

6.0 DEVELOPMENT PLAN/FINANCIAL OVERVIEW

A goal of this Airport Master Plan was to review the requirements and alternatives necessary for the Priest River Municipal Airport to meet their identified current and future demand. With this analysis complete, the financial commitment needed to implement the recommendations over the next 20 years can be estimated. This chapter:

- ✦ Outlines the Priest River Municipal Airport development plan (or capital improvement program)
- ✦ Discusses the potential sources of funding for implementing the projects outlined in the development plan
- ✦ Presents an evaluation of the airport's current financial operating environment
- ✦ And recommends enhancements to increase airport revenue

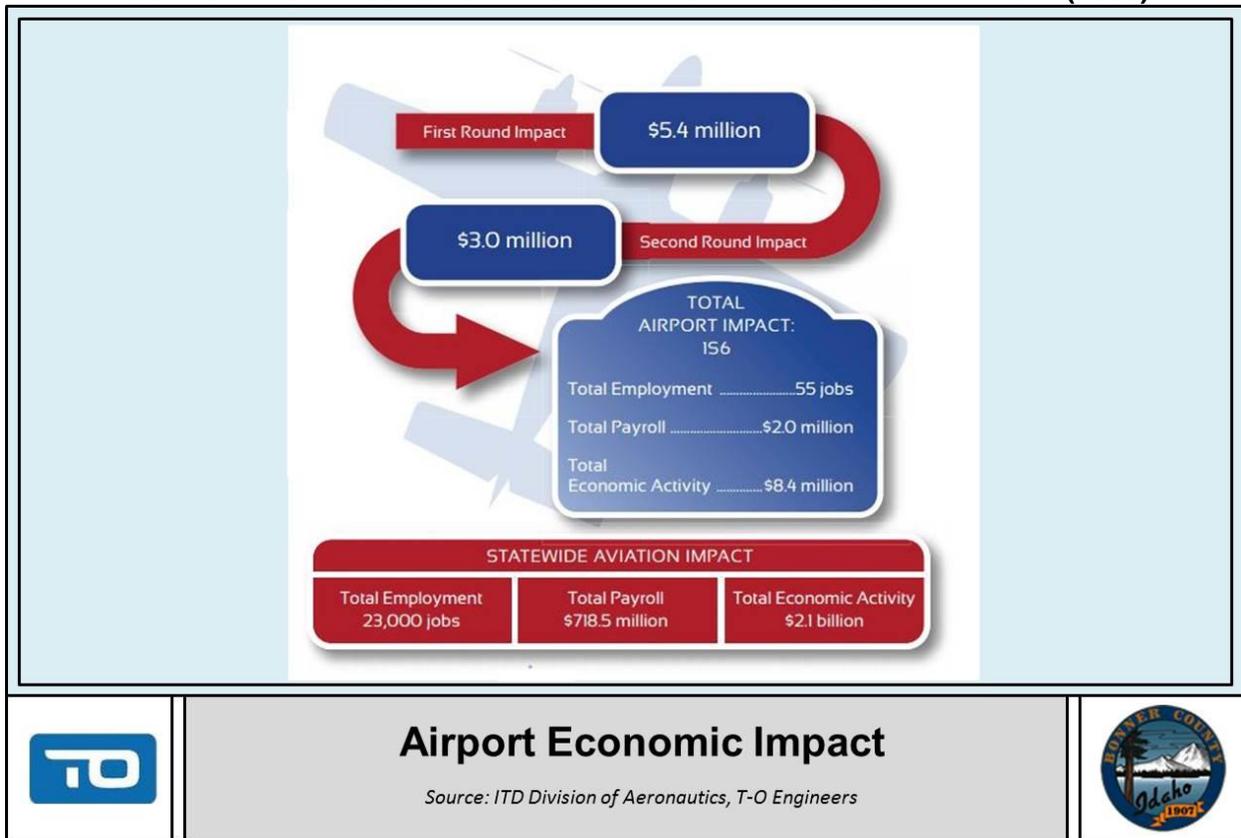
The Idaho Airport System Plan (IASP), initiated by ITD Division of Aeronautics, in 2009, evaluates the economic impact of Priest River Municipal Airport. The direct economic benefits related to on-airport business tenants and the indirect benefits associated with visitor related expenditures were determined for each study airport. The multiplier effect of these benefits was then calculated to determine the total airport related impact. The total economic activity is the sum of all direct (on-airport) and indirect (off-airport), and multiplier impacts.

As presented in **Figure 6-1**, the overall economic impact of Priest River Municipal Airport was estimated at \$8.4 million in 2009 and the airport also directly and indirectly provided the community with 55 jobs. When the IASP was completed in 2009, two area businesses depended on the airport: Northland Aviation and Aerocet Floats. However, Northland Aviation was dissolved in 2009 and no longer operates a business in Priest River. Additional detailed information relative to this analysis can be found in the IASP technical report available from ITD Division of Aeronautics. The individual airport summary for Priest River Municipal Airport created as output from the system plan is included in **Appendix F** for reference.

The airport supports the operations of recreational aviation users as well as some of the business activity in the area. Other intangible benefits of the airport and its activities such as medical evacuation and shipments, Life Flight activity, and police and military operations should not be overlooked as to their importance to the economy and overall well-being of the community.

When considering the financial implications of implementing this master plan and the possible increases or new fees needed to support development, it is important to discuss the inherent value of the airport to the community and the airport's economic contribution. The airport's economic value should be articulated to airport users, county decision-makers, and the general public to help understand why such fees and investment are justified and necessary.

FIGURE 6-1 IASP - ECONOMIC IMPACT OF PRIEST RIVER MUNICIPAL AIRPORT (2009)



6.1 DEVELOPMENT PLAN AND COST ESTIMATES

A list of capital improvement projects has been assembled based on the preferred development alternatives established in Chapter 5 of this airport master plan. This project list has been coordinated with the Airport Layout Plan (ALP) drawing set and the development plan used to create the airport’s Capital Improvements Program (CIP). The airport’s CIP should be routinely updated by airport management and submitted to the FAA through ITD Division of Aeronautics. In addition to identifying improvement projects, this CIP also presents a reasonable order of implementation along with estimated total costs and anticipated funding sources of the projects.

