
7 FINANCIAL IMPLEMENTATION PLAN

7.1 INTRODUCTION

In this chapter the projects and facility improvements recommended in the master plan are organized into an overall Capital Improvement Program (CIP). The CIP was developed using a process that balanced the needs for capital improvement projects against the competing, and sometimes conflicting, financial priorities represented by annual airport operating and maintenance costs. The implementation period for the CIP covers the three phases of development through the year 2048:

- ◆ Phase I: Short-term five-year period from 2021 to 2025. Projects assigned to Phase I are shown on a year-by-year basis, consistent with the Federal Aviation Administration's (FAA's) CIP format.
- ◆ Phase II: Mid-term five-year period from 2026 through 2030. Projects are allocated to specific years.
- ◆ Phase III: Long-term period from 2031 through 2048. These projects are grouped together.

Projects are assigned to a phase based on their anticipated need to meet demand levels or because they are necessary precursors to achieving long-term development goals.

7.2 ESTIMATES OF PROBABLE COST

The first step in the financial plan is the development of an estimate of the probable cost of each project. These estimates cover planning level detail with quantities estimated by scaling the Airport Layout Plan (ALP) or, where appropriate, from data presented in Chapter 5 Evaluation of Alternatives. These estimated quantities were then multiplied by a unit cost based on Washington State Department of Transportation (WSDOT) Standard Bid Item Inquiries, as well as comparable project bid prices from Eastern Washington. All costs are based on 2020 dollars

The cost estimates shown in Table 7-1 summarize total project costs for professional service fees including design, project management, construction management, and others

(15 to 20 percent), and contingencies (20 percent of construction cost) for all projects. Updated estimates need to be prepared for each project prior to design as projects become more defined. Figure 7-1 illustrates when and where the projects listed in the CIP are planned to occur.

Table 7-1: Estimated Cost of Capital Improvement Projects

Short-Term Projects		Total Project Costs
Year	Description	
2023	Terminal Building (Design Phase 1)	\$2,004,400
2024	Terminal Building (Design Phase 2)	\$200,440
2025	Terminal Building - Temporary Building	\$1,803,860
SHORT-TERM TOTAL (1-5 Years)		\$4,008,700

Mid-Term Projects		Total Project Costs
Year	Description	
2026	Terminal Building (Construction Phase 3)	\$20,044,700
2030	South GA Area - Taxilanes (Two at 35' x 900')	\$1,200,000
MID-TERM TOTAL (6-10 Years)		\$21,244,700

Table 7-1: Estimated Cost of Capital Improvement Projects (Continued)

Long-Term Project		Total Project Costs
Year	Description	
2031	RWY 4/22 Rehabilitation, MIRL, and Signage (3,865'x75')	\$2,100,000
2031	SRE Building Expansion (Design & Const.)	\$1,750,000
2032	RWY 27 End Connector (TWY A1) Reconfiguration Project & Partial Parallel TWY between TWY C and RWY 27 End and AC Holding Area (Design)	\$434,026
2033	RWY 27 End Connector (TWY A1) Reconfiguration Project & Partial Parallel TWY between TWY C and RWY 27 End and AC Holding Area (Const.)	\$4,900,000
2034	SRE Acquisition – Two High Speed Runway Plows & One Ramp Plow	\$1,000,000
2036	TWY A and Connectors Maint. Project (Slurry Seal, Crackfill, Markings)	\$200,000
2037	TWY C Maint. Project (Slurry Seal, Crackfill, Markings)	\$40,000
2038	Vehicle Parking Rehabilitation (Overlay) – Terminal, Rental Car, Employee Parking Lots	\$600,000
2039	Former Noland Decoto Apron Maintenance (reconstruction)	\$40,000
2040	Cargo (McCormick) Apron Rehabilitation (Design & Const.)	\$2,800,000
2041	Cargo (FedEx) Apron Rehabilitation & Expansion (Design & Const.)	\$1,000,000
2042	Northeast GA Area Taxilane Maintenance (Slurry Seal, Crack fill, Markings) & Apron Rehab/Reconfiguration Project	\$1,500,000
2043	RWY 9 & TWY A Extension & TWY A5 Relocation (Future RWY length 7,800')	\$5,500,000
2044	Property Acquisition – Southeast Parcel (Owner – Hartshorn)	\$401,730*
2045	Property Acquisition – Southwest Parcel (2) (Owner – Congdon)	\$340,000*
2046	Airport Master Plan Update	\$1,000,000
2047	TWY A Reconstruction (Widen to 75' to eliminate MOD) & Replace/Relocate MITL	\$20,300,000
2048	RWY 9/27 Reconstruction	\$27,600,000
LONG-TERM TOTAL (11-20 Years)		\$71,505,395

