisition.

A funding plan for the LCIP Intermediate and Long-Term Development Periods is presented in **Table 8-8**

TABLE 8-8
INTERMEDIATE AND LONG-TERM FUNDING PLAN - LCIP

Year	Project Description	Project Cost	Public	Private	Local	Total
2014	Town Core Ex. Building Demolition (1,329,960 c.f.)	$1,329,960	$0	$0	$1,329,960	$1,329,960
	Total 2014	**$1,329,960**	**$0**	**$0**	**$1,329,960**	**$1,329,960**
	<u>Public Realm</u>					
2014	Town Core Streets Construction	$311,280	$0	$0	$311,280	$311,280
2014	Town Core Greenspace/Lawns Construction (105,150 s.f.)	157,725	0	0	157,725	157,725
2014	Town Core Linear Park Construction (132,904 s.f.)	531,616	0	0	531,616	531,616
2014	Parcel 2 - Education Campus - Landscape Buffer Installation (12,800 s.f.)	32,000	0	0	32,000	32,000
2015	Town Core Parking Construction	7,740,700	0	0	7,740,700	7,740,700
2016	Parcel 7 - Tennis Courts Construction	70,000	0	0	70,000	70,000
2016	Parcel 6 - Heritage Park - Pedestrian Trails Construction (26,100 l.f.)	104,400	0	0	104,400	104,400
	<u>Building Construction</u>					
2016	Town Core Office (229,900 s.f.)	27,588,000	0	24,829,200	2,758,800	27,588,000
2016	Town Core Warehouse (120,500 s.f.)	7,230,000	0	6,507,000	723,000	7,230,000
2016	Town Core Retail (29,600 s.f.)	2,486,400	0	2,237,760	248,640	2,486,400
2016	Town Core Hotel (Qty two, 168 rooms total)	11,424,000	0	10,281,600	1,142,400	11,424,000

TABLE 8-8
INTERMEDIATE AND LONG-TERM FUNDING PLAN - LCIP

Year	Project Description	Project Cost	Public	Private	Local	Total
2017	Restaurant (Qty two, 2,400 s.f. total)	4,128,000	0	3,715,200	412,800	4,128,000
2017	Town Core Education Campus (281,600 s.f.)	42,803,200	0	38,522,880	4,280,320	42,803,200
2018	Town Core Warehouse/Office (51,800 s.f.)	3,418,800	0	3,076,920	341,880	3,418,800
2018	England Estates Phase II	25,620,078	0	23,058,070	2,562,008	25,620,078
2018	Off-base Apartment Housing Phase II	15,000,000	0	13,500,000	1,500,000	15,000,000
	Total Intermediate-Term Landside Development	$149,976,159	$0	$125,728,630	$24,247,529	$149,976,159
2019	Remaining Town Core Building Demolition (812,985 c.f.)	812,985	0	0	$812,985	$812,985
	Public Realm					
2021	Parcel 1 - Signature Office Parking Construction (85,000 s.f.)	1,317,500	0	0	1,317,500	1,317,500
	Building Construction					
2023	Remaining Town Core Office (50,000 s.f.)	6,000,000	0	5,400,000	600,000	6,000,000
2025	Remaining Town Core Warehouse/Office (35,000 s.f.)	2,310,000	0	2,079,000	231,000	2,310,000
2027	Remaining Town Core Apartments (187 units)	17,858,500	0	16,072,650	1,785,850	17,858,500
2028	Westside Campus (833 acres, Site prep and infrastructure costs only)	83,638,500	0	0	83,638,500	83,638,500
	Total Long-Term Landside Development	$111,937,485	$0	$23,551,650	$88,385,835	$111,937,485
Total Intermediate and Long-Term Projects		**$261,913,644**	**$0**	**$149,280,280**	**$112,633,364**	**$261,913,644**
Percent of Total			**0.0%**	**57.0%**	**43.0%**	

Source: Project Cost and Funding Plan by EDAW, Inc.
Compiled by Newton & Associates, Inc.

8.8.3 England Estates

Although improvements and developments within the England Estates subdivision have been shown previously in two planning phases (short and intermediate-term) these costs were isolated to show the overall development costs associated with this area. The 20-year development costs that are expected to occur within England Estates during the planning period are shown in **Table 8-9**.

