

Chapter 7 – Financial Analysis

Capital Improvement Plan (CIP)

The Capital Improvement Plan (CIP) and phase implementation plan establishes an orderly series of improvements intended to support the growth and development of Abilene Regional Airport (ABI) in alignment with the preferred development concept outlined in the Alternatives chapter.

Many of the recommended improvements address safety and standardization of airfield facilities. Other projects will be focused on maintenance and rehabilitation and will be driven by condition of the affected facility. For facility development or expansion projects, it is important to note that market demand, instead of timing will be the driver for initiating expansion of facilities. Changes in types of activity or increases in activity levels or demand should be reviewed annually by the City of Abilene, FAA, and the Airport Management Team to determine if any of the changes should trigger the next steps of development. This exercise will aid the City of Abilene and FAA in building and updating the rolling 3-year Airport Improvement Program for ABI based on aviation demand.

In developing ABI's CIP and phased implementation plan, the following guidelines have been followed:

- The scheduling of projects is prioritized to permit improvements in a coordinated approach. The phasing and priority of each project has been determined with respect to airport safety, demand, compatibility with other airport projects, and FAA programming schedules.
- Overall, the CIP has been structured to provide the flexibility to meet short and long-range goals. Therefore, individual projects should not be considered as a single improvement, but as part of a project series that arrives at the ultimate concept
- The implementation plan does not represent an obligation of local funds, nor does it require funding without justification of demand levels by the City of Abilene, TxDOT, or Federal Aviation Administration (FAA).
- The expressed desire, intent, and ability of the City to achieve airport land use compatibility, coupled with favorable aesthetics transition, remains important planning and funding considerations.

Phased Implementation Plan

The Phased Implementation Plan is divided into the following terms:

- Phase I (0-5 years) – Short-term implementation projects
- Phase II (6-10 years) – Mid-term implementation projects
- Phase III (11-20 years) – Long-term implementation projects

Each phase consists of projects and improvements categorized by the following areas: 1) airside improvements and 2) terminal/landside improvements. The airside and terminal/landside implementation projects within each phase and their associated costs are shown in **Table 6-1 through Table 6-3**.

Table 6-1
Short-Term Projects
Abilene Regional Airport

SHORT TERM DEVELOPMENT		
NO.	CAPITAL PROJECTS 2020	COST
1	NEW ARFF STATION CONSTRUCTION - PHASE 2	\$3,680,000
	TOTAL CAPITAL PROJECTS 2020	\$3,680,000
CAPITAL PROJECTS 2021		
2	TERMINAL IMPROVEMENTS	\$490,000
	TOTAL CAPITAL PROJECTS 2021	\$490,000
CAPITAL PROJECTS 2022		
3	TERMINAL IMPROVEMENTS	\$1,210,000
	TOTAL CAPITAL PROJECTS 2022	\$1,210,000
CAPITAL PROJECTS 2023		
4	TERMINAL IMPROVEMENTS	\$1,210,000
	TOTAL CAPITAL PROJECTS 2023	\$1,210,000
CAPITAL PROJECTS 2024		
5	TERMINAL IMPROVEMENTS	\$4,000,000
	TOTAL CAPITAL PROJECTS 2024	\$4,000,000
TOTAL SHORT TERM PROJECT COSTS		\$10,590,000

