Chapter 10 – Financial and Development Program

Introduction

The purpose of this chapter is to present the projects identified in the twenty-year Airport Capital Improvement Program (ACIP) that have been developed and assembled based on the analyses conducted in the Facility Requirements and Development Alternatives evaluations (Chapters Five and Seven). The ACIP projects are summarized in **Table 10-1** later in the chapter. The ACIP is organized into short, intermediate, and long-term planning 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 City and FAA to support the development program based on existing funding mechanisms.

The Master Plan preferred alternative includes both airside elements and landside elements. Minor pavement maintenance items such as vegetation removal and crack filling are not included in the ACIP, but will need to be undertaken by the City on an annual or semi-annual basis.

A brief environmental review was prepared and is presented in Chapter Six and **Appendix A**. The review provides an overview of areas of potential concern associated with proposed development. In addition, all federally funded projects will require some level of project-specific environmental study, as determined by FAA.

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 Eight.

A primary source of potential funding identified in this plan is the FAA's Airport Improvement Program (AIP). As proposed, approximately 95 percent of the airport's twenty-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 for all airports in the United States included in the federal airport system (National Plan of Integrated Airport Systems – NPIAS).

However, as noted in **Table 10-1**, the projected twenty-year total for FAA eligible projects in the ACIP significantly exceeds current FAA funding levels through the non-primary entitlement program, which is $150,000 annually. While other types of FAA funding may be available for some projects, it is reasonable to assume not all eligible projects are likely to be funded despite establishing FAA funding eligibility. The City must maximize the use of available FAA and other outside funding sources as it manages its ACIP. In some cases, the limited availability of outside funds may require deferring some projects, or increasing funding with additional local, state, or private funding.

Airport Development Schedule and Cost Estimates

Cost estimates for each individual project were developed in 2016 dollars based on typical construction costs associated with 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, and contingencies. The estimates are intended only for preliminary planning and programming purposes. Specific project analysis and detailed engineering design will be required prior to project implementation to provide more refined and detailed estimates of the development costs.

These cost estimates can continue to assist management through adjustments to the 2016-dollar amounts to account for subsequent inflation as the plan is carried out in future years. This can be accomplished by converting the appropriate change in the United States Consumer Price Index (USCPI) to a multiplier using 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
241.038 **(1982-1984 = 100)** **June 2016**

Multiplying the change ratio (Y) times any 2016-based cost estimate 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 City 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 on 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 following summary describes the key projects.

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

Short-Term Projects

The short-term program contains highest priority work items including safety related improvements. These items will need to be incorporated into the State Capital Improvement Program (SCIP) managed by the FAA Seattle Airport District Office and the Oregon Department of Aviation (ODA). To assist with this process, the short-term projects are scheduled in specific calendar years for the first five years of the planning period (2016-2020).

The primary focus for short-term development is to address security, resolution of the existing hotspot situation, and taxiway and taxilane improvement. Specific Short-Term projects are listed below.

SHORT-TERM PROJECTS (1-5 YEARS):

- Fencing and Gates (Along NW 56th St. to Life Flight hangar);
- Runway 7/25 Overlay & Replace HIRL & PAPI's (Environmental/Pre-design);
- Runway 7/25 Overlay & Replace HIRL & PAPI's (Design);
- Runway 7/25 Overlay & Replace HIRL & PAPI's (Construction);
- Runway 29 End Reconfiguration & Hotspot Mitigation Project (Displace Runway 29, New Runway End Taxiway, New Aircraft Hold Area, Relocate PAPI) (Design and Environmental);

Intermediate & Long-Term Projects

Several intermediate or long-term projects are considered to be current needs. However, it was necessary to shift some projects to subsequent planning periods based on the limited funding resources available. Individual projects may be completed sooner in the event additional funding can be obtained.

INTERMEDIATE-TERM PROJECTS (6-10 YEARS):

- Pavement Management Plan (PMP) Work;
- Runway 29 End Reconfiguration & Hotspot Mitigation Project (Displace Runway 29, New Runway End Taxiway, New Aircraft Hold Area, Relocate PAPI) (Construction);
- Taxilane (North of Taxiway D to serve hangar development);
- Taxiway G Reconstruction;
- Taxiway D Extension (extend Taxiway D west).
- Main Apron Project (Overlay East End; New Markings and Tiedowns);
- New Snow Plow Vehicle;

- New Snow Blower Vehicle;
- SRE Building;
- Taxiway F Extension, Remove Taxiway B Connector, New Runway Exit Taxiway, and New Taxiway Connector (Between Taxiway A and Taxiway D);
- UAS Runway (2,800' x 60');
- North Access Road (to UAS Development);
- UAS Runway (2,800' x 60');
- UAS Parallel Taxiway;
- UAS Apron;
- Pavement Management Plan (PMP) Work;
- Taxiway F Extension, Remove Taxiway B Connector, New RWY Exit Taxiway, and New Taxiway Connector (Between Taxiway A and Taxiway D);

LONG-TERM PROJECTS (11-20 YEARS):