TABLE 8-9
ENGLAND ESTATES IMPROVEMENT COSTS

Year	Project Description	Project Cost	Public	Private	Local	Total
2013	England Estates Phase I	$25,620,078	$0	$23,058,070	$2,562,008	$25,620,078
2018	England Estates Phase II	25,620,078	0	23,058,070	2,562,008	25,620,078
	Total England Estates Improvement Costs	$51,240,157	$0	$46,116,141	$5,124,016	$51,240,157

Source: Project Cost and Funding Plan by EDAW, Inc.
Compiled by Newton & Associates, Inc.

8.8.4 Financing the Authority's Remaining Local Requirement Short-Term LCIP

It is assumed that the Authority would undertake additional debt to provide the local funding for the proposed Short-Term Development Period for the LCIP projects. It was further assumed that the Authority would collect sufficient rental fees and land rental payments to at least cover the debt service payments for projects included in this phase of the LCIP. As a result, the construction of these projects will not have a material impact on the Authority's annual cash flow.

However, for illustrative purposes a bond sizing was completed for the warehouse district projects during the Short-Term Development Period to determine the necessary revenue the Authority would need to generate to cover the debt service associated with these facilities. In addition to the construction cost of the proposed projects, certain other costs will likely be incurred in connection with an airport debt financing. These other costs may include the cost of a debt service reserve account, the cost of capitalizing interest during the period of construction of the proposed projects, the costs of obtaining various credit enhancements such as bond insurance, and other miscellaneous costs of issuance. For financial planning purposes, total addition financial costs used for this purpose include a financing contingency of 8% and a 2% cost of issuance.

Based on these assumptions, it is estimated that the local funding requirement of $14.9 million in project cost would require a financing of approximately $16.6 million, as depicted on **Table 8-10**. To calculate the annual debt service (principal and interest) requirement based on a $16.6 million financing, an assumed interest rate of 7.0% and a financing term of 20 years were used. These assumptions have been adopted to provide a reasonable framework with which to estimate the financing costs to be incurred if the Authority proceeds with the development of the warehouse projects. It is important to recognize, however, that due to the inherent fluctuations of the bond investment market and of factors related to identifying probable construction costs, it is inevitable that some or all of the financing assumptions will vary to some degree from those actually employed and such variances may be significant and adverse to the estimates contained in this Master Plan Update.

Based on these financing assumptions, the average annual debt service would be approximately $1.6 million per year.

TABLE 8-10
SHORT-TERM DEVELOPMENT LCIP FINANCING - SOURCES & USES OF FUNDS

Sources of Funds:		
Local Financing		**$16,551,356**
Uses of Funds		
Project Fund Deposits		
Parcel 11 - Warehouse District - Ex. Building Demo (585,750 c.f.)		$292,875
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase I		3,200,000
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase I		868,615
Parcel 11 - Warehouse District - Service Road Construction		2,397,500
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase II		3,200,000
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase II		868,615
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase III		3,200,000
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase III		868,615
Subtotal Project Fund Deposits		$14,896,220
Financing Contingency	8.0%	$1,324,108
Cost of Issuance	2.0%	$331,027
Total Uses of Funds		**$16,551,356**
Estimated Average Annual Debt Service		**$1,562,331**

Financing Assumptions:

Interest Rate	7.0%
Financing Period	20

Prepared by Newton & Associates, Inc.

8.8.5 Allocation of Average Annual Debt Service to Project Elements

The demand for additional warehouse facilities during the Short-Term Development Period may not be sufficient to justify the simultaneous construction of all three phases of warehouse construction included in the Financial Plan. The Authority would likely fund each of the improvements when sufficient demand justifies the construction of each individual project. Therefore, an allocation of average annual debt service among the project elements being financed is necessary for the purpose of identifying the annual cost of undertaking each project element. **Table 8-11** presents an allocation of average annual debt service among the warehouse projects which is useful in analyzing the sufficiency of rental levels necessary for the facilities being financed.

