

Chapter 7 – Financial and Development Program



Introduction

The purpose of this chapter is to present the projects identified in the Airport Capital Improvement Program (ACIP) that have been developed and assembled based on the analyses conducted in the Facility Requirements and Development Alternatives chapters (Chapters Four and Five). The ACIP projects are summarized in **Table 7-1** and depicted in **Figure 7-1** later in the chapter. The ACIP is organized in short-, intermediate- and long-term periods that reflect both project prioritization and financial capabilities. Several factors were considered in determining project prioritization, including safety, forecast demand, the need to maintain/replace existing airfield facilities, and financial capabilities of both the Port and FAA to support the development program based on existing funding mechanisms.

The master plan preferred alternative includes airside elements (improvements to west parallel taxiway exit locations and geometry, a new east parallel taxiway, new taxiway access, lighting upgrades, etc.) and landside elements (main apron reconfiguration, helicopter parking, hangars, FBO related facility development areas). Minor pavement maintenance items such as vegetation removal and crack filling are not included in the capital improvement program, but will need to be undertaken by the Port on an annual or semi-annual basis.

In addition to specific construction related activities, some projects will require environmental study. A brief environmental review presented in Chapter 6 and **Appendix E**, provides an overview of areas of potential concern related to the proposed development. As noted in the Inventory chapter, the site for

Bremerton National Airport consists of a complex environmental setting and topography that includes wetlands, stormwater management, water quality and natural habit. These site characteristics affect the design and construction of improvements that often involve a higher level of agency review and permit approval than would be required at a less complex site.

The ACIP lists all major projects included in the twenty year planning period addressed in the Master Plan. Individual projects for the first five years of the planning period are listed in order of priority by year. Projects for the intermediate and long-term phases of the planning period (years 6-20) are listed in order of priority but have not been assigned a year. Each project's eligibility for FAA funding is noted, based on current federal legislation and funding formulas. Specific project details are depicted on the updated airport layout plan and terminal area plan drawings contained in Chapter 8.

A primary source of potential funding identified in this plan is the FAA's Airport Improvement Program (AIP). As proposed, approximately 74 percent of the airport's 20 year ACIP will be eligible for federal funding. Funds from this program are derived from the Aviation Trust Fund, which is the depository for all federal aviation taxes collected on such items as airline tickets, aviation fuel, lubricants, tires, aircraft registrations, and other aviation related fees. These funds are distributed by FAA under appropriations set by Congress to all airports in the United States that are included in the federal airport system (National Plan of Integrated Airport Systems – NPIAS).

However, as noted in **Table 7-1**, the projected twenty year total for FAA eligible projects in the ACIP significantly exceeds current FAA funding levels through the non-primary entitlement program. While other types of FAA funding may be available for some projects, it is reasonable to assume that despite establishing eligibility for FAA funding, not all eligible projects are likely to be funded by FAA. As the Port manages its ACIP, maximizing the use of available FAA and other outside sources of funding is assumed. However, in some cases, the limited availability of outside funds may require projects to be deferred, or funded with increased levels of Port, State or private funding.

Airport Development Schedule and Cost Estimates

Cost estimates for each individual project were developed in 2014 dollars based on typical construction costs associated for the specific type of project. The project costs listed in the ACIP represent order-of-magnitude estimates that approximate design engineering, environmental, other related costs, sales tax, and contingencies. The estimates are intended only for preliminary planning and programming purposes. Specific project analysis and detailed engineering design will be required at the time of project implementation to provide more refined and detailed estimates of the development costs.

In future years, as the plan is carried out, these cost estimates can continue to assist management by adjusting the 2014-based figures for subsequent inflation. This may be accomplished by converting the

interim change in the United States Consumer Price Index (USCPI) into a multiplier ratio through the following formula:

$$\frac{X}{I} = Y$$

Where:

X = USCPI in any given future year

Y = Change Ratio

I = Current Index (USCPI)¹

USCPI-U
234.781
(1982-1984 = 100)
February 2014

Multiplying the change ratio (Y) times any 2014-based cost figures presented in this study will yield the adjusted dollar amounts appropriate in any future year evaluation. Several different CPI-based indices are available for use and any applicable index may be substituted by the Port in its financial management program.

The following sections outline the recommended development program and funding assumptions. The scheduling has been prepared according to the facility requirements determined through the master plan evaluation. The projected staging of development projects is based upon anticipated needs and investment priorities. Actual activity levels may vary from projected levels; therefore, the staging of development in this section should be viewed as a general guide. When activity does vary from projected levels, implementation of development projects should occur when demand warrants, rather than according to the estimated staging presented in this chapter. In addition to major projects, the airport will continue to require regular facility maintenance such as pavement maintenance, vegetation control, sweeping, lighting repair and fuel system maintenance.

The first phase of the capital improvement program includes the highest priority projects recommended during the first five years of the planning period. Intermediate and long term projects are anticipated to occur in the 6 to 20 year time period, although changes in demand or other conditions could accelerate or slow demand for some improvements.