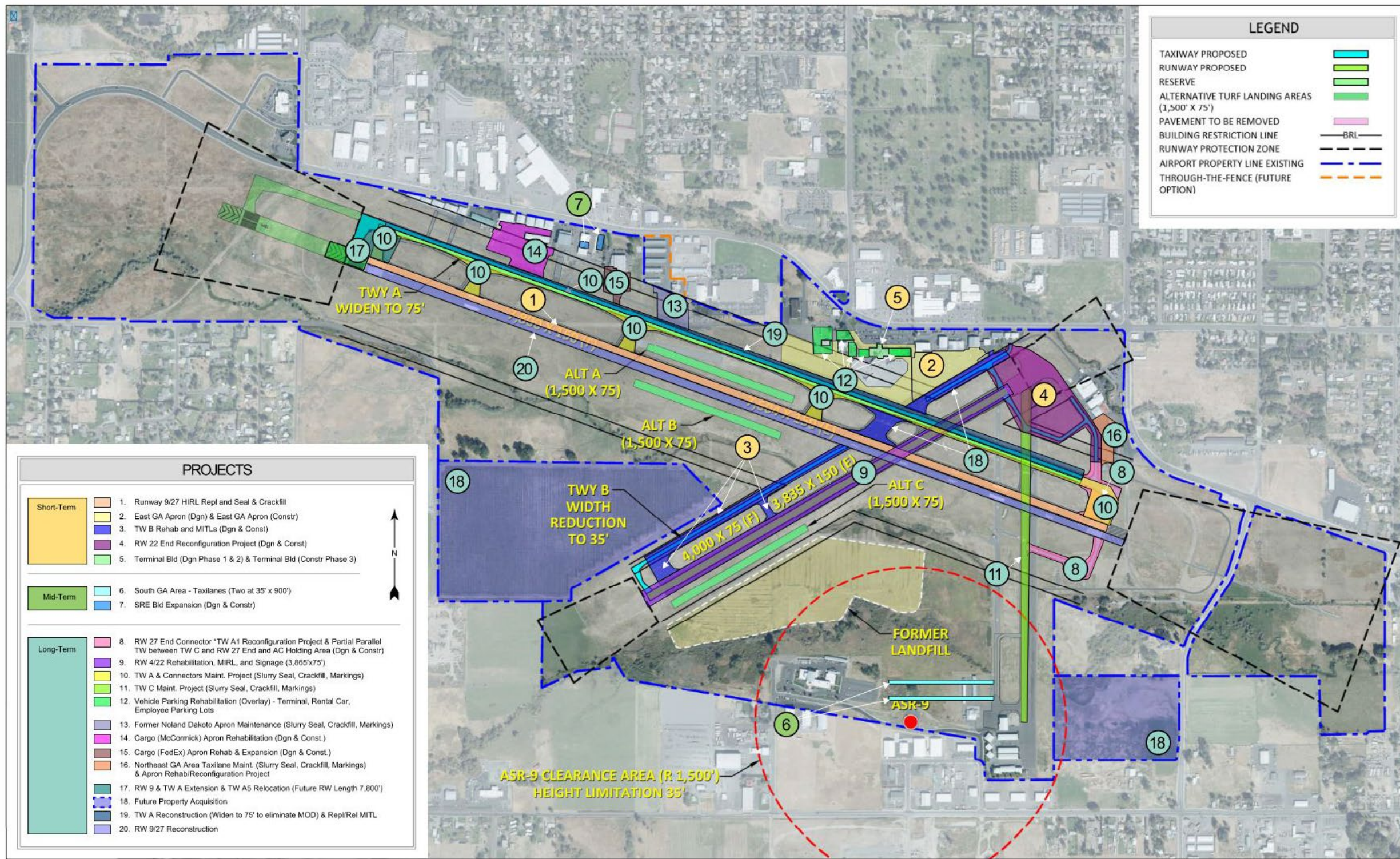
Phases	Total Phase Costs
SHORT-TERM (0-5 Years)	\$4,008,700
MID-TERM (6-10 Years)	\$21,244,700
LONG-TERM (11-20 Years)	\$71,505,396
TOTAL 20-YEAR PERIOD	\$96,758,796

Source: Mead & Hunt, Inc. 2020 Estimates

*Property values based on 2020 Yakima County Assessor’s “Total assessed value”

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Figure 7-1: Capital Improvement Projects



7.3 ESTIMATES OF PROBABLE COST

The overall cost of the recommended improvements will exceed \$70 million over the 20-year period. To fund these projects, a combination of FAA Airport Improvement Program (AIP) entitlement and discretionary funds, WSDOT Aviation Division grants, private third-party financing, and continued financial support from the City of Yakima will be needed. The funding sources that will serve as the airport's primary means to finance the CIP are discussed in the following sections. The tables show project costs and probable funding source contributions in 2020 dollars.

