

CHAPTER SEVEN:

FINANCIAL IMPLEMENTATION PLAN

This chapter of the Airport Master Plan Update (AMPU) presents the financial implementation analysis for the Belfast Municipal Airport (BST or the Airport), and will examine various facets of the financial operating condition of the Airport. In addition, this chapter reviews the Airport's historic operating revenues and expenses, and provides estimates for future financial results. The goal of this chapter is to help the Airport meet the requirements of Federal Aviation Administration (FAA) Airport Sponsor Assurance 24, Fee and Rental Structure, which states: "It (i.e. the airport sponsor) will 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 particular airport, taking into account such factors as the volume of traffic and economy of collection."

The projections of Airport revenues and expenses focus on the three planning periods of this AMPU's Capital Improvement Program (CIP):

- Phase I: Short Term (2016-2020)
- Phase II: Intermediate Term (2021-2025)
- Phase III: Long Term (2026-2035)

These planning periods are utilized to assist the Airport in financially supporting future capital projects either by contributing the local share of costs in coordination with FAA and Maine Department of Transportation, Bureau of Planning, Aviation Program (MaineDOT Aviation) grants, or by wholly funding them. The CIP and the associated financial plan included in this chapter should be viewed as a guideline that is based on the circumstances and conditions that were current at the time of the completion of this AMPU. Ultimately, capital projects should be undertaken when demand warrants and appropriate funding becomes available.

The overall approach for the development of the financial implementation analysis included the following elements:

- Gathered and reviewed key City and Airport documents related to historical financial results, capital improvement plans, operating budgets, regulatory requirements, and Airport policies.
- Interviewed key personnel to gain an understanding of the existing operating and financial environment, as well as the overall financial management philosophy.
- Reviewed the AMPU CIP, project cost estimates, and development schedule anticipated for the three planning periods, to project the overall financial requirements to implement the plan.

- Identified and analyzed the sources and timing of capital funding available to meet the financial requirements for funding the CIP.
- Analyzed historical and budgeted operating expenses, developed operations and maintenance expense assumptions, and projected future operating costs for the planning periods.
- Analyzed historical and budgeted operating revenues, developed operating revenue assumptions, and projected future operating revenues for the planning periods.
- Completed results of the analysis and evaluation in a Financial Plan Summary that provides conclusions regarding the financial feasibility of the CIP.

7.1 CAPITAL FUNDING SOURCES

The implementation of BST's AMPU CIP is anticipated to be funded primarily through the following sources:

- FAA grants from its Airport Improvement Program (AIP)
- State of Maine funding sources
- Local funding sources
- Other capital project funding sources

Each of these funding sources is described in the following sections.

7.1.1 Federal Aviation Administration Grants

Airports included in FAA's National Plan of Integrated Airport Systems (NPIAS), including BST, are eligible to receive FAA grants. For general aviation (GA) airports, the FAA provides the most significant percentage of the funding required for the construction of eligible capital projects. Following World War II, the Federal Government recognized the need to develop airports to meet the nation's long-term aviation needs, and thereafter initiated a grants-in-aid program for eligible airport sponsors. Following a series of federal airport funding programs, the AIP was established by Congress on behalf of the FAA through the Airport and Airway Improvement Act of 1982.

AIP grants are generally available for planning, development, or noise compatibility projects at public-use airports included in the FAA's NPIAS. Eligible projects include those improvements related to enhancing airport safety, capacity, security, and environmental concerns. Funds obligated for the AIP are drawn from the Airport and Airway Trust Fund, which itself is designed to support the improvement of the country's air transportation system by funding airport improvements, airport repair projects, and modernizing the Air Traffic Control System. The Airport and Airway Trust Fund receives revenue through taxes on aviation fuels, airline ticket sales, and air freight shipments.

The initial AIP legislation provided funding through fiscal year 1992, but since then, the AIP has been reauthorized and amended multiple times, most recently through the FAA Extension, Safety, and Security Act of 2016. That legislation has since expired, although Congress extended it for one year (i.e., through fiscal year 2017 or September 30, 2017). In order for the FAA to continue issuing grants after that date, Congress will ultimately need to authorize a new AIP program or else pass continuing resolutions as it has frequently done in the past. (It should be noted that each time Congress reauthorizes AIP, it typically changes parts of the program including funding disbursements, project eligibility requirements, appropriation levels, etc. These changes and the debate that they can generate not only often delay the AIP reauthorization, but they also make it difficult for airports to know how much FAA funding will be available in the future, and what requirements may be in place to secure that funding.)

Under current legislation, the AIP will typically provide 90 percent of the total cost of an FAA-eligible capital project (with the balance often being covered through a combination of state and local funding), although this percentage can be reduced based on the size, complexity, and requirements of a specific project. FAA Order 5100.38D, AIP Handbook, specifies the eligibility requirements for capital projects to receive FAA grants. In general, sponsors can apply AIP funds to most airfield capital improvements and preservation efforts, and in limited situations, for terminals, hangars, aprons, and other non-aviation development. Professional services that are necessary for eligible projects, such as planning, surveying, and engineering design, may also be eligible. In most cases, an airport's demand for capital improvements must be appropriately quantified and documented (such as through an airport master plan process), and each project must be shown on an approved Airport Layout Plan. Additionally, all proposed capital improvements must meet appropriate federal environmental and procurement requirements. Projects related to revenue-generating improvements (such as privately-owned or privately-leased hangars and aprons, or those portions of a terminal building leased by airlines or concessions, etc.) are typically not eligible for AIP funding, nor are standard airport operations and maintenance costs (e.g., salaries, equipment, supplies, etc.).

AIP grants are generally divided into two categories: entitlements and discretionary. Entitlement grants are allocated among NPIAS airports through a formula largely driven by passenger enplanements, landed cargo weights, and types of operations. Currently, "primary" airports, defined in the NPIAS as having a particular level of commercial air service (i.e., enplane more than 10,000 passengers annually), are currently eligible for \$1,000,000 of annual entitlement funding. "Non-primary" airports, which include small commercial service airports and GA airports like BST, are currently eligible for \$150,000 of annual FAA entitlement funding. Note that AIP grants must be expended within four years of being issued or be returned to the FAA (i.e., a \$150,000 entitlement issued in year one must be expended by year four). This means that airports can accrue a maximum of up to three years' worth of annual entitlements to be applied towards eligible projects in the fourth year (meaning that an airport could have as much as \$600,000 of federal entitlement grant money that can be expended in that fourth year). There may also be options

available to airports whereby an airport may “borrow” entitlements from other airports in a given year to apply to a particular airport project that would have to be quickly “repaid” to those airports with future entitlements. Note that this potential option is subject to current FAA and state acceptance and endorsement.

Similar to entitlements to individual airports, each state receives an annual apportionment from the FAA based on an area-population formula. These federal funds are utilized at the discretion of the individual states.

In addition to entitlement grants, the AIP also distributes discretionary grants, since the capital requirements of airports often will exceed the limits of their annual entitlement funding. National discretionary funding levels are established annually by the FAA, and result from federal funds that remain available after the distribution of entitlements. Congress sets the requirements for how discretionary funds are allocated by the FAA, with certain amounts set-asides for projects of special interest (e.g., airport safety, noise mitigation, the military airport program, etc.).

Each NPIAS airport development project is subject to eligibility and justification requirements as part of the normal AIP funding process. Generally, airports within similar categories (GA, reliever, primary, etc.) compete for these discretionary grants, which are typically awarded based on priority ratings given by the FAA to each potential project. Given the lack of adequate discretionary funding available, this prioritization process tries to ensure that the most important and beneficial projects (as viewed by the FAA) are given priority.

As of the writing of this document, the AIP program is due for reauthorization before September 30, 2017, and will likely see changes. The future of the AIP program may include changes to federal share amounts, non-primary entitlements, set-asides, and/or passenger facility charges. Within this current program, BST is eligible to receive GA entitlements of \$150,000 per year, which can be preserved and accumulated for up to three years from their allocation before they must either be expended or lost by the Airport in the fourth year. Additional funding could be realized through state apportionment funding and AIP discretionary funding, subject to the aforementioned project eligibility ranking methodology.