¹ U.S. Consumer Price Index for All Urban Consumers (USCPI-U)

SHORT TERM PROJECTS

The short term program contains work items of the highest priority. Priority items include improvements related to safety. Because of their priority, these items will need to be incorporated into the State Capital Improvement Program (SCIP) managed by the FAA Seattle Airport District Office and WSDOT Aviation. To assist with this process, the short term projects are scheduled in specific calendar years for the first six years of the planning period (2014-2019).

The main focus in the short term development period is to address major taxiway improvements, preserve (seal coat) runway pavement, and address current needs on the south and north tiedown aprons. A new hangar development area will be located near the south end of the west flight line. The south hangar area will accommodate primarily small aircraft in a variety of hangar types. Additional infill development (hangars, etc.) will be accommodated in select locations in the west terminal area.

Short Term Projects:

- Rehabilitate West Parallel Taxiway A and Reconfigure Taxiways (Taxiway F, Apron Taxilanes);
- Rehabilitate/Reconstruct Sections of Main Apron
- Runway 02/20 - Sealcoat and Repaint Precision & Nonprecision Instrument Markings
- Replace Taxiway Edge Lighting (MITL)
- Replace Runway Edge Lighting (HIRL)
- South Hangar Area Development
 - Site Preparation, Stormwater Development, Utilities
 - Construct Access Taxiway, Hangar Taxilanes
 - Construct Hangar Access Road
 - Construct T-hangar/Executive Hangar (10 units) Port or Private
- Reconstruct/Reconfigure/Expand South Aircraft Tiedown Apron
- Existing West Hangar Area Taxilanes (north section) Overlay
- Aircraft Fueling Apron Overlay (asphalt sections)
- North Apron (tiedowns) rehabilitate/reconfigure tiedowns

INTERMEDIATE & LONG TERM PROJECTS

Several intermediate or long term projects are considered to be current needs. However, based on the limited funding resources available, it was necessary to shift some projects to the longer term timeline. However, projects may be completed sooner in the event that additional funding can be generated.

Intermediate Term Projects (6-10 years)

- Maintenance/upgrade on Port-owned hangars
- T-Hangar construction (market driven)
- West hangar area taxilane sealcoats and rehabilitation (overlay)
- Main apron rehabilitation/reconstruction
- Relocated access road & automated gate on main apron
- New taxilane connectors between the main apron and Taxiway A
- Runway and major taxiways sealcoat, repaint markings
- East Landside Development Area
 - Site Grading
 - Utilities and Stormwater
 - Access Road (connection to Airport Way, east side of development)
 - Access Taxiway (corporate hangars)
 - T-Hangars (market driven)
- Removal of underground aviation fuel storage tanks; replacement above ground fueling system and mobile fuel truck parking/containment
- Aircraft hold area improvements (Taxiway A)
- East Parallel Taxiway (Phase 1 – north section)

Long Term Projects (11-20 years)

- Complete pavement maintenance projects: Regular crack filling, slurry seal all airfield (asphalt) pavements on 6 to 8 year intervals; repaint airfield markings.
- East Parallel Taxiway (Phase 2 – south section)
- East Landside Area Access Road (Phase 2 – T-Hangars, west side of development)
- East Landside Area Stub Taxilanes (3)
- Pavement Maintenance, Rehabilitation, and Reconstruction:
 - Sealcoat runway, major taxiways, repaint markings (6 to 8 year intervals)
 - Overlay pavements with PCI <70
 - Reconstruct pavements with PCI <50
- Replace airport beacon
- Replace Runway 20 Approach Lighting System. (MALSR)
- Replace REIL and PAPI for Runway 02 & 20
- Replace Port-owned T-hangars

Table 7-1: 20-Year Capital Improvement Program

Table 7-1 (continued): 20-Year Capital Improvement Program

Table 7-1 (continued): 20-Year Capital Improvement Program

Figure 7-1 – 20 Year CIP Phasing Diagram

Capital Funding Sources

FEDERAL GRANTS

Federal funding is provided through the Federal Airport Improvement Program (AIP). This reauthorization is the latest evolution of a funding program originally authorized by Congress in 1946 as the Federal Aid to Airports Program (FAAP). The program provides grant funding for airports listed in the National Plan of Integrated Airport Systems (NPIAS). Under current legislation, eligible general aviation airports can receive up to \$150,000 per year in general aviation “non-primary entitlement” grants. If a project is anticipated to cost in excess of \$150,000, the participating airport can roll over the funding allocations for up to four years, at which time the accumulated total of funds can be used for larger projects. Any unused funds that remain beyond the maximum allowable roll over period revert to the FAA for use at other airports. These funds may only be used for eligible capital improvement projects and may not support airport operation and maintenance costs. Current FAA funding levels are 90 percent with a 10 percent local match. WSDOT Aviation Division grants may be available to reduce the local share, depending on the availability of funding.

FAA funding is limited to projects that have clearly defined need that has been identified through preparation of an FAA approved Airport Layout Plan (ALP). Periodic updates of the ALP are required when new or unanticipated project needs or opportunities exist that require use of FAA funds. The FAA will not generally participate in vehicle parking, utilities, building renovations or projects associated with non-aviation developments.

Projects such as hangar construction or fuel systems are eligible for funding, although the FAA indicates that this category of project would be considered to be a much lower priority than other airfield needs.

