

Development Program

Introduction

The potential improvements necessary to accommodate the future needs at Aspen/Pitkin County Airport have been placed into three phases: phase one (0-6 years), phase two (6-11 years), and phase three (11-20 years). The suggested program for the phasing of these projects is provide in Tables I2, I3, and I4. The proposed improvements are illustrated graphically by time period on the *PHASING PLAN* (see Figure I1). To provide an understanding of the proposed Master Plan development program, compared with the Airport's existing capital needs projections, Table I1 entitled *AIRPORT'S EXISTING 6-YEAR CAPITAL IMPROVEMENT PROGRAM*, is provided.

Implementation Schedule and Project List

A list of capital improvement projects has been assembled from the documentation previously presented, along with utilizing the Airport's existing Capital Improvements Program (CIP) as a beginning point. The project list has been coordinated with the Airport Layout Plan drawing set and the CIP that is periodically updated by airport management and the Federal Aviation Administration. The projects for the first six years are listed in priority order by year. In second and third phases (years 6-20) the projects are listed in priority order without year designators. Aspen/Pitkin County Airport's proposed phased capital improvement program, entitled *DEVELOPMENT PLAN PROJECT COSTS*, is presented as Tables F2, F3, and F4 of this chapter. It is anticipated that the project phasing will invariably alter as local and federal priorities evolve over the coming months and years.

The details of the Development Program, including a capital improvement project list, project cost estimates, a finalized phasing list, and a financial feasibility analysis have been formulated in consideration of comments received from airport staff, the FAA, and the Study Advisory Committee.

This Development Program is sound in terms of identifying capital improvement items that are likely to be needed during the next 20 years. In reality, the Development Program represents a series of choices and alternatives for the airport. By preparing a comprehensive list of development possibilities (as detailed in the Development Plan Project Costs tables), the County will be able to program facility improvements to meet demands, while also responding to financial realities and select development items that are in harmony with current development needs. To keep from being short-sighted in its development strategy for the airport, and to be fiscally responsible, the county may choose to selectively implement the capital items during a timeframe that differs from that which is listed.

Cost Estimates

Cost estimates for individual projects, based on current dollars, have been prepared for the improvement projects that have been identified as potentially needed during the 20-year planning period. To coincide with the county's capital programming process, the improvement costs listed during the first phase include an inflation factor. These estimates are intended to be used for planning purposes only and should not be construed as construction cost estimates, which can only be compiled following the preparation of detailed engineering design documents.

Capital Improvement Program (CIP)

To assist in preparation of the FAA's effort to provide grant funding to the most needed projects, airport staff keeps on file and up to date with the FAA, an Airport Capital Improvements Program (ACIP). The projects and costs provided in the previously presented table, entitled *AIRPORT'S EXISTING 6-YEAR CAPITAL IMPROVEMENT PROGRAM*, have been organized by year, in a format similar to that used by the FAA. As can be noted, the first phase of the Master Plan's proposed Development Plan Project Costs is very similar to the ACIP project listing. The purpose of the proposed project list, phasing, and costs is to provide a progressive projection of capital needs, which can then be utilized in local and federal financial programming. It is realized that as soon as this long-range planning document is published, the project list starts to be out of date and; therefore, it will always differ to some degree with the airport's 6-year CIP on file with the FAA.

Phasing Plan

To supplement the information provided by the project list and project cost estimates, an illustration has been prepared. This graphic, entitled *PHASING PLAN*, indicates the suggested phasing for the proposed improvement projects throughout the 20-year planning period.

This plan represents a suggested schedule and variance from it may be necessary, especially during the latter time periods. Attention has been given to the first five years because the projects outlined in this time frame include many critical improvements. The demand for certain facilities, especially in the latter time frame, and the economic feasibility of their development are to be the prime factors influencing the timing of individual project construction. Care must be taken to provide for adequate lead-time for detailed planning and construction of facilities in order to meet aviation demands. It is also important to minimize the disruptive scheduling where a portion of the facility may become inoperative due to construction and to prevent extra costs resulting from improper project scheduling.

Financial Plan and Implementation Strategy

Funding sources for the capital improvement program depend on many factors, including Airport Improvement Program (AIP) project eligibility, the ultimate type and use of facilities to be developed, debt capacity of the airport, the availability of other financing sources, and the priorities for scheduling project completion. For planning purposes, assumptions were made related to the funding source of each capital improvement. The projects costs provided in the Development Plan Project tables are identified with likely funding sources.

Sources of Capital Funding

AIP Entitlement Grants. The Airport Improvement Program provides passenger and cargo entitlement grants for eligible Airport projects. Entitlement funding that airports receive is based on a formula using the airport's passenger enplanements and cargo weight which is reported two years prior to the current grant year with a minimum amount for primary commercial service airports, since the enactment of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), enacted in April 2000, provides that a minimum of \$1,000,000 per year be allocated per primary airport for AIP Entitlement Grant funding. Currently, Aspen/Pitkin County Airport receives approximately \$1.9 million annually in entitlement funds, based upon passenger enplanements.