7.3.1 AIP Entitlement Grants

YKM is identified by the National Plan of Integrated Airport Systems (NPIAS) as a Non-Hub Primary Airport. The Airport receives annual AIP entitlement grants from the FAA that are allocated using a formula based on the number of annual enplaned passengers at YKM. A **Non-Hub Primary** airport receives a minimum apportionment of \$1 million dollars.

The FAA evaluates all airport grant requests using a priority ranking system weighted toward safety, security, airfield pavement, and airfield capacity projects such as pavement reconstruction and security upgrades. Projects such as terminal building construction and maintenance and construction of roads are also eligible but receive much lower priority rankings.

Once a project at a non-hub airport such as YKM has been identified as eligible, up to 90 percent of project costs are funded. The remaining 10 percent is considered the sponsor's match, and the sponsor derives that amount from other funds including Passenger Facility Charges (PFCs), WSDOT Grants, and/or Third-Party financing.

7.3.2 AIP Discretionary Grants

YKM is also eligible to receive AIP discretionary grants through the FAA. The approval of an AIP discretionary grant for a project depends on a ranking method the FAA uses to award grants, at their discretion, based on a project's priority and importance to the National Airspace System (NAS). It is reasonable to assume that YKM will receive some discretionary funding during the planning period for high priority, eligible projects, where the cost of such projects exceed the City's funding capability. If the FAA does not provide

the projected discretionary grants, the City will have to source additional funds to make up the funding gap or delay the project until such funds are available.

7.3.3 Washington Department of Transportation State Aviation Grants

The Washington State Department of Transportation/Aviation Division (WSDOT Aviation) provides grants for projects including pavement maintenance, safety improvements, and others that the State deems to be priority projects for the preservation of the airport and the overall state aviation system. The Master Plan CIP includes many projects that are eligible for partial funding through state aviation grants.

In this analysis, it is assumed that WSDOT grants would be used to pay one half of the local share of most pavement maintenance projects and would participate in the rehabilitation of Runway 4-22. This equals roughly 5 percent of the total project costs

At this time there are no guarantees that WSDOT funds will be available in the future. If state funds are not available when the time approaches for the project to begin, the local project share would increase accordingly.

7.3.4 Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act of 1990 established the authority for commercial service airports to apply to the FAA for imposing a PFC of up to \$3 per enplaned passenger. AIR-21, enacted in 2000, increased the allowable PFC level to \$4.50. YKM's existing PFC is the maximum allowable level of \$4.50.

The proceeds from PFCs can be used for AIP-eligible projects, such as pavement rehabilitation, runway lighting, or airport maintenance or snow removal equipment, and for additional projects that preserve or enhance airport capacity, safety or security; mitigate the effects of aircraft noise; or enhance airline competition, such as terminal construction or site preparation for general aviation development. PFCs may also be used to pay debt service on bonds and other indebtedness incurred to carry out eligible projects.

7.3.5 Private Financing

Airports often allow private businesses to finance improvements that they consider a business investment. Projects of this kind include aircraft hangars, fixed-base operator facilities, cargo facilities, or exclusive aircraft parking aprons. Such projects are not eligible for federal funding under the AIP.

The implementation analysis assumes that a private party will provide funding for development of all aircraft hangars and the improvements needed to support such hangar development. These improvements will be done on airport property, and the City will receive annual revenue through land leases. Additionally, any private development will include provisions that ownership of the facility will revert to the City after an appropriate period (generally 30 to 50 years).

Should the City decide to construct hangars themselves, it is assumed they will lease them to aircraft owners at a rate that recovers the cost of construction as well as the cost of borrowed money. In this case they are seen as neutral to the CIP, generating neither expense nor income.

Table 7-2 shows the capital improvement projects for the next 20 years with project costs subdivided by the funding sources for which they are eligible. Simply because an individual project is eligible for federal or state funding does not guarantee that funding will be available. All projects will need to be assessed individually as the implementation stage approaches.