- Terminal Building 1st Floor Restroom Renovations;
- Taxilanes (east-west oriented, between existing and future T-hangars);
- Turf Runway (Between Runway 7/25 and Taxiway F Extension);
- Access Road and Parking (From NW 56th Street to hangar development);
- Runway 11 Taxiway Project (Extend Taxiway A to Runway 11 End; New Taxiway Between Runway 11 End & Runway 7 End);
- T-Hangar Replacement (Two 10-unit T-hangars);
- Pavement Management Plan (PMP) Work;
- AG Apron Reconstruction;
- Turf Runway (Between Runway 7/25 and Taxiway F Extension);
- Taxiway A Overlay;
- Runway 11 Taxiway Project (Extend Taxiway A to Runway 11 End; New Taxiway between Runway 11 End & Runway 7 End);
- Runway 11/29 Overlay; Reduce Width to 75 feet; Replace MIRL;
- Terminal Building TSA Screening Areas, Baggage Claim, Gate/Waiting Area;

- Taxilanes (north-south oriented, to support 4 T-hangar buildings);
- Pavement Management Plan (PMP) Work;
- Taxiway F Overlay;
- New Combination Snow Plow and Broom Vehicle;
- New ARFF Vehicle;
- Taxilane, Vehicle Parking, Access Road (Southwest of Main Apron);
- Beacon Replacement;
- Terminal Building Renovations (1st Floor West Side of building);
- Terminal Building Renovations (1st Floor East Side of building. Conversion to Offices);
- Pavement Management Plan (PMP) Work; and
- Airport Master Plan Update.

Eastern Oregon Regional Airport - Pendleton
20-YEAR CAPITAL IMPROVEMENT PROGRAM

Current NPE $ Accumulation: **$300,000** **(FY 2016)**

Prepared by Century West Engineering

2016-2035

Short-Term	Yr	Project		Project Category	Unit	Quantity	Unit Cost	Total Cost	FAA GA Entitlement	Other FAA **	Local Costs ***		
2016	**0**	Airport Master Plan Update		Planning	LS	1	$593,028	$593,028	$150,000	$413,376	$29,651		
		Wildlife Hazard Assessment		Planning	LS	1	$89,230	$89,230	$84,768	$0	$4,462		
		Fencing and Gates (Along NW 56th St. to Life Flight hangar)		Security	LS	1	$138,386	$138,386	$0	$0	$138,386		
Subtotal - Year 0								$820,644	$234,768	$413,376	$172,499		
2017	**1**	RWY 7/25 Overlay, Replace HIRL, Signage, RWY 7 VASI, & RWY 25 PAPI.		Environmental/Design	LS	1	$157,895	$157,895	$150,000	$0	$7,895		
												NPE Accumulation	$300,000
												FY 2017 NPE	$150,000
Subtotal - Year 1								$157,895	$150,000	$0	$7,895	Total Available (NPE)	$450,000
2018	**2**	RWY 7/25 Overlay, Replace HIRL, Signage, RWY 7 VASI, & RWY 25 PAPI.		Design	LS	1	$475,000	$475,000	$450,000	$0	$25,000		
												NPE Accumulation	$300,000
												FY 2018 NPE	$150,000
Subtotal - Year 2								$475,000	$450,000	$0	$25,000	Total Available (NPE)	$450,000
2019	**3**	RWY 7/25 Overlay, Replace HIRL, Signage, RWY 7 VASI, & RWY 25 PAPI.		Construction	LS	1	$7,500,000	$7,500,000	$150,000	$6,960,000	$394,737		
												NPE Accumulation	$0
												FY 2019 NPE	$150,000
Subtotal - Year 3								$7,500,000	$150,000	$6,960,000	$394,737	Total Available (NPE)	$150,000
2020	**4**	Carryover											
												NPE Accumulation	$0
												FY 2020 NPE	$150,000
Subtotal - Year 4								$0	$0	$0	$0	Total Available (NPE)	$150,000
2021	**5**	New RWY End TWY, New AC Hold Area, Relocate PAPI)		Environmental/Design	LS	1	$385,000	$385,000	$365,750	$0	$19,250	NPE Accumulation	$150,000
												FY 2021 NPE	$150,000
												Total Available (NPE)	$300,000
Subtotal - Year 5								$385,000	$365,750	$0	$19,250		
							0-5	**$9,338,539**	**$1,350,518**	**$7,373,376**	**$619,381**		

* Current Year Project Grant

** Other FAA Funding Total listed for reference only based on general project eligibility; FAA funding levels are expected to be below projected needs.