The plan was developed utilizing a phased approach rather than assigning projects to a specific year. Due to the fluid nature of FAA funding, ITD and HLN-ADO cannot accurately determine where each of the projects identified in the “phases” will eventually fit into the Federal CIP. Proposed projects from this development plan are generally prioritized by project and timeframe.

When formulating the following development plan, only FAA, State and Local funding sources were considered. At this time, no private or other revenue sources have been identified to assist with any airport development. Also, all FAA cost shares are based on the current 90 percent

Federal participation, 2.5 percent state participation is also assumed for eligible projects, with local funding making up the difference. Cost estimates were prepared using 2015 dollars.

It is important to note that inclusion of a project in a CIP provides no guarantee a project will be funded in that timeframe or year. Additionally all or some component of a project, shown on the ALP, may not be eligible for federal grant participation. The detailed funding plan for an individual project is typically defined during the predesign or formulation phase of the project.

Projects are organized by phases with Phase I (Short Term) in the 0-5 year timeframe; Phase II (Mid Term) in the 6-10 year timeframe; and Phase III (Long Term) in the 11-20 year timeframe. Project descriptions which relate to development based on demand are by nature general as projects will need to be planned in greater detail as specific project goals and need become more defined.

It should also be noted that the projects below are shown as individual projects however due to the high cost of completing small projects, multiple projects should be combined into larger projects to reduce the overall cost.

6.1.1 SHORT TERM DEVELOPMENT - PHASE 1 (0-5 YEARS)

TABLE 6-1: SHORT-TERM DEVELOPMENT PROJECTS AND COST ESTIMATES- PHASE I

Project		Funding Source			Total Project Costs
ID	Description	Federal (90%)	State (2.5%)	Local	
1-1	Obstruction Removal Phase 1	\$360,000	\$10,000	\$30,000	\$400,000
1-2	Obstruction Removal Phase 2	\$360,000	\$10,000	\$30,000	\$400,000
1-3	Conduct Environmental Assessment	\$315,000	\$8,750	\$26,250	\$350,000
1-4	Runway Shift Phase 1	\$1,629,000	\$45,250	\$135,750	\$1,810,000
1-5	Install Miscellaneous NAVAIDs	\$141,300	\$3,925	\$11,775	\$157,000
SHORT-TERM TOTAL		\$2,805,300	\$77,925	\$233,775	\$3,117,000

Source: T-O Engineers Inc.
Note: All estimates are in 2015 dollars

1-1 Obstruction Removal Phase 1

This project includes acquiring avigation easements and/or land containing obstacles that are penetrating critical airspace surfaces. Phase 1 only focuses on the fee simple acquisition of property and the acquisition of avigation easements.

1-2 Obstruction Removal Phase 2

This project includes the removal or mitigation of existing obstacles and obstructions to airspace. Phase 2 focuses on removing or otherwise mitigating the obstructions to airspace that exists on the properties expected to be acquired or have avigation easements.

1-3 Conduct Environmental Assessment

This project includes an Environmental Assessment, which will be necessary before widening the runway, installing new lights and mitigating for obstacles. This project also includes environmental assessment prior to development of Parcels F and G, as well as land acquisition of parcels located in the RPZ.

1-4 Runway Shift Phase 1

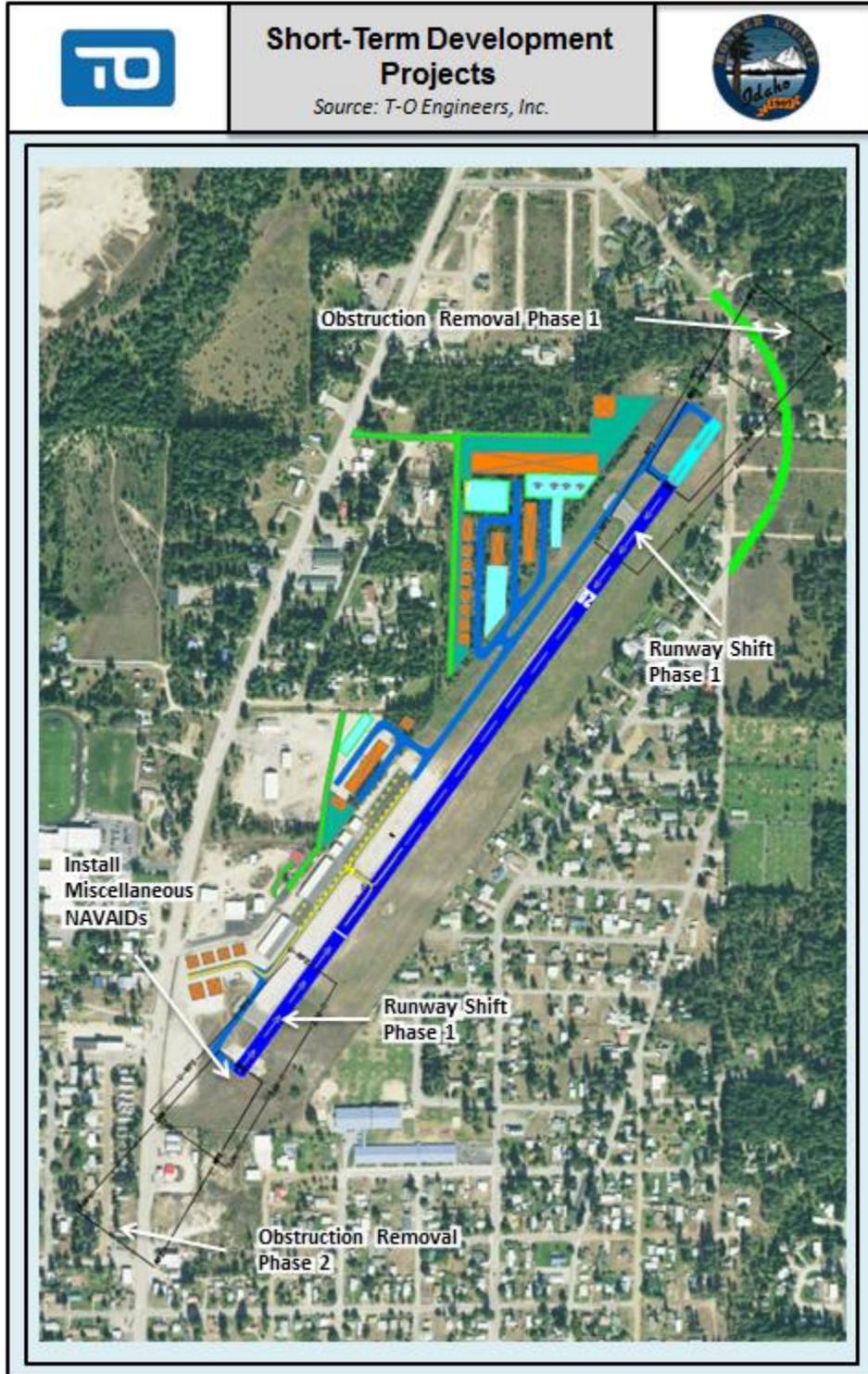
This project includes the widening of Runway 1/19 an additional 12 feet to meet B-I Small design standards, the renumbering of Runway 1/19 to 2/20, the installation of new Medium Intensity Runway Lights, as well as RSA grading. This project will also include the first phase of clearing the RPZs by shifting the runway threshold siting on both ends and adding pavement to recover some usable length for landing and departure. The runway widening will involve raising the south end of the runway by at least 4 feet which addresses the relief valve that is currently non-compliant with the FAA's ROFA requirements.