TABLE 8-11
SHORT-TERM DEVELOPMENT PLAN FINANCING - ALLOCATION OF DEBT SERVICE

Hangar Projects:	Construction Fund Deposit	Pro Rata Share	Allocation of Average Annual Debt Service
Parcel 11 - Warehouse District - Ex. Building Demo (585,750 c.f.)	$292,875	2.0%	$30,717
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase I	3,200,000	21.5%	335,619
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase I	868,615	5.8%	91,101
Parcel 11 - Warehouse District - Service Road Construction	2,397,500	16.1%	251,452
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase II	3,200,000	21.5%	335,619
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase II	868,615	5.8%	91,101
Parcel 11 - Warehouse District - Building Construction (110,000 s.f.) - Phase III	3,200,000	21.5%	335,619
Parcel 11 - Warehouse District - Parking Construction (112,000 s.f.) - Phase III	868,615	5.8%	91,101
Subtotal Project Fund Deposits	$14,896,220	100.0%	$1,562,331

Prepared by Newton & Associates, Inc.

8.9 HISTORICAL FINANCIAL INFORMATION

The airport's historical financial operating information from FY 2005 through FY 2008 were obtained from the FAA's Compliance Activity Tracking System ("CATS") website and are summarized in **Table 8-12.** As shown, the financial information is categorized into the following categories:

- Aeronautical Revenues
- Non-Aeronautical Revenues
- Operating Expenses
- Operating Income
- Non-Operating Revenues and Expenses

The remainder of this section briefly summarizes each category presented in Table 8-12.

8.9.1 Aeronautical Revenues

The largest source of aeronautical operating revenue in FY 2008 was derived from: Cargo and Hangar Rentals generated at the airport, followed by Fuel Flowage Fees and FBO Revenues. As shown in Table 8-12, total aeronautical operating revenue has remained relatively flat over this time period, decreasing by 0.9% from FY 2005 through FY 2008.

8.9.2 Non-Aeronautical Revenues

Land and Non-Terminal Facilities was the largest source of non-aeronautical operating revenue and represent the largest operating revenue each year at the airport. These revenues increased from \$5.5 million in FY 2005 to \$6.1 million in FY 2008, representing an average annual growth rate of 3.3% over this time period. Rental Car and Parking Revenue showed significant increases from FY 2005 to FY 2008, representing average annual growth rates of 15.6% and 13.5%, respectively, over this time period. As shown in Table 8-12, total non-aeronautical operating revenue has increased by 4.2% over this time period.

8.9.3 Operating Expenses

As shown, Salaries and Benefits combined with Contractual Services accounted for 64.0% of the total operating expenses in FY 2008. In addition to being the largest component of operating expenses, Contractual Services experience the highest growth rate over the historical period examined, increasing from \$2.2 million in FY 2005 to \$3.2 million in FY 2008, representing an average annual growth rate of 12.9%. Communications and Utilities was the next largest component, representing 12.6% of total operating expenses at the airport in FY 2008. The remaining expense line items are general operating expenses required to operate the airport. Total operating expenses have increased by 6.8% over this time period.

8.9.4 Operating Income

As shown on Table 8-12, the airport generated an operating income each year which decreased from \$1.3 million in FY 2005 to \$0.7 million in FY 2008, representing an average annual decrease of 18.4% over this time period.