*** Local costs at 5%

Eastern Oregon Regional Airport - Pendleton
20-YEAR CAPITAL IMPROVEMENT PROGRAM

Current NPE $ Accumulation: **$300,000** **(FY 2016)**

Prepared by Century West Engineering

2016-2035

Intermediate-Term	7--10	Project		Project Category	Unit	Quantity	Unit Cost	Total Cost	FAA GA Entitlement	FAA Eligible **	Local Costs***
Non-Primary Entitlements Accumulation Total (5-Years)									**$750,000**		
2022-2025		Pavement Management Plan (PMP) Work		Rehabilitation	LS	1	$20,000	$20,000	$0	$0	$20,000
		RWY 29 End Reconfig. & Hotspot Mitigation Project (Displace RWY 29, New RWY End TWY, New AC Hold Area, Relocate PAPI)		Construction	LS	1	$3,680,000	$3,680,000	$0	$3,496,000	$184,000
		Taxilane (North of TWY D to serve hangar development)		Construction	LS	1	$500,000	$500,000	$0	$475,000	$25,000
		TWY D Extension (extend TWY D west)		Construction	LS	1	$510,000	$510,000	$0	$484,500	$25,500
		TWY G Reconstruction (North & South of RW 7-25)		Environmental/Design	LS	1	$365,000	$365,000	$0	$346,750	$18,250
		TWY G Reconstruction (North & South of RW 7-25)		Construction	LS	1	$3,920,000	$3,920,000	$0	$3,724,000	$196,000
		Main Apron Project (Overlay East End; New Markings and Tiedowns)		Rehabilitation	LS	1	$2,260,000	$2,260,000	$0	$2,147,000	$113,000
		New Snow Plow Vehicle		Equipment	LS	1	$350,000	$350,000	$0	$332,500	$17,500
		New Snow Blower Vehicle		Equipment	LS	1	$750,000	$750,000	$0	$712,500	$37,500
		SRE Building (4 Equipment bays + Admin)		Building	LS	1	$1,000,000	$1,000,000	$0	$950,000	$50,000
		TWY F Extension, Remove TWY B Connector, New RWY Exit TWY, and New TWY Connector (Btn TWY A and TWY D)		Environmental	LS	1	$100,000	$100,000	$0	$95,000	$5,000
		UAS RWY (2,800' x 60')		Environmental	LS	1	$100,000	$100,000	$0	$95,000	$5,000
		North Access Road (to UAS Development)		Construction	LS	1	$4,060,000	$4,060,000	$0	$3,857,000	$203,000
		UAS RWY (2,800' x 60')		Construction	LS	1	$2,520,000	$2,520,000	$0	$2,394,000	$126,000
		UAS Parallel TWY		Construction	LS	1	$1,080,000	$1,080,000	$0	$1,026,000	$54,000
		UAS Apron		Construction	LS	1	$3,850,000	$3,850,000	$0	$3,657,500	$192,500
		Pavement Management Plan (PMP) Work		Rehabilitation	LS	1	$20,000	$20,000	$0	$0	$20,000
		TWY F Extension, Remove TWY B Connector, New RWY Exit TWY, and New TWY Connector (Btn TWY A and TWY D)		Construction	LS	1	$3,640,000	$3,640,000	$0	$3,458,000	$182,000
		Perimeter Fence (north, west, and east sides of AOA)		Security/Wildlife	LS	1	$1,000,000	$1,000,000	$0	$950,000	$50,000
Subtotal - Year 7-10								**$29,725,000**	**$0**	**$28,200,750**	**$1,524,250**

** Other FAA Funding Total listed for reference only based on general project eligibility; FAA funding levels are expected to be below projected needs.

*** Local costs at 5%

Eastern Oregon Regional Airport - Pendleton

20-YEAR CAPITAL IMPROVEMENT PROGRAM **Current NPE $ Accumulation:** **$300,000** **(FY 2016)** Prepared by Century West Engineering

2016-2035

Long-Term	11--20	Project		Project Category	Unit	Quantity	Unit Cost	Total Coast	FAA GA Entitlement	FAA Eligible **	Local Costs***
Non-Primary Entitlements Accumulation Total (10-Years)									**$1,500,000**		
2026-2035		Terminal Building 1st Floor Restroom Renovations		Building	LS	1	$234,000	$234,000	$0	$222,300	$11,700
		Taxilanes (east-west oriented, btn existing and future T-hangars)		Construction	LS	1	$520,000	$520,000	$0	$494,000	$26,000
		Turf RWY (Btn RWY 7/25 and TWY F Extension)		Environmental	LS	1	$75,000	$75,000	$0	$71,250	$3,750
		Access Road and Parking (From NW 56th Street to hangar development)		Construction	LS	1	$1,240,000	$1,240,000	$0	$1,178,000	$62,000
		RWY 11 TWY Project (Extend TWY A to RWY 11 End; New TWY Btn RWY 11 End & RWY 7 End)		Environmental	LS	1	$150,000	$150,000	$0	$142,500	$7,500
		T-Hangar Replacement (Two 10-unit T-hangars)		Building	LS	1	$960,000	$960,000	$0	$912,000	$48,000
		Pavement Management Plan (PMP) Work		Rehabilitation	LS	1	$20,000	$20,000	$0	$0	$20,000
		AG Apron Reconstruction		Reconstruction	LS	1	$970,000	$970,000	$0	$921,500	$48,500
		Turf Runway (Btn RWY 7/25 and TWY F Extension)		Construction		1	$650,000	$650,000	$0	$617,500	$32,500
		RWY 7/25 Overlay & Replace HIRL & PAPI's		Rehabilitation	LS	1	$7,420,000	$7,420,000	$0	$7,049,000	$371,000
		TWY A Overlay		Rehabilitation	LS	1	$1,940,000	$1,940,000	$0	$1,843,000	$97,000
		RWY 11 TWY Project (Extend TWY A to RWY 11 End; New TWY Btn RWY 11 End & RWY 7 End)		Construction	LS	1	$2,910,000	$2,910,000	$0	$2,764,500	$145,500
		RWY 11/29 Overlay; Reduce Width to 75 feet; Replace MIRL		Rehabilitation	LS	1	$4,650,000	$4,650,000	$0	$4,417,500	$232,500
		Terminal Building TSA Screening Areas, Baggage Claim, Gate/Waiting Area		Building	LS	1	$488,670	$488,670	$0	$464,237	$24,434
		Taxilanes (north-south oriented, to support 4 T-hangar buildings)		Construction	LS	1	$1,310,000	$1,310,000	$0	$1,244,500	$65,500
		Pavement Management Plan (PMP) Work		Rehabilitation	LS	1	$20,000	$20,000	$0	$0	$20,000
		TWY F Overlay		Rehabilitation	LS	1	$1,470,000	$1,470,000	$0	$1,396,500	$73,500
		New Combination Snow Plow and Broom Vehicle		Equipment	LS	1	$900,000	$900,000	$0	$855,000	$45,000
		New ARFF Vehicle		Equipment	LS	1	$750,000	$750,000	$0	$712,500	$37,500
		Taxilane, Vehicle Parking, Access Road (Southwest of Main Apron)		Construction	LS	1	$1,240,000	$1,240,000	$0	$1,178,000	$62,000
		Beacon Replacement		Lighting	LS	1	$75,000	$75,000	$0	$71,250	$3,750
		Terminal Building Renovations (1st Floor West Side of Bldg.)		Building	LS	1	$162,000	$162,000	$0	$153,900	$8,100
		Terminal Building Renovations (1st Floor East Side of Bldg. Conversion to Offices)		Building	LS	1	$365,000	$365,000	$0	$346,750	$18,250
		Pavement Management Plan (PMP) Work		Rehabilitation	LS	1	$20,000	$20,000	$0	$0	$20,000
		Airport Master Plan Update		Planning	LS	1	$500,000	$500,000	$0	$475,000	$25,000
Subtotal Year 11-20								**$29,039,670**	**$0**	**$27,530,687**	**$1,508,984**
							20-Yr Total	$68,103,209	$1,350,518	$63,104,813	$3,652,614