1-5 Install Miscellaneous NAVAIDs

This project includes the relocation of the existing wind cone and installation of a new segmented circle. This project is necessary to meet B-I Small standards, as the existing wind cone is in the ROFA and OFZ. The estimated costs include the costs to extend the electrical wire and electrical conduit. The project also includes the installation of airport signs to identify the aircraft parking area as well as holding point signs to minimize pilot's confusion when back-taxiing and lining up on the runway. This project also includes the installation of Runway End Identifier Lights (REILs), a Precision Approach Path Indicator (PAPI), as well as supplemental wind cones on each runway end. Finally, the project includes the installation of an airport beacon.

Figure 6-2 depicts Short Term Development projects in a graphical format.

FIGURE 6-2: SHORT-TERM DEVELOPMENT PROJECTS



Source: T-O Engineers, Inc.

6.1.2 MID-TERM DEVELOPMENT - PHASE 2 (5-10 YEARS)**TABLE 6-2: MID-TERM DEVELOPMENT PROJECTS AND COST ESTIMATES- PHASE II**

Project		Funding Source			Total Project Costs
ID	Description	Federal (90%)	State (2.5%)	Local	
2-1	Acquire Snow Removal Equipment	\$234,000	\$6,500	\$19,500	\$260,000
2-2	Pavement Maintenance	\$124,200	\$3,450	\$10,350	\$138,000
2-3	Conduct Environmental Assessment for Development	\$225,000	\$6,250	\$18,750	\$250,000
2-4	Construct Access Road	\$169,200	\$4,700	\$14,100	\$188,000
2-5	Construct Taxiway and Apron	\$213,300	\$5,925	\$17,775	\$237,000
2-6	Install Perimeter Security Fence	\$175,500	\$4,875	\$14,625	\$195,000
2-7	Acquire Land for RPZ	\$675,000	\$18,750	\$56,250	\$750,000
2-8	Construct Helipad	\$120,600	\$3,350	\$10,050	\$134,000
2-9	Runway Shift Phase 2	\$540,000	\$15,000	\$45,000	\$600,000
MID-TERM TOTAL		\$2,476,800	\$68,800	\$206,400	\$2,752,000

Source: T-O Engineers Inc.
Note: All estimates are in 2015 dollars

2-1 Acquire Snow Removal Equipment (SRE)

This project will consist of acquiring Snow Removal Equipment (SRE) to replace the existing one in fair condition. It will also consist of constructing a new storage building to store and protect the new SRE equipment.

2-2 Pavement Maintenance

This project includes pavement maintenance as necessary for various pavements of the airport. The seasonal harsh weather conditions lead to faster pavement deterioration. A routine of crack seal and seal coats treatments is recommended every three to five years to extend pavement life at the airport.

2-3 Conduct Environmental Assessment for Development

The project includes an Environmental Assessment, which will be necessary before developing on Parcel F.

2-4 Construct Access Road

This project includes the construction of an access road to Parcel F as well as automobile parking. This project also includes the creation of a new utility corridor along the road and the removal of the caretaker building.

2-5 Construct Taxilane and Apron

This project includes the construction of taxilane and apron in the Parcel F area. This project will provide additional aircraft parking and hangar spots as well as space for a FBO and vehicle parking.

2-6 Install Security Fence

This project includes the installation of a security fence around Parcel G to improve security at the airport.

2-7 Acquire Land for RPZ

Acquire seven parcels off the end of Runway 20 prior to Phase 2 of the Runway Shift project. Purpose of the land acquisition is to mitigate obstructions and incompatible land uses in the RPZs.