The FAA also provides discretionary grants to airports. The dollar amounts of individual grants vary and can be significantly larger than the primary entitlements. Discretionary grants are awarded at the FAA's sole discretion. Discretionary funds are distributed after all entitlement funds have been allocated. For larger projects requiring substantially larger amounts of funding, non-primary entitlement, state apportionment, and discretionary grants are often combined. Other types of FAA funding include facilities & equipment (F&E) projects and Congressionally-appropriated dollars for specific projects.

STATE FUNDING

The Washington State Department of Transportation - Aviation Division provides an additional source of funding for airport projects in the form of grants through its Airport Aid Grants program. The Aviation Division has established grant criteria for airport sponsors requesting aid to define projects related to pavement, safety, maintenance, security improvements or planning.

Although Aviation Division funding is distributed widely to general aviation airports throughout the state, predicting any consistent level of funding for purposes of local long term financial planning is not possible. Competition for the limited grant funds is consistently high, with a priority often given to airports with limited resources or to airports that are not eligible to receive FAA grants. Project funding is determined on a case-by-case basis and is affected by overall funding levels and competition among airports during any particular state budget cycle (biennium).

For these reasons, no specific level of Aviation Division funding has been assumed in the CIP presented in **Table 7-1**. It is recommended that the Port regularly apply for WSDOT funding for eligible projects; however, the limitations on funding availability suggest that it would not be prudent to assume that any specific level or formula percentage is available. In the instances when Aviation Division grant requests are successful, the Port's required expenditure in the form of local match for FAA grants or funding non-FAA eligible projects will be reduced.

The current maximum grant award through the Aviation Division is \$250,000, although grants of that amount are uncommon due to the large number of applications for funding normally received. When funding levels permit, the Aviation Division attempts to assist NPIAS general aviation airports with funds needed to match FAA grants. Up to half of the 10 percent local match may be funded through Aviation Division grants, although as noted above, the available funding within each biennial funding cycle effectively limits the ability to support large grant awards.

State Capital Improvement Program (SCIP)

The FAA's Seattle Airport District Office (ADO) is working with state aviation agencies in Washington, Oregon and Idaho to develop a coordinated "state" capital improvement program, known as the SCIP. The SCIP is intended to become the primary tool used by FAA, state aviation agencies and local airport sponsors to prioritize funding. The program has reached full implementation with current and near term future funding decisions prioritized through evaluation formulas. Airport sponsors are asked to provide annual updates to the short term project lists annually in order to maintain a current system of defined project needs. The short term priorities identified in the master plan CIP will be imported into the SCIP and will be subject to additional prioritization for funding in competitive statewide evaluations.

LOCAL FUNDING

As currently defined, the locally funded (Port/tenant) portion for twenty year planning period is estimated to be just over \$7.8 million (approximately 30 percent of the total project development costs). The relatively high share of local cost is attributed to several projects that are not likely to receive FAA funding. Hangar construction costs, building maintenance and utility extensions have been included in the CIP, but no FAA funding is assumed.

The majority of local matching funds are generated through airport revenues, including fuel flowage fees, land leases and sale proceeds from non-aviation parcels in the airport industrial park. The Port reviews Bremerton National Airport's rates and fees schedule and land lease terms annually to ensure that the airport is generating fair and reasonable revenue for its facilities. Property appraisals are also recommended to periodically gauge local market valuation.

Airport sponsors occasionally fund infrastructure and revenue-generating development such as hangars locally, either through an inter fund loan or the issuance of long term debt (bonds).

Port of Bremerton Operating Revenues, Expenses and Debt Service Projections

The Port of Bremerton had a 2014 budget of \$14.51 million, which included \$985,012 for Airport Expenditures and \$868,278 for Airport - Industrial Development Expenditures, for a total budget of \$1,853,290 for the Airport Fund. The 2014 budget projected Airport operating revenues at \$472,907; Olympic View Industrial Park and Business Park operating revenues were projected at \$1,031,767 in 2014.

The Port has established separate operating funds and budgets for its individual operating groups (airport, industrial park and marina). Airport revenue sources include ground leases for hangars and other facilities, hangar rentals for Port-owned buildings, other building revenue (airport diner, administration building, etc.), and fuel flowage fees. The cost centers for the Airport include Airport Administration, Administrative Professional Services, and Facility Operation & Maintenance (includes Structures & Grounds Maintenance and Operating System Maintenance).

The Port's tax levy in 2014 provides revenue for general purposes uses and debt service on its General Obligation (GO) bonds. Outstanding debt balances for the airport include \$266,673 (balance as of 12/13/13) for a CERB loan used to construct the FBO hangar, which is scheduled to be fully paid by 2024.

Airport Business Plan

The Port of Bremerton commissioned a Comprehensive Airport Business Plan² to coincide with the airport master plan. The business plan recommends a variety of operating, investment/development, and marketing strategies designed to increase financial strength for airport operations. The overall conclusion of the business plan is that Bremerton National Airport is well managed with "significant future potential" that will require future investment to realize.

² Airport Business Solutions (ABS), January 2014.