TABLE 8-12
HISTORICAL REVENUES AND EXPENSES

Description	2005	2006	2007	2008	Average Annual Growth Rate
AERONAUTICAL OPERATING REVENUE					
Landing Fees	$89,879	$81,543	$86,160	$90,528	0.2%
Terminal Rentals	85,766	89,316	91,701	108,040	8.0%
FBO Revenue	140,294	240,105	239,205	239,205	19.5%
Cargo and Hangar Rentals	483,543	377,681	372,295	378,679	-7.8%
Fuel Flowage Fees	297,184	230,000	276,566	267,016	-3.5%
Security Reimbursement	171,306	176,460	177,770	149,885	-4.4%
TOTAL	$1,267,972	$1,195,105	$1,243,697	$1,233,353	-0.9%
NON-AERONAUTICAL OPERATING REVENUE					
Land and Non-Terminal Facilities	$5,492,285	$5,554,331	$5,689,140	$6,058,596	3.3%
Terminal-Food and Beverage	96,528	2,792	6,570	6,039	-60.3%
Rental Cars	353,182	342,062	468,460	545,603	15.6%
Parking	363,538	369,367	415,013	532,066	13.5%
Misc	48,592	86,794	2,073	39,481	-6.7%
TOTAL	$6,354,125	$6,355,346	$6,581,256	$7,181,785	4.2%
TOTAL OPERATING REVENUE	$7,622,097	$7,550,451	$7,824,953	$8,415,138	3.4%
OPERATING EXPENSES					
Salary and Benefits	$1,308,440	$1,408,753	$1,471,283	$1,732,582	9.8%
Communications and Utilities	717,580	985,087	1,116,662	971,635	10.6%
Supplies and Materials	712,400	466,756	534,170	540,898	-8.8%
Repairs and Maintenance	782,039	1,174,812	558,744	554,574	-10.8%
Contractual Services	2,228,325	2,304,120	2,559,092	3,204,851	12.9%
Insurance, Claims, and Settlements	330,726	317,021	410,608	389,562	5.6%
Miscellaneous	123,592	121,858	122,789	87,761	-10.8%
Other	141,595	104,448	394,360	238,079	18.9%
TOTAL	$6,344,697	$6,882,855	$7,167,708	$7,719,942	6.8%
OPERATING INCOME (DEFICIT)	$1,277,400	$667,596	$657,245	$695,196	-18.4%

TABLE 8-12
HISTORICAL REVENUES AND EXPENSES

Description	2005	2006	2007	2008	Average Annual Growth Rate
NONOPERATING REVENUE					
Interest Income	$322,261	$399,913	$165,898	$175,381	-18.4%
Passenger Facility Charges	534,444	513,222	536,736	528,475	-0.4%
TOTAL NONOPERATING REVENUE	$856,705	$913,135	$702,634	$703,856	-6.3%
NONOPERATING EXPENSES					
Debt Service	$335,914	$313,580	$292,197	$336,700	0.1%
Other	331,307	875,702	0	0	-100.0%
TOTAL NONOPERATING EXPENSES	$667,221	$1,189,282	$292,197	$336,700	-20.4%
NET REMAINING REVENUE	$1,466,884	$391,449	$1,067,682	$1,062,352	-10.2%

Source: FAA CATS Database
Compiled By: Newton & Associates, Inc.

8.9.5 Non-Operating Revenues and Expenses

Non-operating revenues (Interest Income and PFC Revenue) and non-operating expenses (Debt Service and Other) are also depicted on Table 8-12. These additions and deductions to operating income calculate the Net Remaining Revenue depicted on Table 8-12. As shown in Table 8-12, Net Remaining Revenue decreased from $1.5 million in FY 2005 to $1.1 million in FY 2008, representing an average annual decline of 10.2%.

8.10 PRO-FORMA CASH FLOW

Projections of future revenues and expenses at the Airport were prepared to determine the ability of the Authority to pay for the Proposed Projects of the ACIP Short-Term Development Program. This pro forma cash flow is presented on **Table 8-13**. This analysis is based on an examination of the historical growth trends, anticipated growth of enplanements and annual increases in the Consumer Price Index (CPI). The following summarizes the major categories presented in Table 8-13.