2-8 Construct Helipad

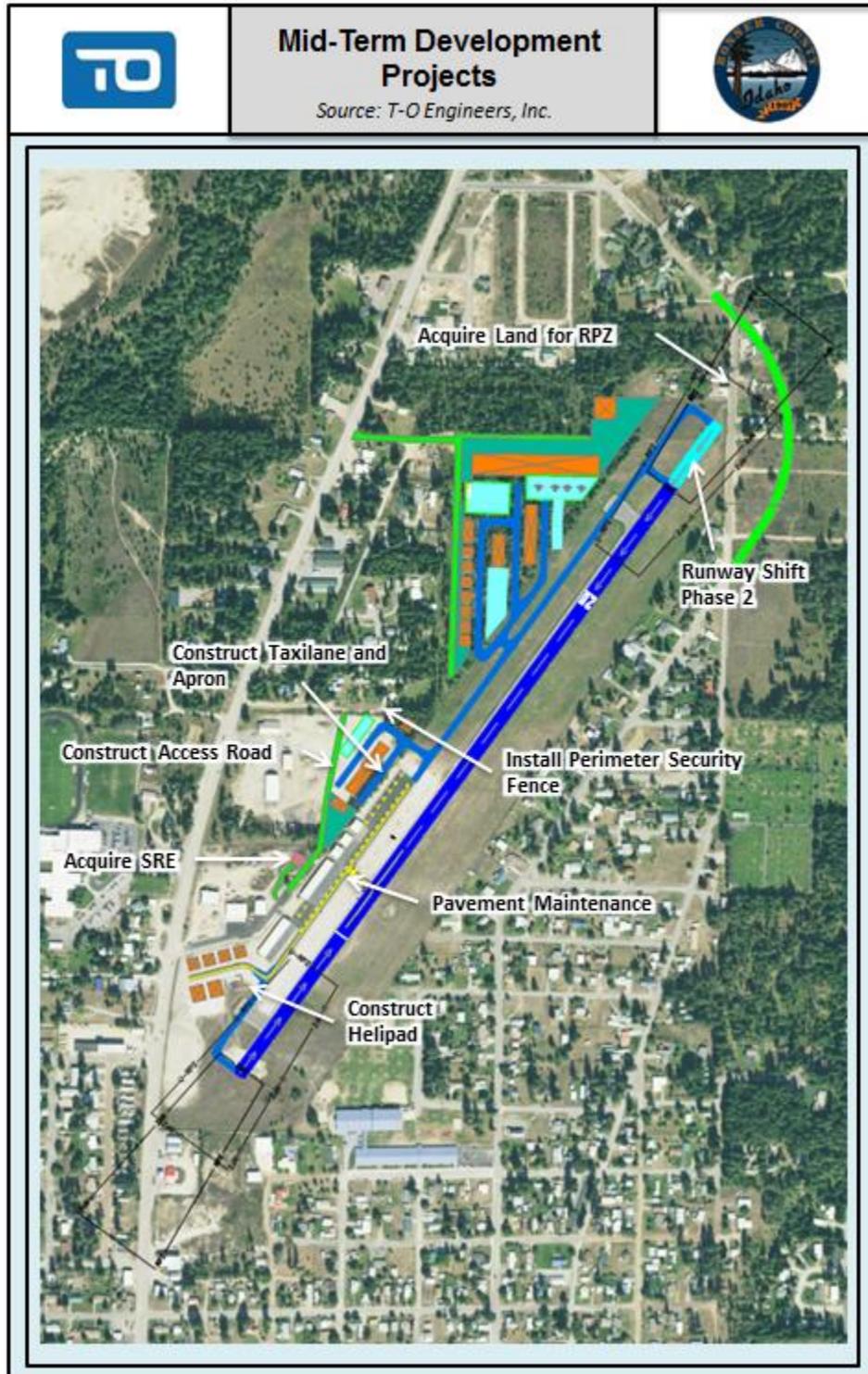
This project includes the installation of a helicopter parking pad to minimize the Foreign Object Damage (FOD).

2-9 Runway Shift Phase 2

In the second phase of the runway shift project, the end of Runway 20 will be shifted to the northeast and the pavement will be extended in the same direction. This will recapture usable runway length and utility for the airport. Since the RPZ will be shifted further away from the airport, several properties will need to be acquired and their structures removed. Cemetery Road will also need to be relocated outside of the RPZ.

Figure 6-3 depicts Mid Term Development projects in a graphical format.

FIGURE 6-3: MID-TERM DEVELOPMENT PROJECTS



Source: T-O Engineers, Inc.

6.1.3 LONG TERM DEVELOPMENT - PHASE 3 (11-20 YEARS)**TABLE 6-3: LONG-TERM DEVELOPMENT PROJECTS AND COST ESTIMATES - PHASE III**

Project		Funding Source			Total Project Costs
ID	Description	Federal (90%)	State (2.5%)	Local	
3-1	Construct Parallel Taxiway	\$401,400	\$11,150	\$33,450	\$446,000
3-2	Construct Access Road	\$384,300	\$10,675	\$32,025	\$427,000
3-3	Construct Taxilane and Apron	\$1,206,000	\$33,500	\$100,500	\$1,340,000
3-4	Runway Rehabilitation	\$353,700	\$9,825	\$29,475	\$393,000
3-5	Apron Pavement Maintenance	\$134,100	\$3,725	\$11,175	\$149,000
3-6	Airport Master Plan Update	\$153,000	\$4,250	\$12,750	\$170,000
LONG-TERM TOTAL		\$2,632,500	\$73,125	\$219,375	\$2,925,000

Source: T-O Engineers Inc.
Notes: All estimates are in 2015 dollars

3-1 Construct Parallel Taxiway

This project includes the construction of a full length parallel taxiway as well as environmental work to retain an categorical exclusion for the project.

3-2 Construct Access Road

This project includes the construction of an access road to Parcel G as well as automobile parking. This project also includes the creation of a new utility corridor along the road.

3-3 Construct Taxilane and Apron

This project includes the construction of taxilanes and aprons in the Parcel G area. This project will provide additional aircraft parking and hangar spots as well as space for a FBO and vehicle parking.