** Other FAA Funding Total listed for reference only based on general project eligibility; FAA funding levels are expected to be below projected needs.

*** Property Acquisiton dependent on willing seller.

*** Local costs at 5%

Unit: LS=Lump Sum, LF=Linear Foot, SY=Square Yard, EA=Each

Capital Funding Sources & Programs

Federal Grants

Federal funding is provided through the Federal Airport Improvement Program (AIP). The Airport Improvement Program is the latest evolution of a funding program originally authorized by Congress in 1946 as the Federal Aid to Airports Program (FAAP). The AIP provides Entitlement funds for commercial service and cargo airports based on the number of annual enplaned passengers and amount of air cargo handled. Other appropriations of AIP funds go to states, general aviation airports, reliever airports, and other commercial service airports, as well as for noise compatibility planning. Any remaining AIP funds at the national level are designated as Discretionary funds and may be used by the FAA to fund eligible projects. Discretionary funds are typically used to enhance airport capacity, safety, and/or security and is often directed to specific national priorities such as the recent program to improve Runway Safety Areas. These annual entitlement funds can only be used for eligible capital improvement projects and may not be used to support airport operation and maintenance costs.

AIP funding programs include:

- AIP Entitlement Grants: The FAA Extension, Safety, and Security Act of 2016 was signed into law in July of 2016, extending short-term authorization for Federal Aviation Administration (FAA) programs and related revenue authorities through September 30, 2017.

- Eastern Oregon Regional Airport is classified in the current NPIAS as a Primary/Non-Hub commercial service airport. FAA Order 5100.38D, Airport Improvement Handbook, adjusts the percentage of Federal shares for allowable project costs for certain states. Table 4-8 "Federal Shares by Airport Classification in Public Land States", stipulates that the Federal match in the State of Oregon is 93.75 percent for Small or Non-Hub commercial service airports.

  Essential Air Service (EAS) communities in economically distressed areas, including Eastern Oregon Regional Airport can receive a 95 percent federal share. If the EAS subsidy were to go away, Eastern Oregon Regional Airport's federal share would change to 93.75 percent.

- AIP Discretionary Grants: The FAA also provides Discretionary grants to airports for projects that have a high Federal priority and enhance safety, security, or capacity. These grants are over and above Entitlement funding. Discretionary grant amounts can vary significantly compared to Entitlements and are awarded at the FAA's sole discretion. Discretionary grant applications are evaluated based on:
  - Need;
  - The FAA's project priority ranking system; and
  - The FAA's assessment of a project's significance within the national airport and airway system.
- FAA Facilities and Equipment Funds. Additional funds are available under the FAA Facilities and Equipment Program. Money is available in the FAA Facilities and Equipment (F&E) program to purchase navigation aids and air safety-related technical equipment, including Airport Traffic Control Towers (ATCTs) for use at commercial service airports in the National Airport System. Each F&E project is evaluated independently using a cost-benefit analysis to determine funding eligibility and priority ranking. Qualified projects are funded in total (i.e., 100 percent) by the FAA, while remaining projects would likely be eligible for funding through the AIP or PFC programs. In addition, an airport can apply for NAVAID maintenance funding through the F&E program for those facilities not funded through the F&E program

FAA funding is limited to projects that have a clearly defined need and are 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 and to reflect the status of completed projects. The FAA will generally not participate in projects involving vehicle parking, utilities, building renovations, or projects associated with non-aviation development.

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

State of Oregon

No specific level of Oregon Department of Aviation (ODA) funding has been assumed in the CIP presented in **Table 10-1**. It is recommended that the City maximize use of any ODA or other State of Oregon funds available in the planning period.

PAVEMENT MAINTENANCE PROGRAM

The Pavement Management Program (PMP) programs airfield pavement maintenance funds on established multi-year cycles. The PMP is funded by a portion of the fuel tax revenues. Forty-five percent of the original fuel taxes collected ($0.01/gallon on Jet-A and $0.09/gallon on AVGAS) are used to fund the PMP. (It should be noted that the remainder of the revenues collected from the original $0.01/gallon Jet-A and $0.09/gallon AVGAS fuel taxes equaling 55 percent are used to fund the operation of Oregon's 28 state owned airports and ODA administrative costs.) This program is intended to preserve and maintain existing airfield pavements in order to maximize their useful lives and the economic value of the pavement. Several short-term pavement maintenance projects are identified for Eastern Oregon Regional Airport in the most recent PMP as noted earlier. The program funds pavement maintenance and associated improvements (crack filling, repair, sealcoats, etc.), including some items that have not traditionally been eligible for FAA funding.