TABLE 8-13
PRO FORMA CASH FLOW

Description	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Average Annual Growth Rate
AERONAUTICAL OPERATING REVENUE						
Landing Fees	$90,528	$90,528	$90,528	$90,528	$90,528	0.0%
Terminal Rentals	111,821	115,735	119,786	123,978	128,318	3.5%
FBO Revenue	247,577	256,242	265,211	274,493	284,101	3.5%
Cargo and Hangar Rentals	378,679	378,679	378,679	378,679	378,679	0.0%
Fuel Flowage Fees	267,016	267,016	267,016	267,016	267,016	0.0%
Security Reimbursement	149,885	149,885	149,885	149,885	149,885	0.0%
TOTAL	$1,245,507	$1,258,086	$1,271,105	$1,284,580	$1,298,526	1.4%
NON-AERONAUTICAL OPERATING REVENUE						
Land and Non-Terminal Facilities	$6,270,647	$6,490,120	$6,717,274	$6,952,378	$7,195,712	3.5%
Terminal-Food and Beverage	6,315	6,604	6,905	7,221	7,551	4.6%
Rental Cars	590,506	639,104	691,702	748,629	810,241	8.2%
Parking	575,855	623,247	674,540	730,055	790,138	8.2%
Misc	39,481	39,481	39,481	39,481	39,481	0.0%
TOTAL	$7,482,803	$7,798,556	$8,129,902	$8,477,764	$8,843,122	4.3%
TOTAL OPERATING REVENUE	$8,728,310	$9,056,641	$9,401,007	$9,762,343	$10,141,648	3.8%
OPERATING EXPENSES						
Salary and Benefits	$1,819,211	$1,910,172	$2,005,680	$2,105,964	$2,211,262	5.0%
Communications and Utilities	1,020,217	1,071,228	1,124,789	1,181,028	1,240,080	5.0%
Supplies and Materials	567,943	596,340	626,157	657,465	690,338	5.0%
Repairs and Maintenance	582,303	611,418	641,989	674,088	707,793	5.0%
Contractual Services	3,365,094	3,533,348	3,710,016	3,895,516	4,090,292	5.0%
Insurance, Claims, and Settlements	409,040	429,492	450,967	473,515	497,191	5.0%
Miscellaneous	92,149	96,757	101,594	106,674	112,008	5.0%
Other	249,983	262,482	275,606	289,387	303,856	5.0%
TOTAL	$8,105,939	$8,511,236	$8,936,798	$9,383,638	$9,852,820	5.0%
OPERATING INCOME (DEFICIT)	$622,371	$545,405	$464,209	$378,706	$288,828	-17.5%

TABLE 8-13
PRO FORMA CASH FLOW

Description	Projected 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013	Average Annual Growth Rate
NONOPERATING REVENUE						
Interest Income	$175,381	$175,381	$175,381	$175,381	$175,381	0.0%
Passenger Facility Charges	552,626	577,881	604,291	631,907	660,785	4.6%
TOTAL NONOPERATING REVENUE	$728,007	$753,262	$779,672	$807,288	$836,166	3.5%
NONOPERATING EXPENSES						
Interest Expense	$336,700	$336,700	$336,700	$336,700	$336,700	0.0%
ACIP Capital Expenditures	0	0	0	0	0	NA
New Debt Service	139,504	139,504	443,483	443,483	443,483	33.5%
TOTAL NONOPERATING EXPENSES	476,204	476,204	480,183	780,183	780,183	13.1
NET REMAINING REVENUE	$874,174	$822,463	$463,698	$405,810	$344,811	

Source: FAA CATS Database
Compiled By: Newton & Associates, Inc.

8.10.1 Aeronautical Operating Revenue

Historically, these operating revenues decreased at an average annual growth rate of 0.9%, primarily as a result of less Cargo and Hangar Rentals and declines in Fuel Flowage Fees and Security Reimbursements. For the purposes of this Master Plan Update, it was assumed that Terminal Rentals and FBO Revenues would increase by the projected CPI (3.5%) over the Short-Term Development Period which is a conservative estimate based on the historical growth in these revenue categories. Historically, all other aeronautical operating revenues declined over the historical period. As a result, all other aeronautical operating revenues were kept at the level the Authority reported in FY 2008. Overall, aeronautical operating revenues are projected to increase by 1.4% during the Short-Term Development Period.

8.10.2 Non-Aeronautical Operating Revenue

The Authority enjoyed strong growth in nearly all categories of non-aeronautical operating revenues from FY 2004 to FY 2008. For the purposes of the Financial Plan it was assumed that Land and Non-Terminal Facilities would increase by the growth in the CPI (3.5%) each year.

Terminal Food and Beverage would increase by enplanement growth and Rental Car and Parking Revenue are projected to increase by 3.5% each year and both by the growth of enplanements. As shown in Table 8-13, non-aeronautical revenues are projected to increase from $7.5 million in FY 2009 to $8.8 million in FY 2013, representing an average annual growth rate of 4.3%

8.10.3 Operating Expenses

Historical operating expenses increased from $6.3 million in FY 2005 to $7.7 million in FY 2008, representing an average annual growth rate of 6.8% from FY 2005 through FY 2008. As a result operating expenses were projected to increase by 5.0% each year over the Short-Term Development Period.