3-4 Runway Rehabilitation

This project includes an overlay of the entire Runway 1-19.

3-5 Apron Pavement Maintenance

This project includes pavement maintenance on the apron.

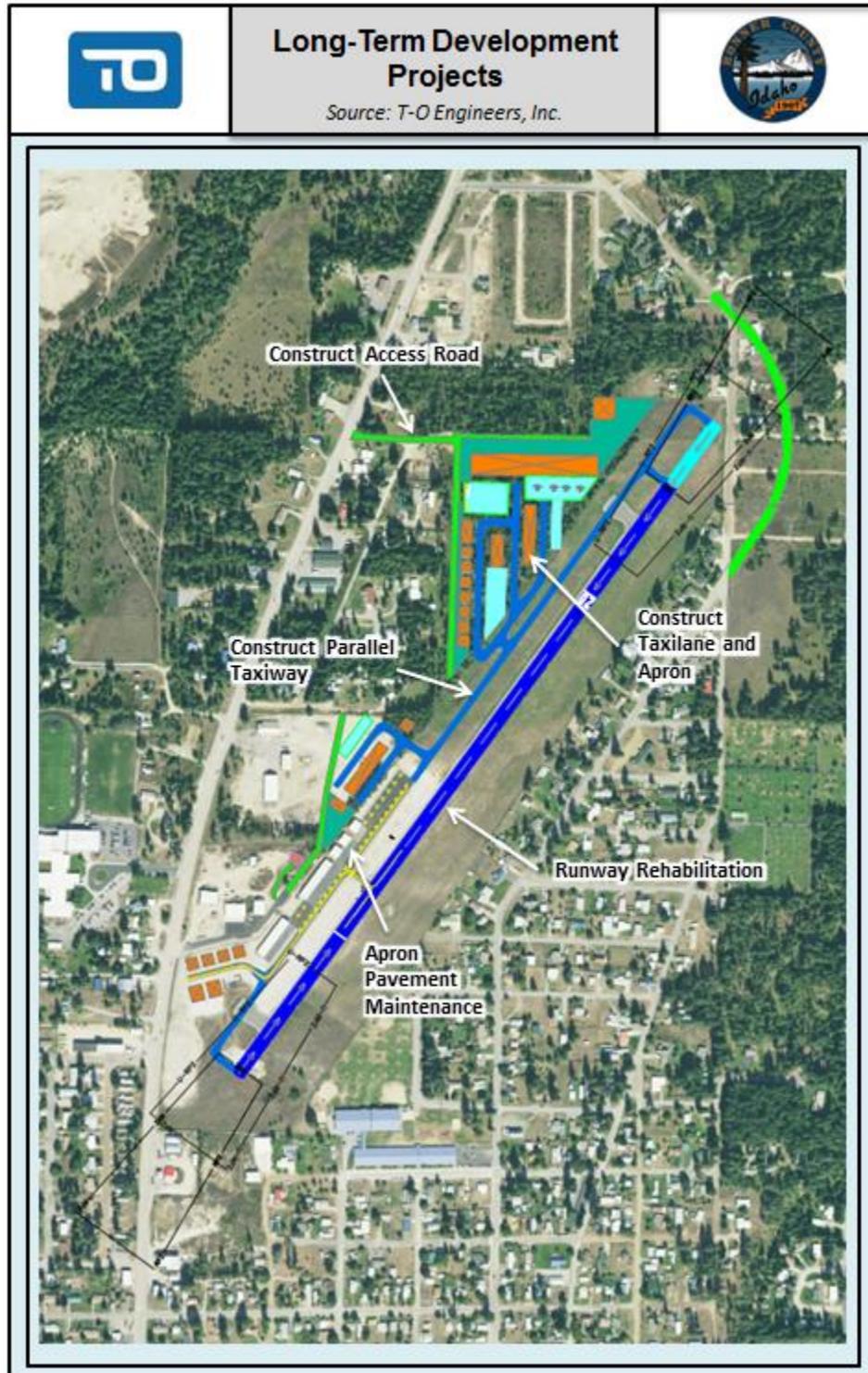
3-6 Airport Master Plan Update

This project includes the Update of the airport master plan and airport layout plan.

Figure 6-4 depicts Long Term Development projects in a graphical format.

It should be noted that development on Parcel F and G will be demand driven.

FIGURE 6-4: LONG-TERM DEVELOPMENT AREA



Source: T-O Engineers, Inc.

6.1.4 COST ESTIMATE SUMMARY

Table 6-4 summarizes the total costs to implement the proposed development plan. The proposed 20 year development plan depicts the need for an average of approximately \$439,700 of funding per year.

It is important to reiterate that the development plan (and the Master Plan Update process in general) is a 20 year plan created using present day information and variables relevant at the time of its drafting. The funding and CIP process is very fluid in nature and changes frequently. To be successful, Bonner County must work very closely with FAA and ITD to schedule the projects presented in this ALP Update into the Federal CIP when appropriate and revise the plan as circumstances at the airport warrant.

TABLE 6-4: 20 YEAR DEVELOPMENT PLAN SUMMARY FOR PRIEST RIVER MUNICIPAL AIRPORT

Phases	Cost Estimate and Funding Source			Total Project Costs
	Federal	State	Local	
Phase I (1-5 Years)	\$2,805,300	\$77,925	\$233,775	\$3,117,000
Phase II (6-10 Years)	\$2,476,800	\$68,800	\$206,400	\$2,752,000
Phase III (11-20 Years)	\$2,632,500	\$73,125	\$219,375	\$2,925,000
TOTAL 20 YEAR	\$7,914,600	\$219,850	\$659,550	\$8,794,000

Source: T-O Engineers

Note: All estimates are in 2016 dollars.

Future Alternative (Phase 1) is an alternate that should only be considered if the property north of the airport cannot be acquired. The current Take Off Run Available (TORA) is 2,983-feet (published as 2,950-feet) and this length shall be retained to provide the same utility as exists today. As previously discussed, ITD Aeronautics recommends a minimum runway length of 3,090-feet for a Local Recreational role.