Table 7-2: Capital Improvement Projects – Probable Funding Sources

Short-Term Projects					Total Project Costs
Year	Description	FAA	State (5%)	Local	
2023	Terminal Building (Design Phase 1)	\$1,803,960	\$100,220	\$200,440	\$2,004,400
2024	Terminal Building (Design Phase 2)	\$180,396	\$10,022	\$20,044	\$200,440
2025	Terminal Building - Temporary Building	\$1,623,474	\$90,193	\$180,386	\$1,803,860
SHORT-TERM TOTAL (1-5 Years)		\$3,607,830	\$200,435	\$400,870	\$4,008,700

Mid-Term Projects					Total Project Costs
Year	Description	FAA	State (5%)	Local	
2026	Terminal Building (Construction Phase 3)	\$18,040,230	\$1,002,235	\$2,004,470	\$20,044,700
2030	South GA Area - Taxilanes (Two at 35' x 900')	\$1,080,000	\$60,000	\$120,000	\$1,200,000
MID-TERM TOTAL (6-10 Years)		\$19,120,230	\$1,062,235	\$2,124,470	\$21,244,700

Source: Mead & Hunt, Inc. 2020 Estimates

**Table 7-1: Capital Improvement Projects - Probable Funding Sources
(Continued)**

Long-Term Projects					Total Project
Year	Description	FAA	State (5%)	Local	Costs
2031	RWY 4/22 Rehabilitation, MIRL, and Signage (3,865'x75')	\$1,890,000	\$105,000	\$210,000	\$2,100,000
2031	SRE Building Expansion (Design & Const.)	\$1,575,000	\$87,500	\$175,000	\$1,750,000
2032	RWY 27 End Connector (TWY A1) Reconfiguration Project & Partial Parallel TWY between TWY C and RWY 27 End and AC Holding Area (Design)	\$390,623	\$21,701	\$43,403	\$434,026
2033	RWY 27 End Connector (TWY A1) Reconfiguration Project & Partial Parallel TWY between TWY C and RWY 27 End and AC Holding Area (Const.)	\$4,410,000	\$245,000	\$490,000	\$4,900,000
2034	SRE Acquisition - Two High Speed Runway Plows & One Ramp Plow	\$900,000	\$50,000	\$100,000	\$1,000,000
2036	TWY A and Connectors Maint. Project (Slurry Seal, Crackfill, Markings)	\$180,000	\$10,000	\$20,000	\$200,000
2037	TWY C Maint. Project (Slurry Seal, Crackfill, Markings)	\$36,000	\$2,000	\$4,000	\$40,000
2038	Vehicle Parking Rehabilitation (Overlay) - Terminal, Rental Car, Employee Parking Lots	\$540,000	\$30,000	\$60,000	\$600,000
2039	Former Noland Dakoto Apron Maintenance (Slurry Seal, Crackfill, Markings)	\$36,000	\$2,000	\$4,000	\$40,000
2040	Cargo (McCormick) Apron Rehabilitation (Design & Const.)	\$2,520,000	\$140,000	\$280,000	\$2,800,000
2041	Cargo (FedEx) Apron Rehabilitation & Expansion (Design & Const.)	\$900,000	\$50,000	\$100,000	\$1,000,000
2042	Northeast GA Area Taxilane Maintenance (Slurry Seal, Crackfill, Markings) & Apron Rehab/Reconfiguration Project	\$1,350,000	\$75,000	\$150,000	\$1,500,000
2043	RWY 9 & TWY A Extension & TWY A5 Relocation (Future RWY length 7,800')	\$4,950,000	\$275,000	\$550,000	\$5,500,000
2044	Property Acquisition - Southeast Parcel (Owner - Hartshorn)	\$361,233	\$20,069	\$40,137	\$401,370
2045	Property Acquisition - Southwest Parcel (Owner - Condon)	\$306,000	\$17,000	\$34,000	\$340,000
2046	Airport Master Plan Update	\$900,000	\$50,000	\$100,000	\$1,000,000
2047	TWY A Reconstruction (Widen to 75' to eliminate MOD) & Replace/Relocate MITL	\$18,270,000	\$1,015,000	\$2,030,000	\$20,300,000
2048	RWY 9/27 Reconstruction	\$24,840,000	\$1,380,000	\$2,760,000	\$27,600,000
LONG-TERM TOTAL (11-20 Years)		\$64,354,856	\$3,575,270	\$7,150,540	\$71,505,396