Funding for the PMP is generated through collection of aviation fuel taxes. ODA manages the PMP through an annual consultant services contract and work is programmed on a three-year regional rotation. The program includes a regular schedule of inspections and subsequent field work. Benefits from the PMP include:

- Economy of scale in bidding contracts;
- Federal/State/Local partnerships that maximize airport improvement funds; and
- PMP is not a grant program and local match is on a sliding scale (50% - 5% required).

The PMP includes the following features:

- Review prior year's Pavement Condition Index (PCI) reports;
- Only consider PCIs below 70;
- Apply budget;
- Limit work to patching, crack sealing, fog sealing, slurry sealing;
- Add allowance for markings; and
- Program to include approximately 20 airports per year, depending on funding levels.

FINANCIAL AID TO MUNICIPALITIES (FAM) GRANTS

ODA's Financial Aid to Municipalities (FAM) grant program has been suspended in recent years due to a lack of funding. House Bill 2075 (discussed later in this chapter) established a new source of funding revenue for aviation programs within the state. This bill resulted in the creation of three new programs that have essentially replaced FAM Grants. In order to facilitate these new programs, the rules used to administer funds under FAM have been amended to incorporate the language of House Bill 2075 and serve as the funding mechanism for these new programs.

CONNECT OREGON GRANTS

The Oregon Legislature authorized funding for air, marine, rail, and transit infrastructure, known as ConnectOregon in 2005. This program is intended to improve commerce, reduce delay, and enhance safety for the state's multi-modal transportation system.

Lottery-based bonds, sold by the Oregon Department of Administrative Services are used to fund the program. The funds are deposited into Oregon's Multimodal Transportation Fund and administered by the Oregon Department of Transportation Local Government Section. ConnectOregon funds cannot be used for projects eligible for Oregon's Highway Fund, thereby providing less competition for aviation projects seeking ConnectOregon funding.

In 2014, after the fifth installment of funding, the Legislature had provided $382 million to the program. Connect Oregon grants fund up to 80-percent of project costs with a 20-percent sponsor match and loans up to 100-percent of project costs.

The City applied for a 2016 Connect Oregon grant that would provide funding for the Pendleton Unmanned Aerial Systems Range, however the project was not one of the top 39 projects selected for funding as it was ranked number 49. Should the City reapply for funding of the UAS Range in the next ConnectOregon funding cycle, this project should stand a reasonable chance of receiving a ConnectOregon grant. This project would shift to the short-term planning period should funding be approved for the UAS project in the next ConnectOregon funding cycle.

HOUSE BILL 2075

House Bill 2075 (HR 2075) increased the tax on aircraft fuels, providing new revenues for the State Aviation Account. HR 2075 increased the fuel tax on both Jet-A and AVGAS by $0.02/gallon resulting in a new tax on Jet-A of $0.03 per gallon and AVGAS of $0.11 per gallon. The additional $0.02/gallon in revenues on Jet-A and AVGAS generated by HR 2075will be distributed to fund a variety of aviation needs through ODA's new Aviation System Action Program (ASAP) fund.

ASAP allocates and distributes the additional $0.02/gallon revenues generated by HR 2075 among three new programs: COAR - Critical Oregon Airport Relief Program; ROAR – Rural Oregon Aviation Relief Program; and SOAR – State Owned Airports Reserve Program. The specific programs are outlined below. COAR - Fifty percent of the revenues from the $0.02/gallon fuel tax increase will be distributed as follows:

(A) To assist airports in Oregon with match requirements for Federal Aviation Administration (FAA) Airport Improvement Program grants;
(B) To make grants for emergency preparedness and infrastructure projects, in accordance with the Oregon Resilience Plan, including seismic studies, emergency generators, etc.;

(C) To make grants for:
1. Services critical or essential to aviation including, but not limited to, fuel, sewer, water and weather equipment.
2. Aviation-related business development including, but not limited to, hangars, parking for business aircraft and related facilities.
3. Airport development for local economic benefit including, but not limited to, signs and marketing.

The City of Pendleton has applied for a COAR matching grant in the Fiscal Year 2017 FAA grant program for an environmental assessment and design work required for the Runway 29 threshold reconfiguration. The project tentatively scheduled to be constructed in 2022. However, the status of that grant is not yet known.

ROAR – Twenty-five percent of the revenues from the $0.02/gallon fuel tax increase will be distributed to assist commercial air service to rural Oregon.

SOAR – Twenty-five percent of the revenues from the $0.02/gallon fuel tax increase will be distributed to state owned airports for:

(A) Safety improvements recommended by the Oregon State Aviation Board and local community airports;
(B) Infrastructure projects at public use airports.

STATE CAPITAL IMPROVEMENT PROGRAM (SCIP)

The FAA's Seattle Airport District Office (ADO) is working with state aviation agencies in Oregon and Washington 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 their short-term project lists 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

The locally funded (City/tenant) portion of the CIP for the twenty-year planning period is estimated to be approximately $1,508,984 as currently defined. Hangar and FBO building construction costs and building maintenance have not been included in the CIP, since no FAA funding is assumed.