6.2 CAPITAL IMPROVEMENT FUNDING

This section describes the funding sources available to Bonner County to fund the proposed projects included in the development plan. As previously noted, the FAA's AIP is expected to be the primary source of funding for all of the eligible projects. FAA, State of Idaho, local, and other funding sources will be described in greater detail below.

6.2.1 FAA FUNDING

The current FAA funding program, known as the Airport Improvement Program (AIP), was initially established by the Airport and Airway Improvement Act of 1982. Since 1982, the AIP program has been authorized and appropriated on a continuous basis. Funding for this program

is located in a dedicated Trust Fund with revenues generated from a tax on airline tickets, freight waybills, international departure fees, a tax on general aviation fuel, and a tax on aviation jet fuel. This is a user fee-based program.

Current FAA legislation funds eligible airports and eligible projects up to a maximum of 90% of total project costs for general aviation airports. Priest River Municipal Airport is an eligible airport and has received FAA funds for previous projects. Recent project funding has been at the 90% level. The remaining 10% of capital construction costs are required to come from State and local sources. FAA participation has been as high as 95% in the previous authorization act. AIP is presently authorized through September 2017 and the Fiscal Year 2016 funding has been appropriated. It is anticipated that new appropriating legislation will pass during 2017.

The current AIP legislation funds the following programs: Non-Primary Entitlement (NPE) program, State Apportionment funds, and Discretionary funds. Since its inception in 2001, the NPE program has provided small General Aviation airports, like Priest River Municipal Airport, on average, \$150,000 a year in the form of an entitlement for eligible projects. This program has given these airports the opportunity to enhance their facilities via maintenance and small capital improvement projects. The recommended development plan assumes the continuation of the NPE program throughout the planning period.

In the event that the U.S. Congress changes the FAA NPE program, to the extent that this development plan is rendered ineffective, the airport sponsor should take immediate action to revise the development plan in order to satisfy the funding requirements resulting from the most current legislation in effect. Airports have the ability to carry over their NPE funds for three years so that they can be accumulated to accomplish a single larger project. This is often done in combination with State apportionment funds for large projects.

FAA State Apportionment (ST) funding is formulated for each of the 50 states. ST funding is a discretionary fund available to all eligible Non-Primary airports in Idaho. State Apportionment funding is typically reserved for large scale, high priority projects. It is anticipated that ST funding will be necessary to complete some or most of the projects included in the proposed development plan. As noted above, ST funds are often combined with NPE funds to accomplish larger projects. ITD provides FAA with input as to the use of ST funds at eligible airports in Idaho, but FAA determines which airports receive ST project funding.

FAA Discretionary (DI) funding is typically reserved for high cost, high priority projects at primary airports and large General Aviation Reliever airports. Such projects and airports compete for Discretionary funds on a national and regional basis. It is anticipated DI funding may be necessary to complete the runway project. As noted above, DI funds are often combined with ST and NPE funds to accomplish larger projects.

6.2.2 IDAHO TRANSPORTATION DEPARTMENT (ITD) FUNDING

State project funding is available from ITD Division of Aeronautics. It is common for local communities to utilize the funding from the Idaho Airport Aid Program (IAAP) for local match requirements of FAA AIP funded projects as well as airport improvement projects not eligible for FAA funding. IAAP funding comes from taxes applied to AvGas and Jet fuel sold in the state and is determined annually through appropriations from the State Legislature. In addition, ITD implements a pavement maintenance program to assist airports with pavement maintenance needs as warranted by the airport's specific PCI values. Priest River Municipal Airport is eligible to participate and has received such assistance in the past.

ITD also has two additional funding programs to assist Idaho airports. The first program, the Maintenance and Safety Supplies Program provides funding to airports for maintenance as safety-related supplies such as airport edge lights, tie-down chains, and replacement windsocks. The second funding program, the Small Projects Program, provides grant funding for emergency or unscheduled improvements of less than \$2,000.

6.2.3 LOCAL FUNDING

Local funds are those derived from income resulting from the operation of the airport itself, or contributions by the sponsoring agency (or agencies) of the airport from general or other funds. Local funds are typically used for FAA AIP grant local match requirements and to fund airport operations; including administration, maintenance, or other projects not eligible for FAA or State funding support. FAA Grant Assurance #25 requires revenue generated by the airport be expended to for the capital or operating costs of the airport.

Idaho Airport Debt Amendment

In November 2010, Idaho voters approved a new constitutional amendment **The Idaho Airport Debt Amendment**, also known as House Joint Resolution 5 (HJR 5). The Idaho Constitution now allows local governments that operate airports to issue revenue bonds and special facility bonds in order to improve facilities, equipment and acquisitions such as real property so long as those debts are paid back exclusively through airport revenues instead of using taxpayer money.

Due to the current limited airport revenue, it is unlikely that Bonner County would issue such bonds in the near-term. However, it is recommended that the County monitor developments and opportunities to use this funding mechanism for future airport improvements.

6.2.4 PRIVATE FUNDING

Private funding sources are typically financial contributions to the airport or airport sponsor by an individual(s) or business entity. Typically such donors make extensive use of the airport and are contributing to the maintenance, expansion, and operation of the facility to further enhance their use of the facility. Considering the many expensive needs of airports and the limited amount of public funding available to meet these needs, the use of private funds to offset airport costs is a concept that continues to receive attention.

Improvements such as water, sewer and electrical extension and paving necessary to construct hangars and other privately owned facilities on the airport should be fully funded by the lessee. If the airport funds any of these improvements then an additional fee should be added to the lease fee to include an amortized recovery of these expenses over a reasonable period of time.