Phases	Federal (Discretionary)	State	Local	Total Phase Costs
	SHORT-TERM (1-5 Years)	\$3,607,830	\$200,435	
MID-TERM (6-10 Years)	\$19,120,230	\$1,062,235	\$2,124,470	\$21,244,700
LONG-TERM (11-20 Years)	\$64,354,856	\$3,575,270	\$7,150,540	\$71,505,396
TOTAL 20 YEAR PERIOD	\$87,082,916	\$4,837,940	\$9,675,880	\$96,758,796

Source: Mead & Hunt, Inc. 2020 Estimates

7.4 CIP IMPLEMENTATION PLAN

The implementation plan shows the planned phased development of the capital projects. While a reasonable degree of certainty is involved in creating the phases, various factors can be expected to cause schedule changes in the plan over time:

- ◆ **Financial Feasibility:** The financial feasibility of projects may change due to changes in project costs, shifting of FAA or State priorities, or changes in the levels of state or FAA funding.
- ◆ **Activity Levels:** Activity levels trigger the need for all demand-driven improvements, such as the runway extension and new hangar construction. Although the CIP attaches timeframes to these developments for scheduling purposes, they will not be constructed until demand materializes. Thus, depending on how a particular segment of activity is tracking with the forecast, certain improvements may be accelerated or delayed.
- ◆ **Changing Priorities:** Over time, changes in airport business and strategic plans occur in response to the dynamic nature of the aviation industry as well as in the direction and policies of the airport's sponsoring body. Such changes will trigger revisions to or adjustments of the CIP.

The CIP does not include all of the projects listed in Chapter 5 Evaluation of Alternatives. The CIP lists projects that are capital development by the airport with eligibility for funding by the FAA AIP and WSDOT. Projects that are privately funded development are not included in the CIP. The ALP, presented in Chapter 6, Airport Plans, incorporates all of the projects reflected in this Implementation Plan.

7.4.1.1 Financial Summary

Given the cost of the improvements, it is essential to identify whether the City will be able to generate sufficient funds to implement all projects included in the CIP.

Table 7-3 compares the cost of each phase of the CIP with the funding that will be available from both AIP entitlement funds (applied to the federal share of the projects) and PFC funding (applied to the local share). The CIP costs listed in the table are from the airport CIP shown in Table 7-2 for the years through 2048. Cost estimates are provided in 2020 dollars and are escalated each year at a 3 percent rate. AIP entitlements are calculated using 10 percent of the inflated costs.

Table 7-3: Project Funding

Fiscal Year	FY AIP (2020 Dollars)	FY CapBudget	AIP Available	FAA	AIP Discretionary	WSDOT	PFC, CFC, Bond	Local (CapEx)	Project + Inflation 3 %
2023	\$ 1,000,000	\$ (62,988)	\$ (3,220,395)	\$ 1,971,236	\$ -	\$ -	\$ 350,555	\$ 219,026	\$ 2,190,262
2024	\$ 1,000,000	\$ (72,625)	\$ (4,191,631)	\$ 203,037	\$ -	\$ -	\$ 354,306	\$ 22,560	\$ 225,597
2025	\$ 1,000,000	\$ 114,204	\$ (3,394,668)	\$ 1,882,051	\$ -	\$ -	\$ 358,097	\$ 209,117	\$ 2,091,168
Totals				\$ 4,056,324	\$ -	\$ -	\$ 1,062,959	\$ 450,703	\$ 4,507,027

Fiscal Year	FY AIP (2020 Dollars)	FY CapBudget	AIP Available	FAA	AIP Discretionary	WSDOT	PFC, CFC, Bond	Local (CapEx)	Project + Inflation 3 %
2026	\$ 1,000,000	\$ 114,476	\$ (4,276,719)	\$ 21,540,978	\$ 20,540,978	\$ -	\$ 361,929	\$ 2,393,442	\$ 23,934,420
2027	\$ 1,000,000	\$ (2,069,577)	\$ (24,817,697)	\$ -	\$ -	\$ -	\$ 365,802	\$ -	\$ -
2028	\$ 1,000,000	\$ (1,860,188)	\$ (23,817,697)	\$ -	\$ -	\$ -	\$ 369,716	\$ -	\$ -
2029	\$ 1,000,000	\$ (1,650,799)	\$ (22,817,697)	\$ -	\$ -	\$ -	\$ 373,672	\$ -	\$ -
2030	\$ 1,000,000	\$ (1,441,410)	\$ (21,817,697)	\$ 1,451,430	\$ -	\$ -	\$ 377,670	\$ 161,270	\$ 1,612,700
Totals				\$ 22,992,408	\$ 20,540,978	\$ -	\$ 1,848,788	\$ 2,554,712	\$ 25,547,120

Source: Mead & Hunt, Inc. 2020 Estimates

FAA, WSDOT, and Local match fund percentages are calculated from project costs that includes 3% inflationary rate from 2020 values.