A portion of local matching funds are generated through airport revenues, including fuel sales, land leases, and hangar rentals.

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

Airport Rates and Fees

The primary aviation use rates and fees at Eastern Oregon Regional Airport are summarized in **Table 10-2**. A review of existing rates and fees indicates that the airport's fee structure is generally comparable with other similarly sized Oregon airports. Rates at individual general aviation airports vary based primarily on market conditions. For example, hangar rental rates in the Portland metro area or in the Bend-Redmond area are typically higher than at airports in other parts of the state. An airport's ability to effectively raise rates must consider local and regional market conditions and the potential for nearby competitive airports to attract tenants through more economical rates. The rates and fees structure should be subject to regular review and adjustment to reflect inflation, market conditions and specific facility improvements.

TABLE 10-2: EORA LEASE RATES

Ground Lease Rate (Unimproved Land) per square foot: Ground Lease Rate (Improved Land) per square foot: Ground Lease Rate (Business/Industrial Park) per square foot: Terminal Building Lease Rate per square foot:	See **Table 10-3**
Hangar Lease Rate (Conventional Hangar) per square foot:	$0.25-1.10/SF/per month
Fuel Flowage Fee (Jet-A) per gallon:	$0.05/gallon
Fuel Flowage Fee (100LL) per gallon:	$0.05/gallon
Landing Fee (Air Carrier) per 1,000lbs MGLW:	$12.00 Flat fee
Landing Fee (Charter) per 1,000lbs MGLW:	$12.00 Flat fee
Landing Fee (Large GA) per 1,000lbs MGLW:	$12.00 Flat fee
Landing Fee (Cargo) per 1,000lbs MGLW:	$12.00 Flat fee
T-Hangar Lease Rate – Large & Small (Monthly):	$100-$125.00
Tiedown Lease Rate (Monthly):	No Charge
Terminal Vehicle Parking Fee (Daily):	No Charge

Note: Eastern Oregon Regional Airport lease rates were provided by the City of Pendleton.

TABLE 10-3: EASTERN OREGON REGIONAL AIRPORT LEASE RATES

GROUND LEASES (IMPROVED LAND ONLY)					
RATE CLASS:	AA	A	B	C	
Land Value:	$90,000.00	$25,000.00	$20,000.00	$15,000.00	Per Acre
Return:	10%	10%	10%	10%	
Annual:	9,000.00	$2,500.00	$2,000.00	$1,500.00	Per Acre
Monthly:	$750.00	$208.33	$166.67	$125.00	Per Acre

CLASS	LOCATION	$/ACRE	$/SQ. FT. / YEAR	$/SQ. FT. / MONTH
AA	Airfield Associated	$90,000	$0.207	$0.0172
A	A Ave.	$25,000	$0.057	$0.0048
A	Airport Road	$25,000	$0.057	$0.0048
A	56th Street	$25,000	$0.057	$0.0048
B	49th Street	$20,000	$0.046	$0.0038
B	B Avenue	$20,000	$0.046	$0.0038
B	C Avenue	$20,000	$0.046	$0.0038
B	H Avenue	$20,000	$0.046	$0.0038
C	All Others	$15,000	$0.034	$0.0029

Existing Buildings and Terminal Space

	NEW RATES				
RATE CLASS:	AA & TS	A	B	C	
Pendleton	0.500	0.330	0.250	0.150	Price/Sq. Ft.

Note: Lease rate information and classifications were provided by the City of Pendleton.

Cash Flow Analysis

A projection of airport operating revenues and expenses for the twenty-year planning period is presented in **Table 10-4,** based on data provided by the city and the noted assumptions on future events. According to the City of Pendleton's 2014/15 and 2015/16 Audits, the airport is currently operating in a deficit (based on operating revenues and expenses only). The general operating position of the airport is expected to improve as specific facility improvements occur and overall airport activity increases. Basic business decisions will need to be made regarding the financial feasibility of renovating individual city-owned buildings. These decisions should be made based on market conditions, expected return on investment, and any intangible benefits provided to the community that would result from the project.

The airport has three primary revenue categories: user charges, land leases, buildings and facilities. The current rates and fees structure appear to be generally in line with market rates at other general aviation airports in the region. For the purposes of projecting future revenues, it is assumed that revenues will increase at an average rate of 3.5 percent annually, through the twenty-year planning period. This rate assumes both an increase in revenue-producing activities on the airport (new leases, fuel sales, etc.) and periodic increases in current rates and fees to account for inflation and market conditions.

The current level of maintenance and operating expenses is considered to be reasonable based on the size of the facility and reflects the efficient use of staff and outside resources. For the purposes of projecting future revenues, it is assumed that expenses will increase at an average rate of 3 percent annually, through the twenty-year planning period. Additional maintenance expenses are also anticipated as the airfield continues to expand physically. Although the precise staging of facility expansion will depend on market demand and availability of funding the new facilities identified in the twenty-year CIP. The costs of maintaining the airfield can be reasonably expected to increase incrementally as the facility expands.

Ongoing capital improvement expenditures will include local match for state and federal grants and the full or partial cost of projects not eligible for FAA or state funding.