6.2.5 OTHER FUNDING

It is highly encouraged that Bonner County researches other potential funding sources to aid future development of the airport. Due to FAA and State eligibility limitations for certain types of development, communities and airports must look internally or to other sources of funding for utilities and infrastructure development such as hangars and terminal buildings. Additional sources of funding are available from federal and state agencies other than the FAA and ITD. However, it must be cautioned that federal funds from one source cannot be used as a match for federal funds from another source.

The airport, as an important part of planned economic growth, can sometimes be leveraged by agencies such as the Idaho Economic Development Association (EDA), farm loan boards, or the U.S. Department of Agriculture. In addition, if extensive aerial firefighting activity is taking place at an airport, supplemental funding from the U.S. Bureau of Land Management (BLM) and the U.S. Forest Service may be available to airport sponsors to support the needed facilities at the airport. A few of these programs that can be considered by Bonner County are described in more detail in the following paragraphs.

Idaho Gem Grants

Rural communities with a population of less than 10,000 are eligible to receive Idaho Gem Grants (IGG). These grants are provided by the Idaho Department of Commerce to assist in rural economic development efforts. In recent years, Idaho Gem Grants have been used by several rural airports in Idaho for a hangar feasibility study, a business development study, and infrastructure improvements (septic and water).

Bonner County should investigate the availability of this funding source for future development that may not be funded by the FAA. In addition, these funds can be used for matching grants to

economic development projects. This type of grant could help the airport with development necessary to accommodate business and commercial activity on the airport.

USDA Rural Development Grants

The U.S. Department of Agriculture (USDA) Rural Development offers grants, loans, and technical assistance for rural communities throughout the U.S. The USDA defines “Rural” as an area with a population of fewer than 50,000 and not adjacent to a city or town with 50,000 or more people. Through the Rural Business Opportunity Grant (RBOG) program, Priest River Municipal Airport may be able to obtain grant funding for planning projects that promote economic development, such as hangar feasibility studies or airport economic development plans. Guaranteed Community Facility Grants and Loans are also available from the USDA to improve public service facilities including airports in rural areas. This type of funding can be used for hangar development and land acquisition.

6.3 PRIEST RIVER MUNICIPAL AIRPORT FINANCIAL OVERVIEW

6.3.1 AIRPORT GRANT HISTORY

Receipt of airport improvement grants is an important piece of the financial puzzle at the airport. Such grants are the backbone for important capital improvement/development and maintenance projects. Bonner County and Priest River Municipal Airport have an established history of receiving grants from the FAA AIP fund and ITD Aeronautics IAAP for such projects.

According to the FAA & ITD, since 1978, Bonner County has received over \$1.2 million from FAA AIP, and over \$92,000 from ITD for capital improvement projects. Over the same period, the County has used airport revenue to invest substantially into the airport for such things as local financial match for grants and standard operations and maintenance expenses. FAA and ITD grant histories, as provided by the FAA and ITD, are included in **Appendix D**. Continued use of such grant funds will be critical to the airport’s long term viability.

6.3.2 CURRENT FISCAL POLICY

To gain a perspective of the future financial outlook of the airport, it is important to provide a brief summary of current fiscal policy.

Revenues and Expenses

Airport revenues are typically generated through user fees for airport facilities and services. Airport operating revenues are collected at Priest River Municipal Airport from hangar rent, ground rent, and other revenues. Airport revenues are offset by airport expenses, which at

Priest River Municipal Airport include utilities, maintenance, and grant match. Priest River Municipal Airport also includes the local capital costs associated with airport improvements. Airport direct revenues come primarily from hangar rent and ground lease fees. These fees are steady and can be indexed for inflation.

Table 6-5 summarizes the revenues and expenses at the airport between 2012 and 2015. Following are traditional rates and charges which the County should consider and implement as appropriate for their particular set of circumstances.

TABLE 6-5: BONNER COUNTY AIRPORT OPERATING INCOME AND EXPENSES

Description	2012	2013	2014	2015 (Until August 2015)
Income				
Lease Payments	\$5,690.39	\$5,694.03	\$20,244.26	\$10,822.57
Expenses				
Fuel Expense	\$0.00	\$0.00	\$0.00	\$115.15
Office/Accounting/Utilities	\$2,910.91	\$2,540.69	\$2,734.37	\$2,280.89
Maintenance/Improvements	\$1,879.59	\$4,711.91	\$2,429.15	\$2,568.35
Administration	\$0.00	\$105.00	\$209.51	\$245.00
Airport Improvements/Capital Construction	\$0.00	\$6,407.83	\$279.00	\$5,475.00
Other Expenses	\$59.00	\$1,586.30	\$0.00	\$200.00
Total Expenses	\$4,849.50	\$15,351.73	\$5,652.03	\$10,884.39

Source: Bonner County Records, T-O Engineers

Fee Structure

User fees at the Priest River Municipal Airport are established by County Commissioners. The existing user fees include hangar lease fees.

6.4 POTENTIAL REVENUE ENHANCEMENT

It is the responsibility of an airport sponsor under Grant Assurance #24 Fee and Rental Structure to maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the airport, taking into account such factors as the volume of traffic and economy of collection. Further discussion of the Grant Assurances can be found in Chapter 7, FAA Compliance Overview and Land Use Compatibility Review and Recommendations. FAA Order 5190.6b states that fair market value fees are required for non-aeronautical use of the airport. e.g., lease of land. Fair market pricing of airport facilities can be determined by reference to negotiated fees charged for similar uses of the airport or by appraisal of comparable properties.

However, in view of the various restrictions on use of property on an airport (i.e., limits on the use of airport property, height restrictions, etc.), it may be ideal for the airport to develop an Airport Business Plan. A business plan is a dynamic document created to assist an airport with current and future business decisions. A business plan provides airport-specific information, analysis, and recommendations for improved airport operation. Goals of a business plan often include:

- ✦ To operate as a financially self-supporting airport.
- ✦ To attract and retain a base of personal and business/corporate aircraft
- ✦ To promote the airport for use by transient and business/corporate aircraft operations
- ✦ To implement the airport's capital improvement plan.
- ✦ Support the region's economic development goals.