Figure F1
PHASING PLAN
(TO BE INCLUDED)

The FAA evaluates airport grant requests using a published priority ranking system that is weighted toward safety, airfield pavement and airfield capacity projects although other non-airfield projects, such as terminal buildings and main access/entrance roads, are also eligible. Within the entitlement amount granted, up to 90% of eligible project costs are funded with the remaining 10% provided from other non-federal/local airport sources.

AIP Discretionary Grants. The FAA also provides discretionary grants on a 90/10 basis to airports similar to Aspen/Pitkin County Airport. This source of funding is over and above entitlement funding, and is provided to airports for projects that have a high federal priority for enhancing safety, security and capacity of the airport and would be difficult to fund otherwise. The dollar amounts of individual grants vary and can be significant in comparison to entitlement funding. Discretionary grants are awarded at the FAA's sole prerogative. 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.

Further, per FAA, discretionary funds are those established in various set-asides plus any appropriated funding remaining after all apportionment funds have been allocated. These funds are assigned at the discretion of the FAA Administrator, to support noise mitigation projects and the highest-priority development that will benefit the National Airspace System (NAS). These discretionary set-aside funds are designed to achieve specific funding minimums for the noise program, reliever airports, and the conversion of military airports. The Capacity/Safety/Security/Noise (CSSN) fund is to be used to preserve and enhance capacity, safety, and security and carry out noise compatibility programs, and include Letters of Intent (LOIs). The Noise funds are used towards FAR Part 150 Noise Compatibility Programs (NCP). The remaining discretionary funding is also referred to as "pure discretionary" and is assigned to projects at the Administrator's discretion. As an example of discretionary funding, current projects such as the relocation of Taxiway A and other ESID program elements are being financed to a great extent with FAA discretionary grant funds.

Passenger Facility Charges (PFC). The Aviation Safety and Capacity Act of 1990 contained provisions for airports to levy passenger facility charges (PFC) of up to \$3 per enplaned passenger for the purpose of funding qualified airport enhancement projects. The proceeds from PFCs are eligible to be used for AIP eligible projects and for certain additional projects that preserve or enhance capacity, safety or security; mitigate the effects of aircraft noise; or enhance airline competition. PFCs may also be used to pay debt service on bonds and other indebtedness incurred to carry out eligible projects. Further, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) of 2000 modified the current PFC program in several

ways, the most significant of which was the approval to raise PFC collection rates up to \$4.50 per enplaned passenger.

The FAA PFC Branch reports that as of May 1, 2002, 330 U.S. airports have been approved to collect PFCs. The PFC Branch further reports that 112 small hub, non hub and commercial service airports have been approved to raise their PFC levels to either \$4 or \$4.50 per passenger. Currently, Aspen/Pitkin County Airport receives approximately \$680,000 annually in PFC revenues.

FAA Regional Airport Plan. The Regional Airport Plan (RAP) provides a link between national/regional objectives, the FAA Airports Division's five-year plan, and specific decisions associated with the preparation of the Airport Division's Airport Capital Improvement Plan (ACIP) at focus airports (commercial service, certificated, and GA airports with over 75 based aircraft). *The focus of the Regional Airport Plan is on discretionary funding allocated to all discretionary categories within the Northwest Mountain Region.* Since 1997, the Northwest Mountain Region's total AIP has averaged approximately 10 percent of the national funds available and the region's discretionary funding averaged approximately 14 percent of available national discretionary funding. To provide reasonable assurance of needed support, spread over several years, a list of Airport Capital Improvement Projects (ACIP) is maintained in the RAP. Many projects that require major funding expenditures have benefited from the RAP programming approach. The RAP is an important planning tool used by the Region's Airports Division as the best possible estimate of the potential availability of funding and the Region's best forecast of the airport improvement work it can support financially.

FAA Facilities & Equipment Funds. Within the FAA's budget appropriation, money is available in the Facilities and Equipment (F&E) Fund to purchase navigational aids and air safety-related technical equipment, including Air Traffic Control Towers (ATCTs) for use at commercial service airports in the national airport system. Each F&E development project is evaluated independently through a cost/benefit analysis to determine funding eligibility and priority ranking. The qualified projects are totally funded (i.e., 100%) by the FAA, with the remaining projects likely being AIP or PFC eligible. In addition, the airport will apply for NAVAID maintenance funding through the F&E program for those facilities that are not F&E funded. It is possible that some of the proposed navigational aid-related development projects for Aspen/Pitkin County Airport would qualify for F&E funding, if available.

Private Third Party Financing. Many airports use private third party financing when the planned improvements will be primarily used by a private business or other organization. Such projects are not ordinarily eligible for federal funding. Projects of this kind typically include hangars, FBO facilities, fuel storage, exclusive aircraft parking aprons, industrial aviation use facilities, non-aviation office/commercial/industrial

developments, and various other projects. Private development proposals are considered on a case by case basis. Often, airport funds for infrastructure, preliminary site work, and site access are required to facilitate privately developed projects on airport property.