7.1.2 State of Maine Funding Sources Master Plan Objectives

The mission of the entire Maine Department of Transportation is to “responsibly provide our customers the safest and most reliable transportation system possible, given available resources.” Additionally, MaineDOT Aviation is committed to promoting aviation throughout Maine while providing an efficient integrated airport system that will enhance airport safety, economic development, and environmental stewardship. In support of that, MaineDOT Aviation provides funding assistance to airports within the state through two primary mechanisms. First, MaineDOT Aviation provides a five percent matching grant to any airport that receives a federal AIP grant. As noted previously, AIP currently provides funding up to 90 percent of an eligible project cost, with the balance being the responsibility of the airport

sponsor. In order to assist those sponsors, who are often financially constrained, MaineDOT Aviation provides five percent of the total project cost, meaning that the sponsor is only responsible for the remaining five percent. Second, MaineDOT Aviation recognizes that not all airport projects are eligible for federal AIP funding, and the state can provide funding for such projects on a case-by-case basis.

State funding for Maine's airport system is extremely limited and MaineDOT Aviation relies on biennial bond issues from the Maine Legislature. There is not a dedicated source of funding for aviation projects, which limits the ability of the State of Maine to fund any special programs such as a pavement maintenance program, hangar program, and others. According to recent data available through the Maine Department of Transportation's website, the total "Air Capital" funds for the fiscal year 2016-2017 biennial totaled \$600,000, while "Personal Services and All Other" aviation funds totaled \$5.5M. Please note that the latter category is used to not only fund MaineDOT Aviation salary and expenditures (i.e., Personal Services), but also more importantly, is used to secure every federal aviation grant in which the Maine Department of Transportation participates (i.e., All Other). Thus, the five percent State of Maine funding match for every FAA grant originates in this fund. The Air Capital funding is used only for projects where the Maine Department of Transportation itself is either wholly responsible for the project, or is responsible for the full ten percent match to an FAA grant. Finally, it should be acknowledged that the Personal Services account for only two employees that comprise Maine Department of Transportation's Aviation department, and as a result, represents only a fraction of the overall budget.

7.1.3 Local Funding Sources

Local funding is typically generated from operating revenues accrued at a given airport and generally are comprised of user fees associated with leases, fuel sales, services, etc. These user fees are typically established by the airport based on market conditions in the area and will vary airport-to-airport. BST currently has limited sources of operating revenue - the airport does not charge a landing or tie down fee, and does not sell fuel. BST's primary source of revenue is from lease revenues generated by the Airport's hangars, and land lease revenues realized from hangar owners.

Note that landside facility development and levels of aviation activity are typically the primary factors affecting airport operating revenues. These revenues will normally increase as a function of aviation activity growth, as well as average annual increases associated with existing leases. Additionally, as additional airport development occurs, growth in the numbers of based aircraft and itinerant aircraft operational levels will often be realized. The proposed runway extension at BST, for example, would likely generate more activity, particularly by turbine-powered aircraft.

In general, land and building leases provide the most stable long-term sources of revenue at an airport. Fuel sales, tie down and other operational fees will fluctuate

with traffic levels. Unlike commercial service airports, GA airports typically generate little to no revenue from automobile parking, concessions (e.g., restaurants and shops), and terminal building tenants (e.g., airlines and rental car agencies).

7.1.4 Other Capital Project Funding Sources

The traditional funding sources described in previous sections (FAA and MaineDOT Aviation grants, and Airport revenues) are often insufficient to finance the full range of capital projects programmed for development during a CIP. In addition, some projects are not eligible for FAA or state grants. When the availability of traditional funding is lacking, other non-traditional sources will need to be investigated and possibly utilized for the ultimate implementation of projects. (In this chapter, these sources have collectively been referenced as “Other Funding Sources.”) If funding sources cannot be ultimately identified and obtained in the time frames planned, the associated projects should be delayed until appropriate funding can be identified and secured.

Non-traditional funding sources for an airport typically include general fund revenues, bond issues, and private funding. Of these, general fund revenues and general obligation bonds are by far the most common funding sources, particularly at commercial service airports. The ability of municipalities and counties to issue general obligation bonds for airport capital projects is directly affected by their debt level and ability to finance their existing and future debt load. As their debt burdens increase, rating agencies often lower their credit ratings, which increases their interest payments. Revenue bonds supported by airport-generated revenues are seldom used by general aviation airports because most such airports do not generate enough income to pay operating expenses and the debt service of capital funding requirements.

Private funding sources such as fixed-base operators (FBOs), aircraft owners, investors, etc., often assume the responsibility of paying for hangars, fuel storage tanks, and sometimes for parking aprons, taxiways, and utility hookups. However, when private parties make capital investments in airports, they often try to negotiate reduced land and/or building lease rates to balance their capital investment. Additionally, they can seek to avoid property reversion clauses whereby ownership facilities constructed on an airport ultimately revert to the airport after a set period of time (often a minimum of 20 years).

General Fund Revenues

General fund revenues are those provided by the airport sponsor from their own general tax revenues, who is in this case the City of Belfast (City). Airport capital development expenditures from general fund sources have been somewhat difficult to obtain in recent years. One reason for this difficulty is the seemingly universal shortfall in local general fund revenues. Budgetary problems have created an environment where local funding is uncertain. The amount of general fund support

for airport improvement projects varies by airport and is generally based upon the local tax base, the credit rating of the county, municipality, and state, the priority of the development project, historical funding trends, and, of course, local attitudes concerning the importance of aviation.

Bond Funds

The period since the mid-1990s has seen the unprecedented development of various types of municipal bonds and securities used for airport projects. Municipal securities (bonds) refer generically to interest-bearing obligations issued by local governmental entities to finance capital costs. These funding instruments are generally broken down into the following categories: (1) general obligation bonds; (2) revenue and special facility bonds; (3) hybrid source bonds; and (4) industrial development and exempt facility bonds.

For an airport owned by a municipality, like BST, bond issues funding the local share of airport development projects will often compete for the same attention and leadership consideration as other departments or divisions within the municipal government (i.e., schools, roads, sewer, etc.). As with the general fund apportionment, bond issues supporting airport development depend greatly on the priority assigned to such projects by the local community, as well as the municipality's debt service levels, bond ratings, etc. In general, GA airports use municipal or general airport revenue bonds much less frequently for capital improvements than commercial service airports, primarily because of the limited revenue structure at GA airports.

Private Funding Sources

Improvements such as hangars, fuel systems, and pay parking lots are often not eligible for federal or state grant funding at public airports because they are often leased or paid for by private parties, and when they are eligible they are ranked at a very low priority in regards to grants. Airport sponsors sometimes work with FBOs, aircraft owners, or other private investors to fund these types of improvements. Private investment does not require a local matching share, and is not subject to the requirements imposed by FAA or MaineDOT Aviation grants. However, private parties that invest in airport infrastructure often negotiate lower land leases and other fee discounts in an effort to amortize their investment. Such discounts reduce the potential revenue that could be generated for the airport, and in some cases the discounts could extend over 20 years or more.

Each of these options would need to be weighed independently to determine the appropriateness of their potential application for eligible projects.

7.2 FINANCIAL ANALYSIS AND IMPLEMENTATION PLAN

This section, along with the tables presented at the end of the section, provide the analysis and results of evaluating the financial reasonableness of implementing the AMP Capital Improvement Program (CIP) during the planning period (2016 through 2035).

7.2.1 Capital Improvement Program

The following is a listing and a brief description of the projects identified within this Airport Master Plan for inclusion in BST's CIP. The individual projects are listed in order of their CIP identifying letter and all projects are assumed to require some level of federal, state, and/or local funding, unless otherwise indicated. (Each project's associated "CIP ID" is not an indication of prioritization, importance, or funding participation, but simply a mechanism for tracking the individual projects.)