Table 7-3: Project Funding - Continued

Fiscal Year	FY AIP (2020 Dollars)	FY CapBudget	AIP Available	FAA	AIP Discretionary	WSDOT, TSA, Other Grants	PFC, CFC, Bond	Local (CapEx)	Project + Inflation 3 %
2031	\$ 1,000,000	\$ (1,393,291)	\$ (22,269,127)	\$ 2,180,168	\$ 1,180,168	\$ -	\$ 381,711	\$ 242,241	\$ 2,422,409
2032	\$ 1,000,000	\$ (1,426,143)	\$ (23,449,295)	\$ 556,936	\$ -	\$ -	\$ 385,795	\$ 61,882	\$ 618,817
2033	\$ 1,000,000	\$ (1,278,635)	\$ (23,006,231)	\$ 6,476,234	\$ -	\$ -	\$ 389,923	\$ 719,582	\$ 7,195,815
2034	\$ 1,000,000	\$ (1,788,828)	\$ (28,482,465)	\$ 1,361,331	\$ -	\$ -	\$ 394,095	\$ 151,259	\$ 1,512,590
2035	\$ 1,000,000	\$ (1,730,698)	\$ (28,843,795)	\$ 2,944,558	\$ 1,944,558	\$ -	\$ 398,312	\$ 327,173	\$ 3,271,732
2036	\$ 1,000,000	\$ (1,848,482)	\$ (30,788,354)	\$ 288,847	\$ -	\$ 10,000	\$ 402,574	\$ 32,094	\$ 320,941
2037	\$ 1,000,000	\$ (1,671,187)	\$ (30,077,201)	\$ 59,503	\$ -	\$ 2,000	\$ 406,882	\$ 6,611	\$ 66,114
2038	\$ 1,000,000	\$ (1,468,409)	\$ (29,136,703)	\$ 919,314	\$ -	\$ -	\$ 411,235	\$ 102,146	\$ 1,021,460
2039	\$ 1,000,000	\$ (1,361,166)	\$ (29,056,017)	\$ 63,126	\$ -	\$ 2,000	\$ 415,636	\$ 7,014	\$ 70,140
2040	\$ 1,000,000	\$ (1,158,792)	\$ (28,119,144)	\$ 4,551,400	\$ 3,551,400	\$ -	\$ 420,083	\$ 505,711	\$ 5,057,111
2041	\$ 1,000,000	\$ (1,455,114)	\$ (31,670,544)	\$ 1,674,265	\$ -	\$ -	\$ -	\$ 186,029	\$ 1,860,295
2042	\$ 1,000,000	\$ (1,431,754)	\$ (32,344,809)	\$ 2,586,740	\$ -	\$ 75,000	\$ -	\$ 287,416	\$ 2,874,155
2043	\$ 1,000,000	\$ (1,509,781)	\$ (33,931,549)	\$ 9,769,253	\$ 8,769,253	\$ -	\$ -	\$ 1,085,473	\$ 10,854,726
2044	\$ 1,000,000	\$ (2,385,864)	\$ (42,700,802)	\$ 734,971	\$ -	\$ 20,087	\$ -	\$ 81,663	\$ 816,634
2045	\$ 1,000,000	\$ (2,258,139)	\$ (42,435,773)	\$ 1,884,400	\$ -	\$ -	\$ -	\$ 100,000	\$ 2,093,778
2046	\$ 1,000,000	\$ (2,148,750)	\$ (43,320,173)	\$ 39,400,922	\$ 2,347,880	\$ -	\$ -	\$ 2,030,000	\$ 43,778,803
2047	\$ 1,000,000	\$ (3,969,361)	\$ (81,721,095)	\$ 55,176,819	\$ 3,370,758	\$ -	\$ -	\$ 2,760,000	\$ 61,307,577
2048	\$ 1,000,000	\$ (6,519,972)	\$ (135,897,914)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals				\$ 130,628,787	\$ 21,164,018	\$ 109,087	\$ 4,006,247	\$ 8,686,294	\$ 145,143,097

Source: Mead & Hunt, Inc. 2020 Estimates

FAA, WSDOT, and Local match fund percentages are calculated from project costs that includes 3% inflationary rate from 2020 values.