Table 6-2
 Mid-Term Projects
 Abilene Regional Airport

MID TERM DEVELOPMENT		
NO.	CAPITAL PROJECTS 2024-2028	COST
1	REPLACEMENT OF 2 EXISTING PBB BRIDGES	\$1,740,000
2	DE-COUPLE RUNWAY 4/22 AND RUNWAY 17R/35L AND NORTHWEST GA RAMP REHABILITATION	\$6,222,222
3	RECONSTRUCT T1 AND T2	\$900,000
4	TAXIWAY R REALIGNMENT	\$4,549,600
5	TAXIWAY CHARLIE 1 - PARTIAL CLOSURE-PROPERTY ACQUISITION	\$321,750
6	EASTERN TAXIWAY SYSTEM (TAXIWAY D AND ASSOCIATED STUBS) REHABILITATION	\$17,352,500
7	RUNWAY 17L/35R PAVEMENT REHABILITATION	\$699,600
8	RUNWAY 17R/35L PAVEMENT REHABILITATION	\$701,800
9	CENTRAL TAXIWAY SYSTEM (TAXIWAY M, N, P) REHABILITATION	\$440,000
10	WESTERN TAXIWAY SYSTEM (TAXIWAY C AND ASSOCIATED STUBS) REHABILITATION	\$418,000
11	RENTAL CAR MAINTENANCE FACILITY	\$1,120,000
12	TERMINAL RENOVATION ADMINISTRATION AREA AND GENERAL CIRCULATION. APPROXIMATELY 6,251 SQ FT	\$1,280,000
13	TERMINAL RENOVATION. TICKETING AND CHECK IN AREA. APPROXIMATELY 6,065 SQ FT	\$4,020,000
14	TAXILANE DELTA EXTENSION TO NORTH	\$2,349,600
15	HANGAR P TAXILANE REALIGNMENT	\$1,936,000
TOTAL MID TERM PROJECT COSTS		\$44,051,072

Table 6-3
 Long-Term Projects
 Abilene Regional Airport

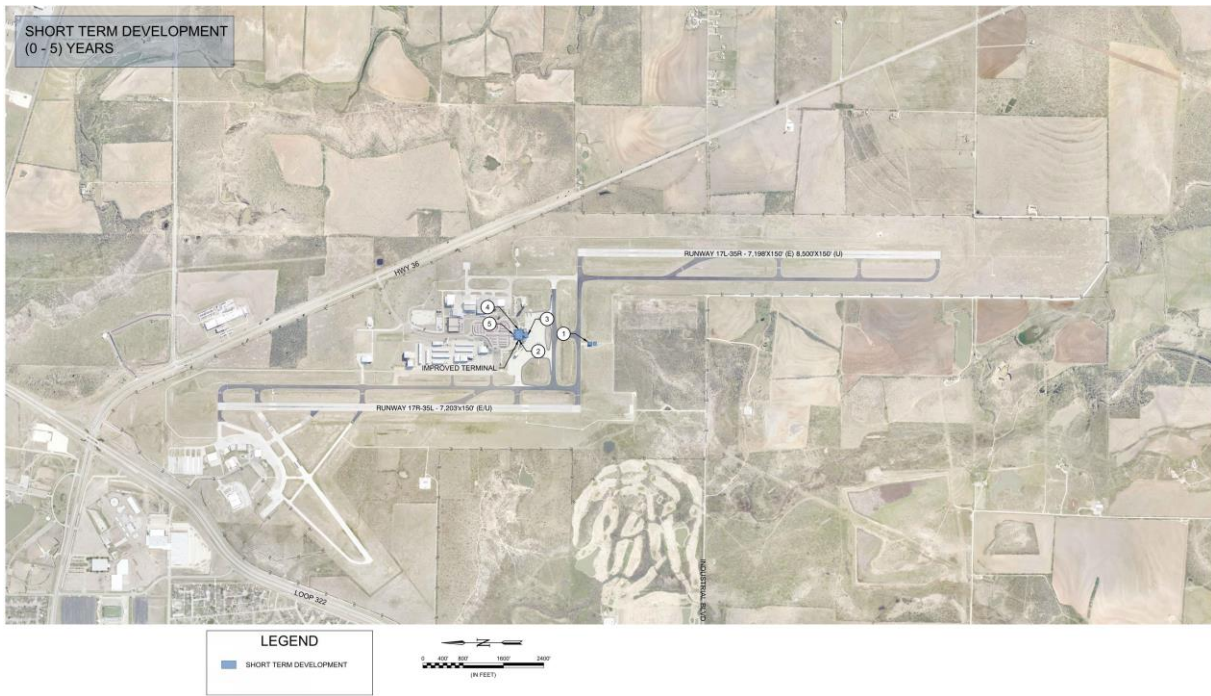
LONG TERM DEVELOPMENT		
NO.	CAPITAL PROJECTS 2029-2038	COST
1	TERMINAL EXPANSION - SSCP AREA APPROXIMATELY 10,450 SQ FT	\$9,310,000
2	TERMINAL RENOVATION - BAGGAGE CLAIM AND CONCESSIONS AREAS APPROXIMATELY 14,326 SQ FT	\$9,030,000
3	TERMINAL EXPANSION - HOLD ROOM AREA. APPROXIMATELY 5,640 SQ FT	\$3,690,000
4	TERMINAL RENOVATION - HOLD ROOM AREA. APPROXIMATELY 5,735 SQ FT	\$2,840,000
5	ACQUIRE ARFF TRUCK	\$700,000
6	TERMINAL RENOVATION - SSCP AREA AND VERTICAL CORE. APPROXIMATELY 6,560 SQ FT	\$3,580,000
7	ROADWAY AND CURBSIDE MODIFICATIONS, APPROXIMATELY 9,500 SQ FT	\$140,000
8	TERMINAL EXPANSION - TICKET AND ENTRANCE AREA. APPROXIMATELY 11,845 SQ FT	\$7,740,000
9	TAXIWAY ROMEO EXTENSION.	\$5,084,200
10	NAVAJO CIRCLE ACCESS ROAD TO RUNWAY 4/22 REDEVELOPMENT AREA	\$3,312,100
11	INDUSTRIAL BLVD. CONNECTION TO NEW NAVAJO CIRCLE ACCESS ROAD	\$4,354,900
12	CORPORATE HANGAR RAMP AND ACCESS	\$2,849,000
13	T-HANGAR RAMP AND ACCESS	\$1,424,500
14	MID-FIELD ACCESS ROAD	\$1,688,500
15	RUNWAY 17L/35R EXTENSION TO 8,500 FT, INCLUDES LIGHTING SYSTEM IMPROVEMENTS, RELOCATION OF MALSR, PAPI RELOCATION, LAND PURCHASE AND EXTENSION OF TWY D TO THE RUNWAY END	\$9,600,000
16	RUNWAY 17L/35R OVERLAY	\$5,291,000
17	LAND ACQUISITION OF 398 ACRES OF PROPERTY EAST OF RUNWAY 17L/35R	\$1,393,000
TOTAL LONG TERM PROJECT COSTS		\$72,027,200