Note that this listing is the best estimate of anticipated projects at the time of this Airport Master Plan; however, it should be understood that many of these projects may change in scope or in timing based on future requirements. Therefore, the CIP must be reviewed, assessed, and updated on a regular basis (typically annually).

- A. Easement Acquisition and Tree Clearing: This project will enhance the level of safety for aircraft operating at BST, for BST itself, and for neighbors abutting the Airport. This action is required by the FAA and MaineDOT Aviation for safety reasons and for compliance with FAA grant assurances. This project is focused on the Runway 15 approach end and is affiliated with Project D (see below).
- B. Construct RW15 Partial Parallel Taxiway (2,020' x 25') and RW33 By-Pass TW; Install Supplemental Wind Cones: This action will be a significant safety enhancement to aircraft operations at BST by providing a partial parallel taxiway to the Runway 15 threshold and a bypass taxiway on the Runway 33 end to significantly reduce back taxi operations. When combined with associated Project H (see below), BST will have a full-length parallel taxiway that will reduce the potential for runway incursions and potential aircraft conflicts in the runway environment; thus, this action has been strongly endorsed by the FAA for safety reasons. Additionally, as part of this project, the installation of supplemental wind cones has been recommended for installation near each runway end. Winds can vary dramatically from one side of a runway to the other, and having additional wind cones would provide pilots operating at the Airport with critical data regarding the wind conditions near the landing zones. The installation of additional wind cones is an aircraft operational safety enhancement.
- C. Install Automated Fuel Farm: This project would fulfill an essential need for tenants and visitors to BST. Currently, based aircraft must fly to other airports for fuel and transients must anticipate not being able to get fuel at BST. Also note that fuel is one of the primary revenue streams for any

airport and plays a critical role in ensuring that the airport is financially self-sustaining.

- D. Phase II Tree Clearing: Associated with Project A, this project will complete the Airport's requirement to comply with FAA grant assurances, as well as FAA and MaineDOT Aviation safety guidance to provide clear approaches to runway ends. This will be associated with the approach end to RW33.
- E. Airport Wildlife Hazard Assessment/Action Plan: This plan is required by the FAA and must be completed by 2025.
- F. Rehabilitate Runway 15-33: Pavement surfaces have a limited life span (FAA plans for a 20-year life span). The runway will need to be rehabilitated in order to comply with FAA guidelines.
- G. Extend/Construct Runway 33 Parallel Taxiway: Associated with Project B (see above), this project will complete the full-length parallel taxiway for Runway 15-33. Completion of such a taxiway is strongly endorsed by the FAA for safety reasons.
- H. Expand Hangar Development Area/T-Hangars: Should be accomplished on an as-needed basis. It is assumed that the hangars themselves will be constructed with private investment.
- I. Install Precision Approach Path Indicator Lights on Both Runway Ends: The precision approach path indicator lights enhance safety by providing a visual glide path, particularly at night and during periods of poor visibility. This action has been endorsed by the FAA for safety reasons.
- J. Environmental Assessment for Runway and Taxiway Extension: An Environmental Assessment is required prior to the construction of the runway and taxiway extension. The Environmental Assessment must be approved by the FAA prior to receiving an FAA grant for construction.
- K. Construct Runway and Taxiway Extension: The alternatives analysis recommended a 170-foot extension the Runway 33 approach end, a 240-foot extension to the Runway 15 approach end (for a total of 410 feet) to permit a total usable runway length of 4,710 for takeoffs through application of declared distances. The purpose of this action is to extend Runway 15-33 to a length that would permit small- to mid-sized corporate turbine aircraft to operate at BST on a regular basis.
- L. Rehabilitate/Upgrade Terminal/Administration Building: The existing terminal/administration building will require maintenance and possible Americans with Disabilities Act updates.
- M. Airport Land Use Compatibility Plan: As noted in the report, proper zoning and land use controls are needed to ensure that land uses adjacent to and/or in the vicinity of BST are compatible with Airport and aircraft operations.
- N. Adopt Airport Rules and Regulations and Minimum Standards: While not required by the FAA, they are strongly recommended by the FAA as effective management tools for the Airport. The rules and regulations and minimum standards should be consistent with the tenant leases.
- O. Airport Security Plan: Although the Transportation Security Administration has not promulgated specific rules and regulations for GA airport security, the Transportation Security Administration, the FAA, state agencies, and

aviation trade organizations strongly recommend that GA airports develop and implement security plans.

- P. Vegetation Management Plan: Both on- and off-Airport obstruction removal is a complicated process that requires coordination with other agencies, as well as the acquisition of easements from adjacent property owners. A Vegetation Management Plan is necessary to describe how the overall process will work, as well as to set budgets and time frames to ensure that critical airport clearance requirements are met.
- Q. Storm Water Pollution Prevention Plan: Airports are required by the United States Environmental Protection Agency to prepare Storm Water Pollution Prevention Plans and obtain permits based on the volume of certain materials on the airports. BST needs to assess the state of current regulations and what compliance requirements it must meet.
- R. Spill Prevention, Control, and Countermeasure Plan: Airports are required by the United States Environmental Protection Agency to prepare Spill Prevention, Control, and Countermeasure Plans and obtain permits based on the volume of certain materials on the airports. BST needs to assess the state of current regulations and what compliance requirements it must meet.
- S. AMPU; Rate and Charges Assessment; Airport Ground Lease Review: The FAA recommends that master plans be updated on a regular basis, or any time a substantial change occurs at the Airport. At a minimum, FAA recommends that airports update their master plans at least every 8 to 10 years, if not sooner. Additionally, as part of the AMPU effort, it is important for airport sponsors to revisit their financial structure, including rates and charges and lease rates and terms, on a regular basis and update them based on financial and activity trends at the airport, as well as on broader industry trends.

7.2.2 Estimated Project Costs and Development Schedule

A listing of capital improvement projects has been assembled based on the preferred development alternatives for the Airport established in **Chapter Five** of this AMPU. This project list has been coordinated with the Airport Layout Plan drawing set and the CIP, both of which should be maintained and updated by Airport management, as required. Generally, the CIP has three primary purposes:

1. Identify projects that will be required to improve an airport over a specific period of time.
2. Estimate the order of implementation of the projects included in the plan.
3. Estimate the total costs and funding sources for each of the projects.

It is important to note that as the CIP progresses from project planning in the current year to projects planned in future years, the plan becomes less detailed and more flexible. Additionally, the CIP is typically modified on an annual basis as new projects are identified, priorities change, funding sources evolve, and financial environments evolve.

Each proposed capital improvement project within the planning horizon has been assigned to one of three specific planning periods:

- Phase I: Short Term (2016-2020)
- Phase II: Intermediate Term (2021-2025)
- Phase III: Long Term (2026-2035)

The assignment of these projects into appropriate periods are depicted in **Table 7-1**, **Table 7-2**, and **Table 7-3** which show all proposed CIP projects (including federally-funded, state-funded, locally-funded, and other/private-funded) and their estimated costs for each phase within the planning horizon. (As noted previously, reauthorization of the FAA AIP by Congress may change the funding formulas used in these tables.)

The complete current CIP summary is found in **Table 7-4**. (It is also important to recognize that while the cost estimates for the individual projects are based on 2016 dollars, the CIP incorporates an assumed 3.0 percent annual escalation to compensate for future inflationary increases.)