When matching demand with financial resources, a shortfall can occur in both FAA and local funding. When a shortfall occurs, the question becomes how does the City continue to fund improvements at the airport? One answer is to generate more revenue. The following section explores the revenue sources for YKM.

7.5 BUSINESS PLAN

This section evaluates the capability of the City to fund the local portion of the CIP. Examining the airport’s annual revenues and expenditures helps determine the true annual financial commitment associated with owning and operating the airport.

7.5.1 Overall Approach

The City of Yakima currently carries the primary financial responsibility for all maintenance, operation, and capital improvements at YKM. This section will review current rates and fees to assess whether fair market values are being charged and identify where expected revenue funds do not meet operational or capital budget requirements.

To assess the fair market value of current YKM rates and fees, comparable airports in the region were compared for revenue generation. Hangar rental rates at YKM are managed by the fixed-base operator and not the Airport, so the comparison for revenue generated by hangars is based on the aviation land lease rate per square foot per year. Additional revenues may be generated by adjusting rates and fees to meet regional averages. Table 7-4 provides the rates and fees comparisons, with an average provided.

Table 7-4: Rates and Fees Comparisons

AIRPORT FEES	Yakima	Walla Walla	Wenatchee	Pullman	Average	Comparison YKM to Avg
Terminal Rental	\$26.47	\$14.00	\$26.79	Negotiated	\$20.40	\$6.08
Fuel Flowage Fee	\$0.10	\$0.15	\$0.07	\$0.07	\$0.10	\$0.00
Landing Fee	\$1.37	\$0.85	\$1.05	\$1.35	\$1.08	\$0.29
Tie Down Fee-Month	\$45.00	\$40.00	\$60.00	\$50.00	\$50.00	-\$5.00
Tie Down-Overnight	\$3.00	\$10.00	\$5.00	\$5.00	\$6.67	-\$3.67
Aviation Land Lease Sq Ft-Yr	\$0.19	\$0.26	\$0.30	\$0.19	\$0.25	-\$0.06

7.5.2 Airport Revenues

Airport revenue sources include direct revenues derived from fuel taxes, aircraft storage fees, and other fees assessed for facility use. Operating revenues are those that are directly attributable to an airport's operation as a business enterprise. These vary over time as changes in the level of activity at the airport and the commercial and general aviation industry as a whole influence the types of activity from which the revenues are generated. Using historical records from the airport, the following assumption was made.

Miscellaneous income includes income sources not otherwise accounted for and not associated with the airfield, terminal, or other areas where direct tracking has been established. Although the amount of revenue generated is not predicated on any of the forecast indicators, it can be expected that some miscellaneous income will be registered annually. Table 7-5 illustrates the historical revenue summary for 4 years at YKM, with 2020 numbers being a projected value.

Chapter 2 Aviation Demand Forecasts shows that the preferred high forecast scenario has enplanements increasing over the 20-year planning period to 92,600. The annual increase is a 1.07 percent growth rate. The projected growth rate could cause an increase in performance statistics in areas such as car rental, aviation fuel, aircraft landing fees, and vehicle parking fees, which means that revenues could also increase.

7.5.3 Airport Expenses

The expenses recorded at YKM include those directly related to the day-to-day operation and maintenance of the airport (capital costs discussed above), the indirect costs associated with allocation of overhead, the debt service on long-term loans, and governmental fees and assessments. Table 7-5 provides the summary of historical expenses over 4 years and an estimated projection for 2020. The airport expenditures are organized in five categories:

- ◆ Airfield-Includes costs associated with maintaining the airfield, including public utility services and equipment.
- ◆ Air terminal includes costs associated with maintaining the terminal facilities.
- ◆ Commercial-Consists of maintenance and repairs for airport-owned buildings.
- ◆ Security-Providing services to process airport security badges, including conducting security background checks.
- ◆ Administration-Includes costs associated with airport administration and professional services. This includes staff salaries, operating supplies, taxes, and insurance.

7.5.4 Airport Administrative Expenses

External Taxes & Operating Assess-Stormwater Fees: A flat annual allocation has been projected for this area into the future. The projection is based on an average of the historical records.