Short-term Implementation Program

The short-term implementation period is the only planning horizon separated into single years. This is to allow the CIP to be coordinated with the planning cycle of the FAA. Specific timing of the projects will be reviewed against and ordered according to available funding in the financial analysis portion of this chapter.

Projects called out during this timeframe are very specific in terms of actual design and construction. As such, some projects are initially put through an environmental and/or design phase and then followed up with actual construction.

Exhibit 6-1
Short Term Projects



Source: Garver, 2018

The short-term implementation program considers 5 projects for the planning period as shown in **Exhibit 6-1**. The following provides a detailed breakdown of each project within FY 2020-2024.

FY 2020 PROJECTS**Project #1: ARFF Station Replacement**

Description: Project includes the replacement of the ARFF station.

Cost Estimate: \$3,680,000

Funding Eligibility: AIP Entitlement Funding, Proposition 9 Local Match Funding.

FY 2021 PROJECTS**Project #1: Acquire ARFF Truck**

Description: Project includes the acquisition of the ARFF truck.

Cost Estimate: \$600,000

Funding Eligibility: AIP Entitlement Funding, Proposition 9 Local Match Funding.

Project #2: Terminal Interior Rehabilitation – Phase 1

Description: Interior project that includes updates to restrooms, interior finishes, and passenger boarding bridge rehabilitation.

Cost Estimate: \$490,000

Funding Eligibility: AIP Entitlement Funding, Proposition 9 Local Match Funding, Cash Reserves/Net Revenues.

FY 2022 PROJECTS**Project #1: Terminal Interior Rehabilitation – Phase 2**

Description: Interior project that includes updates to restrooms, interior finishes, and passenger boarding bridge rehabilitation.

Cost Estimate: \$1,210,000

Funding Eligibility: AIP Entitlement Funding, Proposition 9 Local Match Funding, Cash Reserves/Net Revenues.

FY 2023 PROJECTS**Project #1: Terminal Interior Rehabilitation – Phase 3**

Description: Interior project that includes updates to restrooms, interior finishes, and passenger boarding bridge rehabilitation.