Table 7-1: BST CAPITAL IMPROVEMENT PROGRAM PHASE I (2016-2020)

CIP ID	PROJECT	PRIMARY	ESTIMATED	FEDERAL	STATE	LOCAL	OTHER/PRIVATE
		FUNDING SOURCE	CAPITAL COSTS				
A	Easement Acquisition and Tree Clearing	FAA	\$211,700	\$190,530	\$10,585	\$10,585	\$0
B	Construct RW15 Partial Parallel Taxiway (2,020' x 25') and RW33 By-Pass TW; Install Supplemental Wind Cones	FAA	\$6,481,900	\$5,833,710	\$324,095	\$324,095	\$0
C	Install Automated Fuel Farm	FAA	\$397,500	\$357,750	\$19,875	\$19,875	\$0
D	Phase II Tree Clearing	FAA	\$240,800	\$216,720	\$12,040	\$12,040	\$0
PHASE I PROGRAM TOTALS			\$7,331,900	\$6,598,710	\$366,595	\$366,595	\$0

Source: Airport Solutions Group

Notes: The accuracy of these cost opinions, although prepared in good faith and with reasonable care, are based on the information available at the time of the study. The level of detail and accuracy should be considered to be "order of magnitude" and of a preliminary nature.

FAA = Federal Aviation Administration

Table 7-2: BST CAPITAL IMPROVEMENT PROGRAM PHASE II (2021-2025)

CIP ID	PROJECT	PRIMARY	ESTIMATED	FEDERAL	STATE	LOCAL	OTHER/PRIVATE
		FUNDING SOURCE	CAPITAL COSTS				
E	Airport Wildlife Hazard Assessment/Action Plan	FAA	\$19,050	\$17,145	\$952	\$953	\$0
PHASE II PROGRAM TOTALS			\$19,050	\$17,145	\$952	\$953	\$0

Source: Airport Solutions Group

Notes: The accuracy of these cost opinions, although prepared in good faith and with reasonable care, are based on the information available at the time of the study. The level of detail and accuracy should be considered to be "order of magnitude" and of a preliminary nature.

FAA = Federal Aviation Administration

Table 7-3: BST CAPITAL IMPROVEMENT PROGRAM PHASE III (2026-2035)

CIP ID	PROJECT	PRIMARY	ESTIMATED				
		FUNDING SOURCE	CAPITAL COSTS	FEDERAL	STATE	LOCAL	OTHER/PRIVATE
F	Rehabilitate Runway 15-33	FAA	\$2,600,000	\$2,340,000	\$130,000	\$130,000	\$0
G	Extend/Construct Runway 33 Parallel Taxiway	FAA	\$2,840,000	\$2,556,000	\$142,000	\$142,000	\$0
H	Expand Hangar Development Area/T-Hangars	FAA	\$500,500	\$450,450	\$25,025	\$25,025	\$0
I	Install Precision Approach Path Indicator Lights on Both Runway Ends	FAA	\$157,000	\$141,300	\$7,850	\$7,850	\$0
J	Environmental Assessment for Runway and Taxiway Extension	FAA	\$314,000	\$282,600	\$15,700	\$15,700	\$0
K	Construct Runway and Taxiway Extension	FAA	\$7,551,700	\$6,796,530	\$377,585	\$377,585	\$0
L	Rehabilitate/Upgrade Terminal/Administration Building	FAA	\$157,000	\$141,300	\$7,850	\$7,850	\$0
M	Airport Land Use Compatibility Plan	FAA	\$78,500	\$70,650	\$3,925	\$3,925	\$0
N	Adopt Airport Rules and Regulations, and Minimum Standards	FAA	\$78,500	\$70,650	\$3,925	\$3,925	\$0
O	Airport Security Plan	FAA	\$47,100	\$42,390	\$2,355	\$2,355	\$0
P	Vegetation Management Plan	FAA	\$47,100	\$42,390	\$2,355	\$2,355	\$0
Q	Storm Water Pollution Prevention Plan	FAA	\$78,500	\$70,650	\$3,925	\$3,925	\$0
R	Spill Prevention, Control and Countermeasure Plan	FAA	\$78,500	\$70,650	\$3,925	\$3,925	\$0
S	AMPU; Rate and Charges Assessment; Airport Ground Lease Review	FAA	\$510,250	\$459,225	\$25,512	\$25,513	\$0
PHASE III PROGRAM TOTALS			\$15,038,650	\$13,534,785	\$751,932	\$751,933	\$0

Source: Airport Solutions Group

Notes: The accuracy of these cost opinions, although prepared in good faith and with reasonable care, are based on the information available at the time of the study. The level of detail and accuracy should be considered to be "order of magnitude" and of a preliminary nature.

FAA = Federal Aviation Administration

Table 7-4
 BELFAST MUNICIPAL AIRPORT
 BELFAST, ME
 CAPITAL IMPROVEMENT PLAN
 2016

YEAR	DESCRIPTION	TOTAL ESTIMATED PROJECT COST 2016 DOLLARS	TOTAL ESTIMATED PROJECT COST w/ Annual % Escalation 3%	FUNDING SOURCES												TOTAL PROPOSED FUNDING		
				FEDERAL				STATE			Local				Other			
				Total	Entitlement (% project funding) 90%	Discretionary (% project funding) 90%	State Apportionment 90%	Total	Federal Match (% project funding) 5%	State Grant (% project funding) 90%	Total	Federal Match (% project funding) 5%	CDAG Grant Match (% project funding) 10%	Other Local Funding	Private Investment		Unidentified	
2014		\$ -	\$ -					\$ -				\$ -						\$ -
2014	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015		\$ -	\$ -					\$ -				\$ -						\$ -
2015	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	Easement Acquisition and Tree Clearing	\$ 211,700	\$ 211,700	\$ 190,530	\$ 190,530	\$ -	\$ -	\$ 10,585	\$ 10,585	\$ -	\$ -	\$ 10,585	\$ 10,585	\$ -	\$ -	\$ -	\$ -	\$ 211,700
2016	SUBTOTAL	\$ 211,700	\$ 211,700	\$ 190,530	\$ 190,530	\$ -	\$ -	\$ 10,585	\$ 10,585	\$ -	\$ -	\$ 10,585	\$ 10,585	\$ -	\$ -	\$ -	\$ -	\$ 211,700
2017	Payback NPE Funds for 2016 (Transfer to Norridgewock)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	Construct RW15 Partial Parallel Taxiway (2,020' x 25') and RW33 By-Pass TW; Install Supplemental Wind Cones	\$ 6,115,000	\$ 6,481,900	\$ 5,833,710	\$ 150,000	\$ 5,683,710	\$ -	\$ 324,095	\$ 324,095	\$ -	\$ -	\$ 324,095	\$ 324,095	\$ -	\$ -	\$ -	\$ -	\$ 6,481,900
2018	Install Automated Fuel Farm	\$ 375,000	\$ 397,500	\$ 357,750	\$ 357,750	\$ -	\$ -	\$ 19,875	\$ 19,875	\$ -	\$ -	\$ 19,875	\$ 19,875	\$ -	\$ -	\$ -	\$ -	\$ 397,500
2018	SUBTOTAL	\$ 6,490,000	\$ 6,879,400	\$ 6,191,460	\$ 507,750	\$ 5,683,710	\$ -	\$ 343,970	\$ 343,970	\$ -	\$ -	\$ 343,970	\$ 343,970	\$ -	\$ -	\$ -	\$ -	\$ 6,879,400
2019	Payback NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2019	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2020	Phase II Tree Clearing	\$ 215,000	\$ 240,800	\$ 216,720	\$ 193,500	\$ 23,220	\$ -	\$ 12,040	\$ 12,040	\$ -	\$ -	\$ 12,040	\$ 12,040	\$ -	\$ -	\$ -	\$ -	\$ 240,800
2020	SUBTOTAL	\$ 215,000	\$ 240,800	\$ 216,720	\$ 193,500	\$ 23,220	\$ -	\$ 12,040	\$ 12,040	\$ -	\$ -	\$ 12,040	\$ 12,040	\$ -	\$ -	\$ -	\$ -	\$ 240,800
2021	Payback NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2021	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	Payback NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2022	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2023	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	Airport Wildlife Hazard Assessment/Action Plan	\$ 15,000	\$ 19,050	\$ 17,145	\$ 17,145	\$ -	\$ -	\$ 952	\$ 952	\$ -	\$ -	\$ 953	\$ 953	\$ -	\$ -	\$ -	\$ -	\$ 19,050
2025	SUBTOTAL	\$ 15,000	\$ 19,050	\$ 17,145	\$ 17,145	\$ -	\$ -	\$ 952	\$ 952	\$ -	\$ -	\$ 953	\$ 953	\$ -	\$ -	\$ -	\$ -	\$ 19,050
2026	Rehabilitate Runway 15-33	\$ 2,000,000	\$ 2,600,000	\$ 2,340,000	\$ 631,605	\$ 1,708,395	\$ -	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ 2,600,000
2026	SUBTOTAL	\$ 2,000,000	\$ 2,600,000	\$ 2,340,000	\$ 631,605	\$ 1,708,395	\$ -	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ 130,000	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ 2,600,000