Interest on Short-Term External Debt-SIED Loan: The City was paying interest on a short-term bridge loan from Supporting Investment in Economic Development (SIED). This loan has been paid off but is included here as a historic debt payment to show similar funding sources for loans and how they are repaid.

Salaries and Benefits: The subcategories of Salaries & Wages, Salaries-Overtime, Accrued Annual Leave, Benefits-Direct, Benefits-Indirect, Benefits-Bank Accruals, and Benefits-Unemployment all in the Airport accounting ledgers relate to the cost of providing administrative, maintenance, and other staff required to operate the airport. In 2020 this meant a three-person administrative staff and maintenance personnel.

Wages and benefits for these personnel are based on the number of persons required to keep the airport safe, efficient, and well-maintained as well as to operate the facility. The amount of money required for these services is a function of prevailing rates in the community and negotiated rates for maintenance personnel. Increases in projections would only occur if new personnel were added to staff or wage rates increased. Since additional personnel are not anticipated and wage rates are unlikely to significantly increase near term, no increases have been projected in this category.

Supplies: Operating an airport requires supplies such as office and operating supplies, fire truck supplies, fuel, small tools and minor equipment, and computer software purchases. The level of this expense is not related to airport operations levels. Calculations for future expenses is the result of using an average of past costs.

Other Expenses: The types of expenses included in this category include professional services, telephone expenses, staff travel, equipment rentals and leases, utility services, repairs and maintenance, vehicle repairs, fire truck repair, miscellaneous repairs, postage, insurance, and various miscellaneous expenses. Future expenditures in these areas are not directly related to the activity levels at YKM. Therefore, for this analysis, results are derived from an average of past years projected forward unchanged.

7.5.5 Airport Operations and Management Budgets

Airport operations and management budgets have been prepared based on an analysis of four years of historical expenditures and revenues and an estimated budget for 2020. Table 7-5 illustrates the summary of expenditures and revenues.

Table 7-5: Historical Revenues and Expenditures from Airport Operations

Expenditure Summary					
Expenditures	2016	2017	2018	2019	2020
Airfield	\$505,296	\$523,099	\$549,837	\$609,745	\$606,794
Air Terminal	\$213,793	\$192,639	\$197,678	\$202,006	\$202,179
Commercial	\$8,364	\$8,430	\$5,367	\$7,000	\$7,500
Security	\$3,752	\$2,183	\$2,358	\$2,500	\$37,500
Administration	\$377,718	\$510,039	\$505,715	\$605,416	\$637,720
Total Expenditures	\$1,108,923	\$1,236,390	\$1,260,955	\$1,426,667	\$1,491,693

Revenue Summary					
Revenues	2016	2017	2018	2019	2020
Taxes	\$6,606	\$24,410	\$5,769	\$6,633	\$7,000
Charges/Goods & Services	\$233,220	\$211,248	\$221,247	\$271,030	\$272,086
Miscellaneous Revenues	\$848,030	\$939,460	\$984,037	\$1,137,745	\$1,176,365
Other Financing Sources	\$20,604	\$0	\$60,600	\$20,000	\$0
Transfers In	\$0	\$20,000	\$78,000	\$75,000	\$75,000
Total Revenues	\$1,108,460	\$1,195,118	\$1,349,653	\$1,510,408	\$1,530,451

Budget Summary					
Beginning Balance	\$46,313	\$39,465	-\$1,806	\$86,890	\$170,631
Net Income	-\$463	-\$41,272	\$88,698	\$83,741	\$38,758
Ending Balance	\$45,850	-\$1,807	\$86,892	\$170,631	\$209,389

Source: City of Yakima Published Budget

7.6 FINANCIAL IMPLEMENTATION PLAN SUMMARY

Given the scope of the improvements it is clear that airport income will be insufficient to finance the entire CIP in the years where improvements are scheduled. During the period from 2020 through 2040, additional sources of funding will be required. Several options are available for pursuing to secure additional funding:

1. Discretionary grants can be sought from FAA to overcome some of these shortfalls. However, the project types include reconstruction of the north east tie-down ramp and terminal improvements. These types of projects are commonly low on FAA's funding priorities.
2. For terminal improvements, the airport's PFC and annual revenues can be used to pay debt service for bonds issued for construction of the new passenger terminal. Assuming that other higher priority capacity and safety projects have been accomplished prior to this time, FAA AIP Entitlements can also be used to offset some of the project costs.
3. Alternative funding sources can be explored for the construction of the passenger terminal. These could include City, County, or State funding sources.