Airport Revenues. At many airport facilities, generating the necessary cash flow to balance the operations and maintenance can be a difficult task. A review of the financial documentation for Aspen/Pitkin County Airport indicates that the airport is operationally self-supporting. The airport is operated as an enterprise department, with its income and expenses held separately from other Pitkin County funds.

As identified in the airport's annual income and expense reports, major sources of revenue for the airport include: airport fees, commercial leases, hangars and tie-downs, utility fees, and fuel fees. Major expenditures include: salaries and wages, personnel benefits, professional services, utilities, supplies, debt service, and repair and maintenance.

Generation of money to adequately fund capital costs associated with the operation of an airport is a daunting challenge. Many smaller airports rely on supplemental money from municipal or county general funds to assist with funding major projects. Pitkin County's general fund carries the burden of all other non-enterprise fund expenditures on behalf of the County and should not be looked upon to provide the type of financial assistance necessary to fund the airport's capital needs identified in this Master Plan. Careful planning will be required to ensure that the airport's capital needs are met with the scarce dollars that are available.

Summary - Master Plan Capital Improvement Program Financial Implications

The previously presented *DEVELOPMENT PLAN PROJECT COSTS* tables provide a reasonable estimate of the money that will be needed to fund the capital improvement program at the airport. With the best information available today, the tables provide information related to what projects may be needed, when those projects could be constructed, and how the improvements are likely to be funded (e.g., local, federal, etc.). It is realized that the timing for project implementation will change as sponsor and FAA priorities evolve; however, the projections of funding needs are reasonable estimates for long-term capital improvement planning purposes.

The financial implications for financing of the proposed improvements are probably best summarized in a presentation of the total expected expenditures, broken down by phase

and recommended financing method. This information is presented in the following table, entitled *CAPITAL IMPROVEMENT EXPENDITURES PROJECTION BY PHASE*.

Table 15
CAPITAL IMPROVEMENT EXPENDITURES PROJECTION BY PHASE
Aspen/Pitkin County Airport Master Plan

Phase	Total Cost	Federal Discretion	Federal Entitlement	PFC	State	Local
Phase I (0-6 Years)	\$53,944,368	\$34,964,203	\$9,665,000	\$2,989,159	\$1,050,507	\$4,775,500
Phase II (6-11 Years)	\$27,277,776	\$3,320,000	\$9,500,000	\$3,423,888	\$898,888	\$10,635,000
Phase III (11-20 Years)	\$39,400,000	\$2,100,000	\$18,950,000	\$6,800,000	\$900,000	\$10,650,000
TOTALS	\$121,122,144	\$40,384,203	\$38,115,000	\$13,213,047	\$2,849,395	\$26,060,500

It should also be noted that projects represented as potentially needed in this Master Plan are based on forecast needs; only those projects that are required to meet actual needs will be proposed for construction. If demands do not increase as rapidly as anticipated or a decline in activity is experienced, several of the proposed projects should be revised, eliminated, or delayed. The ability to fund projects is also often directly tied to demand.

Because demand and improvement needs can best be defined in the short-term, the Phase I project list is the most comprehensive and is generally the most challenging to finance. As indicated in the table above, Federal funding needs could total as much as \$45 million during the six years comprising Phase I, with discretionary funds comprising approximately \$35 million of the federal total. Sponsor funding needs could be almost \$5 million and PFC funds will be approximately \$3 million. If averaged over the five year period, the federal entitlement share would be approximately \$1.6 million per year, PFC funding would be approximately \$500,000 per year and sponsor funding would be approximately \$800,000 per year.

If yearly averages for these key components are calculated for the Master Plan's entire 20-year CIP, the federal entitlement share would be approximately \$1.9 million per year, PFC funding would be approximately \$660,000 per year and sponsor funding would be approximately \$1.3 million per year.

It can be noted that the overall development plan project costs reflect current yearly funding levels for federal entitlement funds (\$1.9 million) and PFC collections (\$680,00). Federal discretionary funding is actually projected to decrease significantly from that which will be experienced in Phase I. This is because of the heavy use of FAA discretionary funding for the ESID taxiway relocation project during Phase. Thus, from a federal standpoint the expenditures detailed in the development program appear to be reasonable.

Local expenditures necessary to fund the proposed development program show significant increases when the passenger terminal area improvements begin in the second and third phases. This is caused by the fact that Federal funding is only available for the public use areas in the terminal building (approximately 50% of the space will be public use). Much of the non-public space in terminal building is leaseable and will produce revenue that can be used for debt retirement.

If aviation and passenger demands continue to indicate that improvements are needed and if the proposed improvements prove to be environmentally acceptable, the capital improvement financial implications discussed above are likely to be acceptable for the FAA and for Pitkin County. To further refine the project implementation schedule, following the adoption of this Airport Master Plan, it is recommended that a detailed financial program be prepared for the Airport's CIP. Financial realities will ultimately prescribe the phasing sequence.