Table 7-4
 BELFAST MUNICIPAL AIRPORT
 BELFAST, ME
 CAPITAL IMPROVEMENT PLAN
 2016

YEAR	DESCRIPTION	TOTAL ESTIMATED PROJECT COST 2016 DOLLARS	TOTAL ESTIMATED PROJECT COST w/ Annual % Escalation 3%	FUNDING SOURCES												TOTAL PROPOSED FUNDING		
				FEDERAL				STATE			Local				Other			
				Total	Entitlement (% project funding) 90%	Discretionary (% project funding) 90%	State Apportionment 90%	Total	Federal Match (% project funding) 5%	State Grant (% project funding) 90%	Total	Federal Match (% project funding) 5%	CDAG Grant Match (% project funding) 10%	Other Local Funding	Private Investment		Unidentified	
2027	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2027	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2028	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2029	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2030	Extend/Construct Runway 33 Parallel Taxiway	\$ 2,000,000	\$ 2,840,000	\$ 2,556,000	\$ 600,000	\$ 1,956,000	\$ -	\$ 142,000	\$ 142,000	\$ -	\$ -	\$ 142,000	\$ 142,000	\$ -	\$ -	\$ -	\$ -	\$ 2,840,000
2030	SUBTOTAL	\$ 2,000,000	\$ 2,840,000	\$ 2,556,000	\$ 600,000	\$ 1,956,000	\$ -	\$ 142,000	\$ 142,000	\$ -	\$ -	\$ 142,000	\$ 142,000	\$ -	\$ -	\$ -	\$ -	\$ 2,840,000
2031	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2031	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2032	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	Roll NPE Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	SUBTOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	Expand Hangar Development Area/T-Hangars	\$ 325,000	\$ 500,500	\$ 450,450	\$ 450,450	\$ -	\$ -	\$ 25,025	\$ 25,025	\$ -	\$ -	\$ 25,025	\$ 25,025	\$ -	\$ -	\$ -	\$ -	\$ 500,500
2034	SUBTOTAL	\$ 325,000	\$ 500,500	\$ 450,450	\$ 450,450	\$ -	\$ -	\$ 25,025	\$ 25,025	\$ -	\$ -	\$ 25,025	\$ 25,025	\$ -	\$ -	\$ -	\$ -	\$ 500,500
2035	Install Precision Approach Path Indicator Lights on Both Runway Ends	\$ 100,000	\$ 157,000	\$ 141,300	\$ -	\$ 141,300	\$ -	\$ 7,850	\$ 7,850	\$ -	\$ -	\$ 7,850	\$ 7,850	\$ -	\$ -	\$ -	\$ -	\$ 157,000
2035	Environmental Assessment for Runway and Taxiway Extension	\$ 200,000	\$ 314,000	\$ 282,600	\$ -	\$ 282,600	\$ -	\$ 15,700	\$ 15,700	\$ -	\$ -	\$ 15,700	\$ 15,700	\$ -	\$ -	\$ -	\$ -	\$ 314,000
2035	Construct Runway and Taxiway Extension	\$ 4,810,000	\$ 7,551,700	\$ 6,796,530	\$ 299,550	\$ 6,496,980	\$ -	\$ 377,585	\$ 377,585	\$ -	\$ -	\$ 377,585	\$ 377,585	\$ -	\$ -	\$ -	\$ -	\$ 7,551,700
2035	Rehabilitate/Upgrade Terminal/Administration Building	\$ 100,000	\$ 157,000	\$ 141,300	\$ -	\$ 141,300	\$ -	\$ 7,850	\$ 7,850	\$ -	\$ -	\$ 7,850	\$ 7,850	\$ -	\$ -	\$ -	\$ -	\$ 157,000
2035	Airport Land Use Compatibility Plan	\$ 50,000	\$ 78,500	\$ 70,650	\$ -	\$ 70,650	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ -	\$ -	\$ 78,500
2035	Adopt Airport Rules and Regulations, and Minimum Standards	\$ 50,000	\$ 78,500	\$ 70,650	\$ -	\$ 70,650	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ -	\$ -	\$ 78,500
2035	Airport Security Plan	\$ 30,000	\$ 47,100	\$ 42,390	\$ -	\$ 42,390	\$ -	\$ 2,355	\$ 2,355	\$ -	\$ -	\$ 2,355	\$ 2,355	\$ -	\$ -	\$ -	\$ -	\$ 47,100
2035	Vegetation Management Plan	\$ 30,000	\$ 47,100	\$ 42,390	\$ -	\$ 42,390	\$ -	\$ 2,355	\$ 2,355	\$ -	\$ -	\$ 2,355	\$ 2,355	\$ -	\$ -	\$ -	\$ -	\$ 47,100
2035	Storm Water Pollution Prevention Plan	\$ 50,000	\$ 78,500	\$ 70,650	\$ -	\$ 70,650	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ -	\$ -	\$ 78,500
2035	Spill Prevention, Control and Countermeasure Plan	\$ 50,000	\$ 78,500	\$ 70,650	\$ -	\$ 70,650	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ 3,925	\$ 3,925	\$ -	\$ -	\$ -	\$ -	\$ 78,500
2035	AMPU; Rate and Charges Assessment; Airport Ground Lease Review	\$ 325,000	\$ 510,250	\$ 459,225	\$ -	\$ 459,225	\$ -	\$ 25,512	\$ 25,512	\$ -	\$ -	\$ 25,512	\$ 25,512	\$ -	\$ -	\$ -	\$ -	\$ 510,250
2035	SUBTOTAL	\$ 5,795,000	\$ 9,098,150	\$ 8,188,335	\$ 299,550	\$ 7,888,785	\$ -	\$ 454,907	\$ 454,907	\$ -	\$ -	\$ 454,908	\$ 454,908	\$ -	\$ -	\$ -	\$ -	\$ 9,098,150
TOTALS 2017-2035		\$ 17,051,700	\$ 22,389,600	\$ 20,150,640	\$ 2,890,530	\$ 17,260,110	\$ -	\$ 1,119,479	\$ 1,119,479	\$ -	\$ -	\$ 1,119,481	\$ 1,119,481	\$ -	\$ -	\$ -	\$ -	\$ 22,389,600
FAA Funding Total:		\$ 20,150,640																
State Funding Total:		\$ 1,119,479																
Local Funding Total:		\$ 1,119,481																
Other Funding Total:		\$ -																
Funding Total:		\$ 22,389,600																

7.2.3 Airport Operating Revenues and Expenses

Airports, like other government agencies and businesses, must track and project revenues and expenses. Airport revenues are typically generated through user fees charged by a given airport for the facilities and services that it provides. Note that GA airports like BST typically derive most of their revenue from land leases, office/building/hangar leases, and fuel sales, with any outstanding budgetary requirements being met by their respective owner and/or sponsor. Other sources of revenue can include restaurants, rental cars, etc. but these tend to be limited in number and scope. Commercial service airports typically have additional sources of revenue not often available at GA airports, including automobile parking, terminal concessions, airline landing fees, airline terminal fees, airline fuel flowage fees, airline support facility fees, air cargo facility rent, and other revenues associated with non-aeronautical development (e.g., hotels, industrial parks, etc.).

User fees and rates are normally established by an airport based on the market conditions within its service area and can vary dramatically from airport to airport. It must be recognized that airports operate in a competitive environment (GA pilots are notoriously price sensitive), so while the imposition of fees may result in generating additional revenues in the short term, they can also ultimately dampen traffic levels at an airport over the long term.