Total operating expenses are projected to increase from $8.1 million in FY 2009 to $9.9 million in FY 2013, representing an average annual growth rate of 5.0%, consistent with historical growth at the airport.

8.10.4 Operating Income

Table 8-13 presents the Airport's estimated operating income for the period of FY 2009 through FY 2013 based on the projection of operating revenues and operating expenses discussed above. As a result, of the analysis discussed herein, operating income is anticipated to decrease by 17.5% over the Short-Term Development Period, from $622,371 in FY 2009 to $288,828 in FY 2013.

8.10.5 Non-Operating Revenues and Expenses

Non-operating revenue consists of Interest Income and PFC revenue. For the purposes of this Financial Plan, Interest Income is projected to remain flat over the Short-Term Development Period and PFC Revenues are anticipated to increase from the FY 2008 amount by the anticipated growth of enplanements.

The non-operating expenses during the Short-Term Development Period represent the Authority's existing debt service and debt service for the capital project expenditures for the Proposed Projects for the ACIP.

In addition, the funding of the LCIP projects during the Short-Term Development Period, consisting primarily of future industrial and housing developments was assumed to be funded with debt. Since these are demand based projects, the exact timing of these projects over the Short-Term Development Period is uncertain. For the purposes of this Master Plan Update, it was assumed that the Authority would be able to recover at least the additional debt service associated with these new developments. As a result, the additional operating revenues resulting from the leases of these new facilities are not included in the pro forma cash flow nor is the annual debt service resulting from the construction of these Proposed Projects.

As shown on Table 8-13, it is anticipated that the Authority will have a positive Net Remaining Revenue in every year of the Short-Term Development Period with the exception of FY 2009.

8.11 SUMMARY/RECOMMENDATIONS

The following summary regarding the Short-Term Development Period pertaining to its financial impact to the England Authority can be drawn from information presented in this chapter:

- Authority's financial structure, and historical revenues and expenses were examined to project future operating revenues and operating expenses;

- The total proposed projects in the ACIP and LCIP capital improvement program amounts to $731.5 million, as presented in Tables 8-2 and 8-6;

- The funding for the proposed ACIP is as follows:

o FAA	$249.6 million
o State/Other	75.0 million
o Local	57.7 million
o Total	$382.3 million

- The funding for the proposed LCIP is as follows:

o Private	$193.3 million.
o Local	138.6 million
o Public	17.2 million
o Total	$349.0 million

- Funding the local share of the ACIP Short-Term Development Period with the proposed funding levels from the FAA and other sources identified above, results in the Authority issuing debt in the amount of $5.5 million, resulting in average annual debt service of $443,483.

- It was assumed that the LCIP Short-Term Development Period Proposed Projects would be funded with a financial instrument when demand warrants and the Authority would be able to collect sufficient revenues for these facilities to, at a minimum, pay for the additional debt service to construct these facilities.

- It is recommended that the Authority closely monitor the federal AIP for any changes that may enhance or adversely affect the assumed future funding of the Proposed Projects.

- Total Authority operating revenues are projected to increase from $8.7 million in FY 2009 to approximately $10.1 million in FY 2013, representing an average annual growth rate of 4.3%.

- Operating expenses are projected to increase from $8.1 million in FY 2009 to $9.9 million in FY 2013, representing an average annual growth rate of 5.0%.

- Operating Income is projected to decrease from $622,371 in FY 2009 to $288,828 in FY 2013 based on the assumptions contained in this Chapter.

- After the inclusion of Non-Operating Revenue and deduction of Non-Operating Expenses, Net Remaining Revenue is anticipate to decrease from $874,174) to $344,811from FY 2009 through FY 2013.

- The staging of the Proposed Projects is flexible. The Authority should proactively monitor/revise these projects on an annual basis to ensure projects are not implemented before the appropriate demand levels.

- The Authority should submit another PFC application to impose and use PFCs on PFC-eligible projects in the ACIP if the PFC level is increased. This Financial Plan assumes that the Authority will be continue to pay for the eligible portion of its existing annual debt service attributable to the terminal building in the Short-Term Development Period.

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