At a minimum, the airport should continually evaluate the regional market value for similar services and fees at competing airports annually. This evaluation should compare the airport's cost of providing services with the compensation it receives for providing these services with the goal of maintaining the profit margin necessary to continue to provide for these services and identifying the resources required to conduct the daily business of the airport. To this end, this section briefly explores the revenue enhancement options available to Bonner County.

6.4.1 RATES AND CHARGES

Priest River Municipal Airport has a low aircraft operations activities and 16 based aircraft. This changes the manner in which traditional airport rates and charges analysis is approached as many traditional airport revenue sources would likely bring in very little income and be cost inefficient to collect. Following are traditional rates and charges which the County should consider and implement as appropriate for their particular set of circumstances.

Landing Fees - Since the airport is essentially a B-I small airport, there are few if any aircraft with a Maximum Gross Takeoff Weight (MTOW) in excess of 12,500 lbs. Many airports charge landing fees to aircraft over 7,000 lbs. MTOW. FAA recognized the difficulty of collecting landing fees in this type of environment and normally does not expect that a GA airport of this size would implement an aircraft landing fee.

Tie-Down Fees - The airport has one based aircraft tie-down.

Fuel Flowage Fee - The airport currently does not provide fuel. If the airport were to provide fuel, a fuel flowage fee could be implemented. However, it is likely that this could be a very small source of revenue. It is not determined what effect providing fuel and implementing a fuel flowage fee would have on the amount of transient aircraft that visit the airport.

Hangar Land Lease Fee - FAA expects that a CPI be applied to these types of leases at least every five years. These fees should be reviewed and discussed with the hangar owners to assure that they receive a value and that they place an appropriate monetary value on their use and benefit from using airport property.

New Hangar Land Leases - FAA Order 5190.6b states that if the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose. Bonner County should include CPI/rate adjustment at least every five years within the agreement.

Hangar Owners Maintenance Fee- This fee would work similar to a homeowners fee to collect from hangar owners fees for the maintenance and improvement to the aprons and taxiways that are either exclusively or predominantly beneficial to them.

Concession Fees - If there were car rentals, goods sold, or privately owned vehicles parked at the airport for extended periods of time, a fee could be analyzed to see if it was appropriate and if it could be economically collected.

Summary - In conducting its day-to-day business, Priest River Municipal Airport leases hangars and land for private hangars (which in turn generates personal property tax). Hangar lease fees are the primary source of revenue for Priest River Municipal Airport. The first step is to review the current rates and charges that the airport has established. These include hangar rental rates, and ground lease rates.

It is strongly recommended that Bonner County regularly monitor changing financial needs at the airport and consider adjustments to all fees on an annual basis or as airport activity and needs dictate. It is common for various state aviation agencies and other airports to conduct regular Rates and Charges studies to provide guidance on appropriate fees. It is recommended that the County utilize such resources as available to assist them in evaluating their fees. Hangar rental rates should be adjusted annually per the Consumer Price Index.

Operating Licenses

Bonner County could consider charging an annual fee for certain types of businesses to operate at the airport. Airports often charge a fee for the following types of on airport businesses and activities:

- ✦ Fixed base operators
- ✦ Agriculture operations
- ✦ Aerial ambulance operations
- ✦ Firefighting operations

- ✦ Skydiving operations

Annual fees could range from \$100 to \$500.

Commercial Use Fees

Priest River Municipal Airport has the ability to provide products, property and services to several businesses. Fees associated with these businesses present a potential revenue source. Current low activity levels at the airport and the lack of many services does not warrant charging such a fee at this time.

In the future, the County should examine the cost of providing services to airport businesses, the income generated by current sales and their existing profit margin as a source of revenue.

- ✦ A percentage of gross sales of services offered by FBO's, flight schools, aircraft power-plant and avionics shops, and other similar types of aviation businesses
- ✦ Rental car fees (if ever needed or made available at the airport)
- ✦ Retail sales (aeronautical charts, clothing, aviation accessories)
- ✦ Vending machines

6.4.2 EXPENSES

The airport, as part of a public entity, is eligible to purchase supplies and equipment on state and federal contracts in most cases. The Federal Surplus Equipment Program has many avenues for procurement of used government equipment, mostly military, ranging from computers to fire fighting vehicles and heavy equipment. The savings can be substantial, especially on big-ticket items such as airport vehicles and other large equipment.

A review of yearly maintenance costs should be performed to see if there are any tasks that can be done at lower cost by having those contracted or vice versa, current contracted work to be done by the County instead. Examples may include pavement maintenance such as crack sealing or airfield painting.

6.4.3 REVENUE ENHANCEMENT SUMMARY

In summary, it is often difficult for airports and communities like Bonner County to generate significant airport related revenues to become self-sufficient. It is recommended that the County continue to monitor changing financial demands at the airport and consider adjustments to existing fees and new fees as airport activity and needs dictate.

6.5 SUMMARY

This chapter presents a development plan for recommended airport improvements including project descriptions and estimated costs. Some projects are needed to correct deficiencies in existing facilities ability to solve existing users; while other projects are driven by anticipated demand. Revenue sources for financing of projects are also reviewed. The FAA/AIP grant program has been and will remain this primary source for funding eligible facility improvements. The applicability of this source to all desired airport improvements must be closely monitored. Some components of aircraft hangar development such as access roads, utilities and the hangars are not AIP eligible and will require a private funding source or some form of a private/public partnership to finance.

It should be a priority of Bonner County to continue maintaining and operating the airport as self-sufficiently as possible. Doing so will serve to protect current investment and continue the airports valuable role as an economic contributor to the community and region. To do so will require monitoring of rates and charges in comparison to services provided and the aviation industry as a whole as well as seeking opportunities to enhance revenues consistent with management practices at peer airports. Suggestions are presented in the chapter for consideration.