It should also be noted that while the FAA does not require airports to impose any specific fees or rates, they do want to make the Airport to be as self-sustaining as possible. Since BST accepts AIP grants with the stipulation that it abide by FAA grant assurances, it is important that the Airport continue to consider the following with respect to the future establishment of lease rates and other income generating fees:

- FAA Grant Assurance 22, Economic Nondiscrimination, states: "It [the airport sponsor] will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport."
- FAA Grant Assurance 22 also states that the sponsor, as well as Airport tenants who enter into an agreement with the sponsor, will "furnish said services on a reasonable, and not unjustly discriminatory, basis to all users" and "charge reasonable, and not unjustly discriminatory prices."
- FAA Grant Assurance 22 also states that "each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities."
- The FAA considers any lease with a term of greater than 20 years to be "long-term", and a lease with a term of 50 years or greater to be in violation of FAA policy (per FAA Order 5160.9B, Airport Compliance Manual). The FAA considers 50-year lease terms as equivalent to sales of

Airport property, which the FAA allows only under very specific circumstances. The FAA recommends that lease terms extend no longer than the end of the amortization period and/or useful life of the facility.

At BST, operating revenues can be currently realized through the following sources:

- Ground Leases (privately-owned hangars)
- Hangar Leases (City-owned hangars/facilities)
- Property Taxes (privately-owned hangars)
- Aircraft Excise Taxes
- Direct Financial Contributions by the City

BST does not currently sell fuel (a primary revenue source for most GA airports), nor does it charge landing or tie down fees. While BST could impose landing and tie down fees to generate additional revenue, there are several potential issues/drawbacks associated with imposing such fees:

- GA aircraft owners/operators are very price sensitive and the imposition of new fees may be enough incentive for some airplanes to utilize and/or base at Rockland, Bangor, Bar Harbor, or Waterville instead of at BST.
- Imposing landing and tie down fees requires airport administrative and manpower resources to collect the fees and account for the revenue collected. While an FBO will sometimes provide that service for a percentage of the revenue collected, the expense of managing that process may exceed any revenue.
- Landing and tie down fees are typically waived for based aircraft and are only charged on transient aircraft. While such a policy at BST would be consistent with other airports, it would likely result in a disincentive for transient aircraft to utilize BST.

The strongest potential sources of future revenue for BST with the least investment by the City would be to continue to grow ground lease areas associated with hangar land leases, in addition to potential land lease revenues from non-aeronautical development. Beyond this, BST has expressed an interest in selling aviation fuel to the flying public. At most airports, this is accomplished either through an on-airport FBO, or directly by the airport sponsor. In the former, the FBO will make the investment in the required fueling personnel and equipment (e.g., tanks, trucks, personnel training, etc.) to net most of the fuel sales profit (the airport will typically receive a small fuel flowage fee). While markups on 100LL or Mogas are generally limited (\$0.10 to \$1.00 per gallon), profit on Jet-A can be significant (\$0.75 to \$2.00 per gallon). In the latter, the airport itself serves as the fuel concession so that it alone can net any associated profit, although it then is responsible for buying wholesale fuel, insuring the operation, maintaining fuel tanks and pumps, supplying electricity to run the system, and either paying off the loan, bonds, or the cost of money to pay for a fuel tank outright.

An important consideration with respect to selling fuel with the intent of it serving as a primary revenue source is again that airports (and FBOs) operate in a

competitive environment, and fuel sales are extremely price sensitive. One industry trend of note affecting airports and FBOs in general is the ability of corporate aircraft to 'tanker' fuel due to their increasingly fuel-efficient engines. Because turbine-powered aircraft can buy between 500 to 2,000 gallons of fuel at a time, corporate operators often negotiate deep reductions to the retail price per gallon before buying fuel at a given airport. If they do not reach an agreement with the FBO for a reduced rate, they simply will not buy fuel, relying on their fuel reserves to fly to another airport that offers lower fuel prices. Thus, a given FBO is competing not just with adjacent airports for fuel sales, but also against airports located hundreds of miles away that may offer lower fuel prices. This has been experienced at numerous airports where although overall corporate aircraft activity has risen, fuel sales have not increased at a similar rate, largely due to the inability to compete with other FBOs on price. This has had the result of either reducing profit margins for airports, or the loss of fuel sales. These realities are important to consider when planning for potential future fuel revenues since, when also factoring in piston engine aircraft owners natural tendency to fly to adjacent airports to buy cheaper aviation fuel, and having to account for the wholesale cost of fuel, the fuel tank and pump maintenance costs, electricity, insurance, and the amortization of the investment, fuel profit margins per gallon may be limited.

Airport expenses generally fall into two broad categories: capital improvements and operating and maintenance. Grants issued by the FAA and MaineDOT Aviation are generally restricted to capital improvement projects, and with few exceptions cannot be used for airport operating and maintenance expenses. Ideally, the total of airport operating revenues should at least offset the airport's operating and maintenance expenses, which are the day-to-day costs incurred by operating the airport to run and maintain the facility. They do not include non-cash and capital costs associated with depreciation and infrastructure development. Primary components of operating and maintenance expenses currently at BST include the following:

- Utility Expenses
- Airport Maintenance

Additionally, the following should be noted:

- BST does not have any of its own employees; support for the Airport is provided by a combination of the City's Economic Development Director (who serves as the Airport Manager), the City's Facilities Manager, and the City's Public Works staff. Because all of these personnel are paid from their "regular" department budgets, BST does not have any personnel expenses of its own.
- In a given year, the City may expend more funding at the Airport than it realizes in Airport operational revenues.
- BST maintains three separate accounts that are designed to provide funding for dedicated maintenance purposes. The *Airport Maintenance* account (640-594) is dedicated to general day-to-day Airport maintenance

purposes and has a current annual budget of \$9,000. The *Airport Maintenance Capital Reserve* account (640-711) is used for unforeseen maintenance that may exceed yearly budget expectations, and currently accrues at a rate of \$3,000 per year. Finally, the *City-Owned Hangars Maintenance Capital Reserve* account (730-834) is dedicated to the maintenance of the City-owned hangars and accrues at the same rate revenues from the hangars are received (i.e., all City-owned hangar revenues go directly into this account).

- The City also has an *Airport Runway Capital Reserve* account (640-595) which is used for the sole purpose of funding Airport capital projects (whether as part of an FAA- and MaineDOT Aviation-funded project, or being the sole funding source) including major runway rehabilitation, and currently accrues at the rate of \$9,000 per year.
- Finally, there is an account that holds the proceeds from sales of lots of the Belfast Airport Business Park (G 1-2160-00). According to the FAA, since BST was initially created with federal funds, has existed uninterrupted as an active airport, and has continued to receive federal funding up to the present day, any funds that have been generated from the sale of property that was at one time part of the Airport (such as both phases of the Belfast Airport Business Park) must eventually be spent on the Airport.

The historical operating revenues and expenses for BST are presented below in **Table 7-5**.

Table 7-5: BST OPERATING REVENUES AND EXPENSES (HISTORICAL)

	2013	2014	2015	2016
Airport Operating Revenues				
Ground Lease Revenues (Privately-Owned Hangars)	\$25,933	\$25,933	\$25,933	\$25,933
Lease Revenues (City-Owned Hangars and Facilities)	\$3,150	\$2,137	\$2,928	\$4,200
Property Taxes (Privately-Owned Hangars)	\$9,491	\$9,879	\$10,221	\$10,449
Aircraft Excise Taxes	\$0	\$0	\$0	\$0
Aviation Fuel Revenues	\$0	\$0	\$0	\$0
City of Belfast Contribution (for Operations)	\$0	\$0	\$0	\$0
Total Operating Revenues:	\$38,574	\$37,949	\$39,083	\$40,583
Airport Operating Expenses				
Utilities (640-718)	\$5,770	\$8,153	\$9,066	\$6,373
Maintenance (640-594)	\$9,107	\$14,929	\$4,424	\$8,628
Maintenance Capital Reserve (640-711)	\$3,200	\$3,000	\$3,000	\$3,000
City-Owned Hangars Maintenance Capital Reserve (730-834)	\$0	\$0	\$2,928	\$4,200
Aviation Fuel Expenses	\$0	\$0	\$0	\$0
Total Operating Expenses:	\$18,077	\$26,082	\$19,418	\$22,201
NET OPERATING INCOME:	\$20,497	\$11,867	\$19,665	\$18,381

Source: City of Belfast.