Cost Estimate: \$1,210,000

Funding Eligibility: AIP Entitlement Funding, Proposition 9 Local Match Funding, Cash Reserves/Net Revenues.

FY 2024 PROJECTS**Project #1: Terminal Interior Rehabilitation – Phase 4**

Description: Interior project that includes updates to restrooms, interior finishes, and passenger boarding bridge rehabilitation.

Cost Estimate: \$4,000,000

Funding Eligibility: AIP Entitlement Funding, Proposition 9 Local Match Funding, Cash Reserves/Net Revenues.

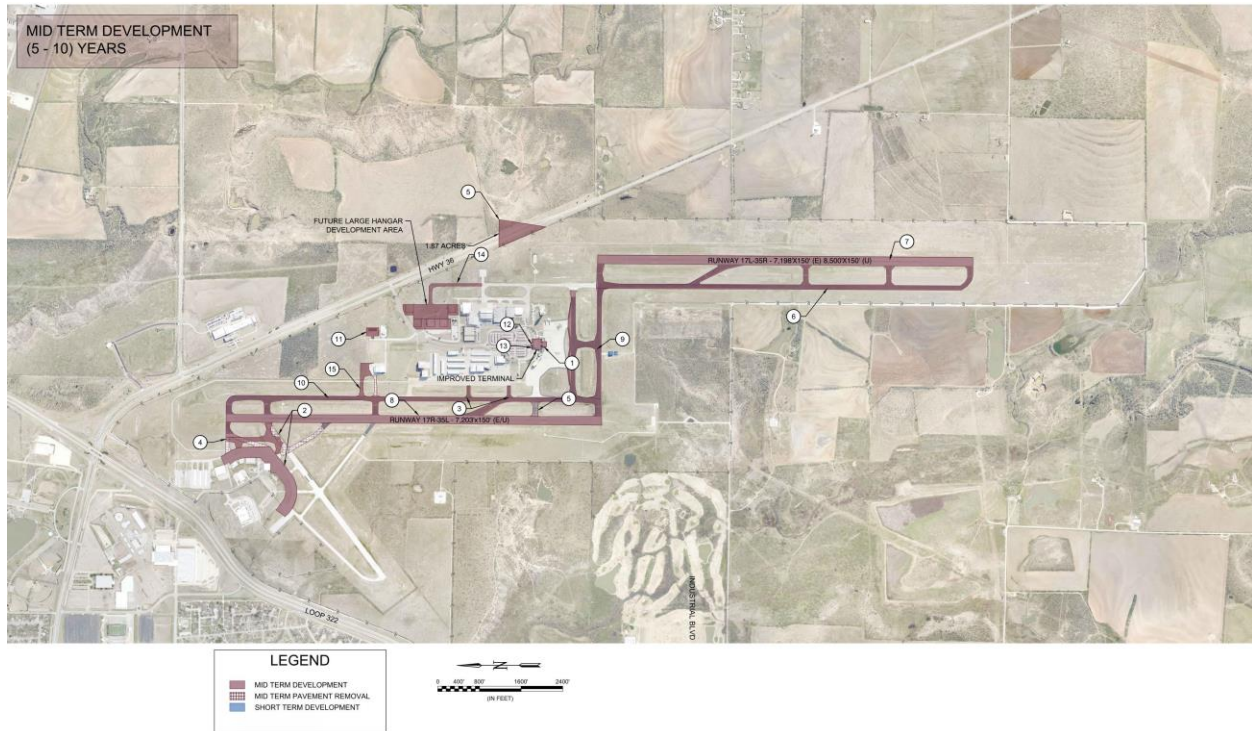
Summary

The short-term CIP includes projects that focus on the interior of the terminal building and construction of an ARFF facility. The total investment necessary for the short-term CIP is approximately \$11 million.

Mid-Term Implementation Program

The mid-term covers the period 6-10 years and includes 14 projects. These projects are shown on **Exhibit 6-2**. Planning projects beyond the short-term timeframe can be challenging. Due to the fluid nature of funding availability and the possibility of changing priorities, these projects have been grouped together into a single project list and not prioritized by year. Further evaluation of these projects should occur during this planning horizon to determine their order of importance based upon airport safety, demand, and efficiency.