Table 10-4 20-YEAR OPERATING BUDGET

OPERATING EXPENSES*	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
PERSONAL SERVICES															
Salaries and Wages	$189,800	$168,165	$207,648	$176,316	$192,200	$229,000	$235,870	$242,950	$250,240	$257,750	$265,480	$273,440	$281,640	$290,090	$298,790
Insurance	$32,373	$31,148	$30,497	$29,106	$35,700	$38,500	$39,660	$40,850	$42,080	$43,340	$44,640	$45,980	$47,360	$48,780	$50,240
Public Employee Retirement	$25,222	$24,132	$19,771	$20,398	$27,430	$30,650	$31,570	$32,520	$33,500	$34,510	$35,550	$36,620	$37,720	$38,850	$40,020
less PERS bond payment	-$8,200	-$8,790	-$8,800	-$8,560	-$9,330	-$11,150	-$11,480	-$11,820	-$12,170	-$12,540	-$12,920	-$13,310	-$13,710	-$14,120	-$14,540
Other Employer-paid Taxes	$16,254	$17,159	$16,970	$17,466	$18,000	$22,200	$22,870	$23,560	$24,270	$25,000	$25,750	$26,520	$27,320	$28,140	$28,980
SUBTOTAL	$255,449	$231,813	$266,085	$234,726	$264,000	$309,200	$318,490	$328,060	$337,920	$348,060	$358,500	$369,250	$380,330	$391,740	$403,490
MATERIALS AND SERVICES															
Electricity and Natural Gas	$42,821	$44,768	$42,518	$45,022	$41,100	$41,500	$42,750	$44,030	$45,350	$46,710	$48,110	$49,550	$51,040	$52,570	$54,150
Consultants	$0	$0	$210,495	$216,015	$150,000	$200,000	$206,000	$212,180	$218,550	$225,110	$231,860	$238,820	$245,980	$253,360	$260,960
Marketing	$897	$858	$34,065	$31,574	$30,000	$15,000	$15,450	$15,910	$16,390	$16,880	$17,390	$17,910	$18,450	$19,000	$19,570
Repairs and Maintenance	$16,092	$25,130	$23,591	$39,852	$43,000	$46,500	$47,900	$49,340	$50,820	$52,340	$53,910	$55,530	$57,200	$58,920	$60,690
Airport ARFF Training	$1,059	$6,354	$0	$6,354	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Street Lights	$3,000	$3,000	$3,952	$3,120	$3,200	$3,200	$3,300	$3,400	$3,500	$3,610	$3,720	$3,830	$3,940	$4,060	$4,180
Garbage	$14,641	$17,892	$512	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Travel and Training	$3,262	$4,166	$3,357	$4,932	$5,000	$5,000	$5,150	$5,300	$5,460	$5,620	$5,790	$5,960	$6,140	$6,320	$6,510
Other Materials and Services	$26,571	$20,203	$36,893	$31,928	$52,790	$43,290	$44,590	$45,930	$47,310	$48,730	$50,190	$51,700	$53,250	$54,850	$56,500
Central Services Charges	$55,790	$79,840	$81,790	$99,900	$118,660	$140,990	$145,220	$149,580	$154,070	$158,690	$163,450	$168,350	$173,400	$178,600	$183,960
SUBTOTAL	$164,133	$202,211	$437,173	$478,697	$443,830	$495,480	$510,360	$525,670	$541,450	$557,690	$574,420	$591,650	$609,400	$627,680	$646,520
TOTAL FUND EXPENDITURES	**$464,942**	**$479,713**	**$703,258**	**$713,423**	**$707,830**	**$804,680**	**$828,850**	**$853,730**	**$879,370**	**$905,750**	**$932,920**	**$960,900**	**$989,730**	**$1,019,420**	**$1,050,010**

OPERATING REVENUES**	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
SERVICES															
Residential Rents	$32,910	$24,480	$5,575	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Aviation Rents	$1,621	$44,823	$48,078	$49,874	$84,300	$80,000	$82,800	$85,700	$90,400	$93,560	$96,830	$100,220	$103,730	$110,135	$113,990
UAS Range Rents	$0	$0	$0	$0	$75,000	$25,000	$25,880	$26,790	$27,730	$28,700	$29,700	$30,740	$31,820	$32,930	$34,080
Commercial Rents	$167,243	$173,585	$204,624	$187,045	$181,000	$211,000	$218,390	$226,030	$233,940	$242,130	$250,600	$259,370	$268,450	$277,850	$287,570
Landing Fees	$20,256	$20,092	$17,280	$17,256	$16,000	$16,000	$16,560	$17,140	$17,740	$18,360	$19,000	$19,670	$20,360	$21,070	$21,810
Terminal Rents	$53,967	$51,729	$54,711	$51,579	$61,730	$60,000	$62,100	$64,270	$66,520	$68,850	$71,260	$73,750	$76,330	$79,000	$81,770
Farm Land Operations	$49,517	$40,056	$48,105	$66,543	$70,000	$70,000	$72,450	$74,990	$77,610	$80,330	$83,140	$86,050	$89,060	$92,180	$95,410
Fuel Flowage Fees	$1,286	$876	$2,157	$1,573	$2,500	$2,500	$2,590	$2,680	$2,770	$2,870	$2,970	$3,070	$3,180	$3,290	$3,410
Fuel Facilities Rent	$0	$0	$0	$0	$0	$11,000	$11,390	$11,790	$12,200	$12,630	$13,070	$13,530	$14,000	$14,490	$15,000
Passenger Facility Charge	$18,306	$19,228	$18,130	$20,055	$22,000	$22,000	$22,770	$23,570	$24,390	$25,240	$26,120	$27,030	$27,980	$28,960	$29,970
Total Revenue for Services	$395,106	$374,869	$398,660	$393,925	$512,530	$497,500	$514,930	$532,960	$553,300	$572,670	$592,690	$613,430	$634,910	$659,905	$683,010
TOTAL FUND RESOURCES	**$395,106**	**$374,869**	**$398,660**	**$393,925**	**$512,530**	**$497,500**	**$514,930**	**$532,960**	**$553,300**	**$572,670**	**$592,690**	**$613,430**	**$634,910**	**$659,905**	**$683,010**