7.2.4 Projected Operating Revenues and Expenses

Projected growth at BST in terms of activity, tenants, new leases, and facility development will impact the Airport's operating revenues and expenses over the 20-year planning period. Many factors will impact revenues and expenses at BST, including actual activity levels by certain types of aircraft, establishing fuel services, the relative price of fuel and services at BST compared to other area airports, new hangar construction, new non-aeronautical development, and larger trends in the GA industry (e.g., the availability and price of aviation fuel, airport security requirements, potential federal user fees, etc.).

Projections developed in this evaluation depict future Airport operating revenues and expenses based on recent financial results, budgeted revenues and expenses, forecasted increases in Airport based and itinerant aircraft activities, as well as Airport tenant population trends identified in previous chapters of this AMPU. Projections of future Airport operating revenues and expenses at BST for the periods 2016 through 2035 are presented below in **Table 7-6**.

Table 7-6: BST OPERATING REVENUES AND EXPENSES (PROJECTED)

	2016	2020	2025	2035
Airport Operating Revenues				
Ground Lease Revenues (Privately-Owned Hangars)	\$25,933	\$19,996	\$22,380	\$38,106
Lease Revenues (City-Owned Hangars and Facilities)	\$4,200	\$4,370	\$4,824	\$5,881
Property Taxes (Privately-Owned Hangars)	\$10,449	\$11,761	\$14,377	\$29,507
Aircraft Excise Taxes	\$0	\$2,536	\$2,747	\$3,380
Aviation Fuel Revenues	\$0	\$55,418	\$64,245	\$90,625
City of Belfast Contribution (for Operations)	\$0	\$0	\$0	\$0
Total Operating Revenues:	\$40,583	\$94,082	\$108,574	\$167,499
Airport Operating Expenses				
Utilities (640-718)	\$6,373	\$7,649	\$8,866	\$11,915
Maintenance (640-594)	\$8,628	\$9,834	\$11,400	\$15,320
Maintenance Capital Reserve (640-711)	\$3,000	\$3,000	\$3,000	\$3,000
City-Owned Hangars Maintenance Capital Reserve (730-834)	\$4,200	\$4,370	\$4,824	\$5,881
Aviation Fuel Expenses	\$0	\$49,108	\$56,929	\$76,506
Total Operating Expenses:	\$22,201	\$73,961	\$85,019	\$112,622
NET OPERATING INCOME:	\$18,381	\$20,121	\$23,555	\$54,877

Source: City of Belfast

Specifically, the estimates for future operating revenues were established through consideration of historical trends, as well as proposed Airport development initiatives and how they might impact those future revenues. In most instances, revenue projections resulted from normal, conservative growth factors refined to more closely reflect the circumstances of the Airport. These revenues were

projected to increase between 2.0% and 3.5% annually with an average at the standard 3.0% annual growth rate.

On the operating expenses side, increases in overall operational expenses are based on accepted inflationary growth rates (ranging from 2.0 percent to 3.5 percent average annual growth) with the higher growth factors being applied to fuel costs to account for some volatility in the supply market.

Based on projected activity growth and assumptions regarding future aviation activity and tenant growth, and overall development at BST, Airport revenues are projected to increase from \$40,583 in 2016 to \$167,499 in 2035. Similarly, operations and maintenance expenses are projected to increase from \$22,201 in 2016 to \$112,622 by 2035. When combined, these projections portray a positive operating income that increases from \$18,381 in 2016 to \$54,877 in 2035. This reflects a balanced and sustainable airport operations and maintenance budget throughout the planning period.

7.3 FINANCIAL PLAN SUMMARY

The primary goal is for the Airport is to evolve into a facility that will best serve the air transportation needs of the City, while simultaneously maintaining itself as a self-sustaining economic generator. This AMPU can best be described as the road map to helping the Airport and the City achieve these goals. In order to realize those goals through the successful implementation of Airport development projects, the Airport must make sound and measured decisions. Two of the most important factors in influencing the decision to move forward with a specific improvement are Airport activity levels (i.e., demand) and federal and state funding availability. Both factors must be considered in the implementation of the CIP, because while Airport activity levels provide the “what” and the “why” in implementing future Airport improvements, the timing of funding provides the “how.” The “what” and the “why” have been discussed in detail in previous chapters.

This chapter has addressed the “how” by providing an overview of the practical financial realities required to implement this overall Airport development program. While every effort has been made in this chapter to conservatively estimate when facility development may be required, aviation demand and the availability of financial resources for capital projects will ultimately dictate when facility improvements need to be implemented, accelerated, or delayed.

The financial plan presented in this chapter and summarized below in **Table 7-8**, **Table 7-9**, and **Table 7-10** include projection totals for operating revenues, operating expenses, capital expenditures, capital funding, and cash flow that result from the projections presented above. Based on the assumptions identified within the previous sections, the implementation of the AMPU CIP is financially feasible. However, this is also subject to the availability of FAA and MaineDOT Aviation

funding (also note that the identification of a potential funding source does not guarantee its availability for a specific project).

However, as noted previously, when Congress reauthorizes the AIP, possibly before October 2017, the funding formulas shown in the BST CIP may change. If that happens, then the CIP should be adjusted accordingly and the feasibility of implementing the projects in the time frame shown should be reconfirmed. After a new AIP has been authorized, discussions will need to be held between BST and the FAA New England Region, Airports Division, as well as with MaineDOT Aviation, to determine the FAA's funding availability based on the new formulas and stipulations set by Congress. Similarly, MaineDOT Aviation funding levels and formulas may change over time; close coordination with MaineDOT Aviation must be maintained to ensure that their funding will be available when anticipated.

However, it should be recognized that planning is a continuous process that does not end with the completion of the AMPU in that the fundamental issues that have driven this planning effort will remain valid for many years. Therefore, the ability to continuously monitor actual revenues and expenses, as well as aviation activity levels, will be a key ingredient in maintaining a sound financial position. Actual future financial outcomes will be determined by a variety of factors, many of which are difficult to identify at the current time, such as future FAA and MaineDOT Aviation funding formulas, and potential revenues associated with currently unforeseen sources.

The following tables present the detailed financial analysis for implementation of BST's CIP.