**Exhibit 6-2
Mid-Term Projects**



Source: Garver, 2018

The following section includes a description of each project.

Project #1: Passenger Boarding Bridges – Design and Construction

Description: Project to replace the existing two passenger boarding bridges.

Cost Estimate: \$1,740,000

Funding Eligibility: Other Unidentified Funding.

Project #2: Northwest GA Ramp Rehabilitation – Design and Construction

Description: Pavement rehabilitation project in the GA area west of Runway 17R/35L.

Cost Estimate: \$6,222,222

Funding Eligibility: Other Unidentified Funding.

Project #3: Reconstruct T1 and T2 – Design and Construction

Description: Project to reconstruct the T1 and T2 access taxiways to the corporate aviation ramp area to Taxiway Design Group and current Advisory Circular dimensional standards.

Cost Estimate: \$900,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG).

Project #4: Deactivate Runway 4/22 - Realign Taxiway R – Design and Construction

Description: Project to deactivate and decouple Runway 4/22 from Runway 17R/35L and to realign Taxiway R to parallel taxiway configuration. Project also removes pavement west of Runway 17R/35L to meet new Design Standards Advisory Circular.

Cost Estimate: \$4,549,600

Funding Eligibility: AIP Discretionary Funding, Other Unidentified Funding.

Project #5: Taxiway Charlie 1 – Design and Construction

Description: Project includes closure and removal of Taxiway Charlie 1 between Taxiway C and Runway 17R/35L to meet new Design Standard Advisory Circular.

Cost Estimate: \$321,750

Funding Eligibility: AIP Discretionary Funding, Other Unidentified Funding.

Project #6: Eastern Taxiway System Rehabilitation – Design and Construction

Description: Pavement rehabilitation project on Taxiway D and associated stub/connector taxiways.

Cost Estimate: \$17,352,500

Funding Eligibility: AIP Entitlement Funding, AIP Discretionary Funding, Passenger Facility Charges (PAYG), Other Unidentified Funding.

Project #7: Runway 17L/35R Pavement Rehabilitation – Design and Construction

Description: Pavement rehabilitation of Runway 17L/35R consisting of a crack seal, seal coat, and remarking of the runway pavement.

Cost Estimate: \$699,600

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG).

Project #8: Runway 17R/35L Pavement Rehabilitation – Design and Construction

Description: Pavement rehabilitation of Runway 17R/35L consisting of a crack seal, seal coat, and remarking of the runway pavement.

Cost Estimate: \$701,800

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG).

Project #9: Central Taxiway System Rehabilitation – Design and Construction

Description: Pavement rehabilitation of Taxiways M, N, and P consisting of a crack seal, seal coat and remarking of the taxiway pavement.

Cost Estimate: \$440,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG).

Project #10: Western Taxiway System Rehabilitation – Design and Construction

Description: Pavement rehabilitation of Taxiway C and associated stub/connector taxiways consisting of crack seal, seal coat and pavement remarking.

Cost Estimate: \$418,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG).

Project #11: Rental Car Maintenance Facility, Design and Construction

Description: Design and construction of an approximately 17,100 square foot facility that includes a 4-maintenance bay +1 car wash bay to be constructed in preferred location.

Cost Estimate: \$1,120,000

Funding Eligibility: Cash Reserves/Net Revenues.

Project #12: Terminal Renovation – Design and Construction

Description: Project includes removal of the retail concession area, renovation of existing Airport administration area, and improvements for upper and lower level general circulation improvements.

Cost Estimate: \$1,280,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG), New City GO Debt Proceeds.

Project #13: Terminal Renovation – Design and Construction

Description: Project to move and rotate ticketing counters into new location, converting 6 existing counters into 3 conventional counters plus 4 check-in kiosks and two bag drop locations. Also includes relocation of airline support offices into space behind the new ticketing counters.

Cost Estimate: \$4,020,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG), New City GO Debt Proceeds.

Project #14: Taxilane Delta Extension– Design and Construction

Description: Project to extend Taxilane Delta to the North for expansion of maintenance hangar area.