Table 10-4 20-YEAR OPERATING BUDGET

2027	2028	2029	2030	2031	2032	2033	2034	2035
$307,750	$316,980	$326,490	$336,280	$346,370	$356,760	$367,460	$378,480	$389,830
$51,750	$53,300	$54,900	$56,550	$58,250	$60,000	$61,800	$63,650	$65,560
$41,220	$42,460	$43,730	$45,040	$46,390	$47,780	$49,210	$50,690	$52,210
-$14,980	-$15,430	-$15,890	-$16,370	-$16,860	-$17,370	-$17,890	-$18,430	-$18,980
$29,850	$30,750	$31,670	$32,620	$33,600	$34,610	$35,650	$36,720	$37,820
$415,590	$428,060	$440,900	$454,120	$467,750	$481,780	$496,230	$511,110	$526,440
$55,770	$57,440	$59,160	$60,930	$62,760	$64,640	$66,580	$68,580	$70,640
$268,790	$276,850	$285,160	$293,710	$302,520	$311,600	$320,950	$330,580	$340,500
$20,160	$20,760	$21,380	$22,020	$22,680	$23,360	$24,060	$24,780	$25,520
$62,510	$64,390	$66,320	$68,310	$70,360	$72,470	$74,640	$76,880	$79,190
$0	$0	$0	$0	$0	$0	$0	$0	$0
$4,310	$4,440	$4,570	$4,710	$4,850	$5,000	$5,150	$5,300	$5,460
$0	$0	$0	$0	$0	$0	$0	$0	$0
$6,710	$6,910	$7,120	$7,330	$7,550	$7,780	$8,010	$8,250	$8,500
$58,200	$59,950	$61,750	$63,600	$65,510	$67,480	$69,500	$71,590	$73,740
$189,480	$195,160	$201,010	$207,040	$213,250	$219,650	$226,240	$233,030	$240,020
$665,930	$685,900	$706,470	$727,650	$749,480	$771,980	$795,130	$818,990	$843,570
$1,081,520	**$1,113,960**	**$1,147,370**	**$1,181,770**	**$1,217,230**	**$1,253,760**	**$1,291,360**	**$1,330,100**	**$1,370,010**

2027	2028	2029	2030	2031	2032	2033	2034	2035
$0	$0	$0	$0	$0	$0	$0	$0	$0
$117,980	$122,110	$126,380	$133,950	$138,640	$143,490	$148,510	$153,710	$162,465
$35,270	$36,500	$37,780	$39,100	$40,470	$41,890	$43,360	$44,880	$46,450
$297,630	$308,050	$318,830	$329,990	$341,540	$353,490	$365,860	$378,670	$391,920
$22,570	$23,360	$24,180	$25,030	$25,910	$26,820	$27,760	$28,730	$29,740
$84,630	$87,590	$90,660	$93,830	$97,110	$100,510	$104,030	$107,670	$111,440
$98,750	$102,210	$105,790	$109,490	$113,320	$117,290	$121,400	$125,650	$130,050
$3,530	$3,650	$3,780	$3,910	$4,050	$4,190	$4,340	$4,490	$4,650
$15,530	$16,070	$16,630	$17,210	$17,810	$18,430	$19,080	$19,750	$20,440
$31,020	$32,110	$33,230	$34,390	$35,590	$36,840	$38,130	$39,460	$40,840
$706,910	$731,650	$757,260	$786,900	$814,440	$842,950	$872,470	$903,010	$937,995
$706,910	**$731,650**	**$757,260**	**$786,900**	**$814,440**	**$842,950**	**$872,470**	**$903,010**	**$937,995**

Revenue Assumptions:

A. Land leases increase at 3.5% per year (inflation factor) with specific bumps for additional leases estimated two or three new conventional hangar every 5 years (based on Facility Requirements hangar needs). The hangar needs do not include aircraft that may be displaced if the EAA hangar is removed. *These numbers may vary based on the actual size of future hangars and actual year of construction.*

   1. (2020) Two new 50x50 foot hangar ground lease (initial revenue $1,700/yr. at current $.34sq/ft. lease rates).
   2. (2025) Three new 50x50 foot hangar ground lease (initial revenue $2,775/yr. at future estimated $.37 sq/ft. lease rates).
   3. (2030) Three new 50x50 foot hangar ground lease (initial revenue $3,150/yr. at future estimated $.42 sq/ft. lease rates).
   4. (2035) Three new 50x50 foot hangar ground lease (initial revenue $3,375/yr. at future estimated $.45 sq/ft. lease rates).

B. Building leases increase at 3.5% per year (inflation factor). No plans of any future City owned hangar buildings to be constructed in the next 20 years.

C. FBO income increase at 3.5% per year (inflation factor).

D. Tie-downs increase at 3.5% per year (inflation factor).

E. Fuel flowage increase at 3.5% per year (inflation factor).

F. Interest income remains flat at $300 per year (based off current interest income for 2013-2014).

Expense Assumptions:

A. Operating expenses assumed to increase at 3% per year (inflation factor).

B. No increase in airport staffing assumed.