Table 7-8: ACTUAL, BUDGETED, AND PROJECTED OPERATING REVENUES

Revenues	Historical Data Actual 2015	Phase I (2016-2020) Projected					Phase II Projected 2021-2025	Phase III Projected 2026-2035
		2016	2017	2018	2019	2020		
		Total						
Annual Airport Revenues								
<u>Non-Airport Contributions</u>								
City of Belfast Contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$287,822
Annual Growth Rate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$287,822
<u>Airport Operating Revenues</u>								
Ground Lease Revenues (Privately-Owned Hangars)	\$25,933 0.0%	\$25,933 0.0%	\$19,410 -25.2%	\$19,701 1.5%	\$19,996 1.5%	\$110,974 -5.1%	\$105,323 2.3%	\$322,336 5.5%
Annual Growth Rate	\$2,928 37.0%	\$4,200 0.0%	\$4,200 0.0%	\$4,284 2.0%	\$4,370 2.0%	\$21,254 8.3%	\$23,195 2.0%	\$53,883 2.0%
Lease Revenues (City-Owned Hangars and Facilities)	\$10,221 3.5%	\$10,449 2.2%	\$11,086 3.0%	\$11,419 3.0%	\$11,761 3.0%	\$55,478 2.8%	\$66,479 4.1%	\$224,304 7.5%
Annual Growth Rate	\$0	\$0	\$2,325 3.0%	\$2,325 0.0%	\$2,536 9.1%	\$9,511 2.8%	\$13,315 1.6%	\$31,272 2.1%
Aircraft Excise Taxes	\$0	\$0	\$0	\$54,331 2.0%	\$55,418 2.0%	\$163,014 3.0%	\$303,050 3.0%	\$780,067 3.5%
Annual Growth Rate	\$0	\$0	\$0	\$53,265 0.0%	\$55,418 0.0%	\$163,014 3.0%	\$303,050 3.0%	\$780,067 3.5%
Aviation Fuel Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Growth Rate	\$39,083	\$40,583	\$90,286	\$92,060	\$94,082	\$360,232	\$511,361	\$1,411,862
<u>Total Airport Operating Revenues</u>								
Airport Non-Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Growth Rate	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<u>Total Airport Non-Operating Revenues</u>								
Total Annual Revenues	\$39,083 3.0%	\$40,583 3.8%	\$90,286 108.9%	\$92,060 2.0%	\$94,082 2.2%	\$360,232 19.2%	\$511,361 2.9%	\$1,699,684 15.2%
Annual Growth Rate								

Source: Airport Solutions Group; City of Belfast.

Table 7-9: ACTUAL, BUDGETED, AND PROJECTED OPERATIONS AND MAINTENANCE EXPENSES

Expenses	Historical Data		Phase I (2016-2020)					Phase II		Phase III	
	Actual		Projected					Projected		Projected	
	2015	2016	2017	2018	2019	2020	Total	2021-2025	2026-2035		
Operations and Maintenance Expenses											
Utilities (640-718)	\$9,066	\$6,373	\$7,000	\$7,210	\$7,426	\$7,649	\$35,658	\$41,823	\$104,687		
Annual Growth Rate	11.2%	-29.7%	9.8%	3.0%	3.0%	3.0%	-3.3%	3.0%	3.0%		
Maintenance (640-594)	\$4,424	\$8,628	\$9,000	\$9,270	\$9,548	\$9,834	\$46,280	\$53,776	\$134,607		
Annual Growth Rate	-70.4%	95.0%	4.3%	3.0%	3.0%	3.0%	17.3%	3.0%	3.0%		
Maintenance Capital Reserve (640-711)	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$15,000	\$15,000	\$30,000		
Annual Growth Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
City-Owned Hangars Maintenance Capital Reserve (730-834)	\$2,928	\$4,200	\$4,200	\$4,200	\$4,284	\$4,370	\$21,254	\$23,195	\$53,883		
Annual Growth Rate		43.4%	0.0%	0.0%	2.0%	2.0%	8.3%	2.0%	2.0%		
Aviation Fuel Expenses	\$0	\$0	\$0	\$47,201	\$48,145	\$49,108	\$144,454	\$268,540	\$672,201		
Annual Growth Rate					2.0%	2.0%		3.0%	3.0%		
Total Operations and Maintenance Expenses	\$19,418	\$22,201	\$23,200	\$70,881	\$72,403	\$73,961	\$262,646	\$402,334	\$995,378		
Annual Growth Rate	-25.6%	14.3%	4.5%	205.5%	2.1%	2.2%	30.7%	2.8%	2.9%		
Other Expenses											
Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Annual Growth Rate			0.0%	0.0%	0.0%	0.0%					
Total Airport Expenses	\$19,418	\$22,201	\$23,200	\$70,881	\$72,403	\$73,961	\$262,646	\$402,334	\$995,378		
Annual Growth Rate	-25.6%	14.3%	4.5%	205.5%	2.1%	2.2%	30.7%	2.8%	2.9%		

Source: Airport Solutions Group; City of Belfast.

Table 7-10: BUDGETED AND PROJECTED NET REVENUES, CAPITAL FUNDING, AND CAPITAL EXPENDITURES

Operating and Capital Cash Flow	Historical Data		Phase I (2016-2020)					Phase II Projected 2021-2025	Phase III Projected 2026-2035
	Actual		Projected						
	2015	Total	2016	2017	2018	2019	2020	Total	
Operating Cash Flow									
Revenues:									
Total Operating Revenues	\$39,083	\$115,607	\$40,583	\$43,222	\$90,286	\$92,060	\$94,082	\$360,232	\$1,411,862
Total Non-Operating Revenues	\$0	\$115,607	\$0	\$0	\$0	\$0	\$0	\$0	\$1,699,684
City Contributions (Direct)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$287,822
Total Revenues	\$39,083	\$231,213	\$40,583	\$43,222	\$90,286	\$92,060	\$94,082	\$360,232	\$3,399,368
Expenses:									
Total Operation and Maintenance Expenses	\$19,418	\$63,577	\$22,201	\$23,200	\$70,881	\$72,403	\$73,961	\$262,646	\$995,378
Net Operating Cash Flow	\$19,665	\$167,636	\$18,381	\$20,022	\$19,405	\$19,657	\$20,121	\$97,585	\$2,403,990
Dedicated Maintenance Reserves:								Account Balance:	Account Balance:
Maintenance Capital Reserve (640-711)	\$7,060		\$10,060	\$13,060	\$16,060	\$19,060	\$22,060	\$22,060	\$67,060
Maintenance - City-Owned Hangars (730-834)	\$1,037		\$3,966	\$8,166	\$10,166	\$12,166	\$14,166	\$14,166	\$44,166
Capital Project Reserves:								Acct Balance:	Acct Balance:
Runway Capital Reserve (640-595)	\$92,591		\$113,078	\$117,515	\$129,720	\$12,373	\$25,124	\$25,124	\$83,898
BST Business Park Sales Fund (G-1-2160-00)	\$241,534		\$246,463	\$251,493	\$256,523	\$42,273	\$43,118	\$43,118	\$47,606
Total Airport Funds Available for Capital Expenditures	\$334,125	\$0	\$359,541	\$369,008	\$386,243	\$54,645	\$68,242	\$68,242	\$131,504
Capital Cash Flow									
Capital Improvement Program (CIP):									
AIP-Eligible Expenditures	\$0	\$0	\$211,700	\$0	\$6,879,400	\$0	\$240,800	\$7,331,900	\$19,050
Expenditures Ineligible for Fed/State Grants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Public/Airport Capital Expenditures	\$0	\$0	\$211,700	\$0	\$6,879,400	\$0	\$240,800	\$7,331,900	\$19,050
Non-CIP Capital Expenditures (airport projects)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Capital Funding Sources:									
AIP Entitlement/Grants (Primary + Rollover)	\$0	\$0	\$190,530	\$0	\$507,750	\$0	\$193,500	\$891,780	\$17,145
AIP Discretionary Grants	\$0	\$0	\$0	\$0	\$5,683,710	\$0	\$23,220	\$5,706,930	\$83,898
State Apportionment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MaineDOT Aeronautics Division	\$0	\$0	\$10,585	\$0	\$343,970	\$0	\$12,040	\$366,595	\$952
Private or Unknown Capital Funding Source	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital Funding Sources	\$0	\$0	\$201,115	\$0	\$6,535,430	\$0	\$228,760	\$6,965,305	\$18,097
Total Funds Available for Capital Expenditures	\$334,125	\$0	\$560,656	\$369,008	\$6,921,673	\$54,645	\$297,002	\$7,033,547	\$149,601
Total Local Funds Required for Capital Expenditures	\$0	\$0	\$10,585	\$0	\$343,970	\$0	\$12,040	\$366,595	\$953
FAA AIP Entitlement Rollover		\$40,530	-\$150,000	\$0	-\$357,750	-\$207,750	-\$251,250	-\$251,250	-\$481,605
Year-Ending Total Airport Capital Funds Balance	\$334,125	\$0	\$348,956	\$369,008	\$42,273	\$54,645	\$56,202	\$56,202	\$130,551

Source: Airport Solutions Group; City of Belfast.