Cost Estimate: \$2,349,600

Funding Eligibility: Public/Private Funding.

Project #14: Hangar P Taxilane Realignment– Design and Construction

Description: Project to realign Taxilane P adjacent to C3 to meet new Design Standards Advisory Circular.

Cost Estimate: \$1,936,000

Funding Eligibility: AIP Discretionary Funding, Other Unidentified Funding.

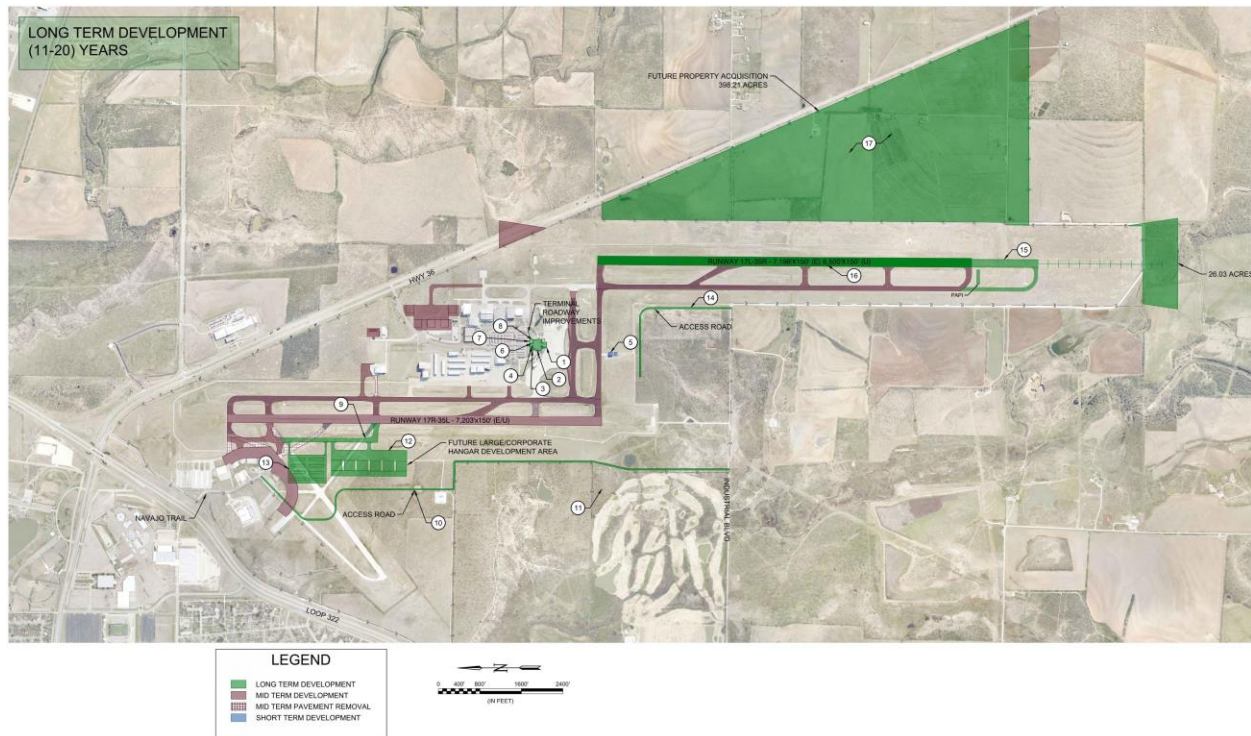
Summary

Projects in the mid-term begin to pursue more comprehensive updates to the terminal building but have an emphasis on maintaining and rehabilitating the airfield pavement assets. Approximately \$44 million dollars' worth of improvements are planned for the mid-term planning horizon.

Long-Term Implementation Program

The long-term planning period covers the period 11-20 years and includes 17 projects. These projects are shown on **Exhibit 6-3**. Due to the fluid nature of funding availability and the possibility of changing priorities, these projects have been grouped together into a single project list and not prioritized by year. Further evaluation of these projects should occur during this planning horizon to determine their order of importance based upon airport safety, demand, and efficiency. Additional long-term horizon projects will include privately funded hangar and business developments that are included on the airport layout plan and in the master plan development concepts. Costs for privately funded projects are not included as part of this analysis.

**Exhibit 6-3
Long Term Projects**



The following section includes a description of each project.

Project #1: Terminal Expansion – Design and Construction

Description: Project includes expansion of the main building core to include new baggage handling system on the east side of the building and new airport administrative space on the West side. The passenger screening area is relocated into the east expansion on level 2.

Cost Estimate: \$9,310,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG), and Other Unidentified funding.

Project #2: Terminal Renovation – Design and Construction

Description: Project includes renovation of the bag claim and rental car counter areas on Level 1, renovation of food and beverage concessions space on level 2 and construction of VIP lounge in area previously occupied by airport administration.

Cost Estimate: \$9,030,000

Funding Eligibility: Other Unidentified funding, Cash Reserves/Net Revenues.

Project #3: Terminal Expansion – Design and Construction

Description: Project includes expansion of the existing holdroom, construction of airline support space below the holdroom expansion.

Cost Estimate: \$3,690,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG), and Other Unidentified funding.

Project #4: Terminal Renovation – Design and Construction

Description: Project includes renovation of the existing holdroom and removal of airline support space adjacent to SSCP.

Cost Estimate: \$2,840,000

Funding Eligibility: Other Unidentified funding.

Project #5: Acquire ARFF Truck

Description: Project includes the acquisition of the ARFF truck.

Cost Estimate: \$700,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG).

Project #6: Terminal Renovation – Design and Construction

Description: Project includes expansion of SSCP from 2-lane to 3-lane checkpoint, removal of existing central staircase, and construction of new vertical core in the North end of the building.

Cost Estimate: \$3,580,000

Funding Eligibility: AIP Entitlement Funding, Passenger Facility Charges (PAYG), and Other Unidentified funding.

Project #7: Roadway & Curbside – Design and Construction

Description: This project includes approximately 9,500 square feet of roadway and curbside modifications.

Cost Estimate: \$140,000

Funding Eligibility: Cash Reserves/Net Revenues.

Project #8: Terminal Expansion – Design and Construction

Description: North expansion to Level 2 of the main terminal building reaching over the existing upper level roadway, to include additional ticketing and airline support space, and expansion to the building entrance on Level 1.

Cost Estimate: \$7,740,000

Funding Eligibility: Other Unidentified funding.

Project #9: Taxiway Romeo Extension to Taxiway Charlie 3 Crossing – Design and Construction

Description: Project includes an extension from Taxiway Romeo to Taxiway Charlie 3 Crossing.

Cost Estimate: \$5,084,200

Funding Eligibility: AIP Entitlement, AIP Discretionary, Other Unidentified funding.

Project #10: Navajo Circle Access Road to Runway 4/22 – Design and Construction

Description: Project includes the design and construction of Navajo Circle Access road to Runway 4/22 redevelopment area.

Cost Estimate: \$3,312,100

Funding Eligibility: Public/Private Funding.

Project #11: Industrial Blvd. Connection to new Navajo Circle Access Road – Design and Construction

Description: Project includes a connection from Industrial Blvd to the new Navajo Circle Access Road.

Cost Estimate: \$4,354,900

Funding Eligibility: Other Unidentified funding.

Project #12: Corporate Hangar Ramp and Access

Description: Project includes design and construction of a corporate hangar ramp and associated taxiways off the extended Taxiway Romeo in the Runway 4/22 redevelopment area.

Cost Estimate: \$2,849,000

Funding Eligibility: Other Unidentified funding.

Project #13: T-Hangar Ramp and Access

Description: Project includes design and construction of a T-Hangar ramp and associated taxiways off the extended Taxiway Romeo in the Runway 4/22 redevelopment area.

Cost Estimate: \$1,424,500

Funding Eligibility: Other Unidentified funding.

Project #14: Mid-Field Access Road – Design and Construction

Description: Project includes the design and construction of a mid-field access road.

Cost Estimate: \$1,688,500

Funding Eligibility: Public/Private Funding.

Project #15: Runway 17L/35R Extension to 8,500 feet – Design and Construction

Description: Project includes improvements to the lighting system, relocation of MALSR, PAPI relocation, land purchase, and extension of Taxiway D to the runway end.

Cost Estimate: \$9,600,000

Funding Eligibility: AIP Entitlement, Other Unidentified funding.

Project #16: Runway 17L/35R Overlay – Design and Construction

Description: Project includes the overlay of Runway 17L/35R.

Cost Estimate: \$5,291,000

Funding Eligibility: AIP Entitlement, AIP Discretionary Funding, Other Unidentified Funding.

Project #17: Land Acquisition of 398 Acres of Property East of Runway 17L/35R – Design and Construction

Description: Project includes the acquisition of 398 acres of land East of Runway 17L/35R.

Cost Estimate: \$1,393,000

Funding Eligibility: Public/Private Funding.

Summary

Projects in the long-term include major terminal renovations and expansions that will be triggered by increased passenger activity. Airfield projects include redevelopment of the Runway 4/22 area to accommodate GA and Corporate hangar demand and business demand. All long-term development projects will be demand driven and incorporated into the ACIP as needed and when appropriate. Approximately \$72 million dollars' worth of improvements are planned for the long-term planning horizon.

Capital improvement Summary

The CIP is intended as a road map of airport improvements to help guide the City of Abilene, Airport Executive Staff and the FAA. The plan, as presented, will help accommodate the forecast increases in passenger, business, and aviation activity demand at ABI over the next 20 years and beyond.

Financial Implementation Analysis

Financial Analysis Objectives

The primary objective of the Financial Implementation Analysis for the Abilene Regional Airport (ABI) Master Plan is to evaluate the Airport's capability to fund the Capital Improvement Program and to finance Airport operations. The program is planned for implementation through three phases of development including a five-year Short-Term period (2019-2023), a five-year Mid Term period (2024-2028) and a ten-year Long-Term period (2029-2038). The analysis includes development of a detailed Financial Implementation Plan. Objectives for developing the Financial Implementation Plan include presenting the results of the implementation evaluation and providing practical guidelines for matching an appropriate amount and timing of financial sources with the planned use of funds.

Overall Approach

The overall approach for conducting the Financial Implementation Analysis included the following steps:

- Gathering and reviewing key Airport documents related to historical financial results, capital improvement plans, operating budgets, regulatory requirements, City policies, airline agreements and other operating agreements with Airport users
- Interviewing key Airport officials to gain an understanding of the existing operating and financial environment, relationships with the airlines and overall management philosophy
- Reviewing the Aviation Activity Forecast previously developed in the Master Plan
- Reviewing the Capital Improvement Program project cost estimates and development schedules anticipated for the planning period and projecting the overall financial requirements for the program
- Determining and analyzing the sources and timing of capital funds available to meet the financial requirements for operating the Airport and financing the Capital Improvement Program
- Analyzing historical operations and maintenance expenses, developing operations and maintenance expense growth assumptions, reviewing assumptions with Airport management and projecting future operations and maintenance expenses for the planning period
- Analyzing historical revenue sources, developing revenue growth assumptions, reviewing assumptions with Airport management and projecting future airline and non-airline revenues for the planning period
- Completing results of the review in a Financial Analysis Summary that evaluates the financial reasonableness of the Capital Improvement Program

Capital Funding Sources

In the past, the Airport has used a combination of FAA Airport Improvement Program (AIP) entitlement and discretionary grants, Passenger Facility Charges, City Capital Contributions and cash reserves/net operating revenues to fund capital improvements. These funding sources, as well as additional sources of capital funding, will continue to be important to finance the Airport's Master Plan Capital Improvement Program (CIP) during the future twenty-year planning period.

Airport Improvement Grants

The Airport receives grants from the Federal Aviation Administration (FAA) to finance the eligible costs of certain capital improvements. These federal grants are allocated to commercial passenger service airports through the Airport Improvement Program (AIP). AIP grants include passenger entitlement grants, which are allocated among airports by a formula that is based on passenger enplanements and discretionary grants which are awarded in accordance with FAA guidelines. On October 5, 2018, after several years of continuing budget resolutions and other short-term legislative measures implemented by Congress, the FAA Reauthorization Act of 2018 was enacted and authorized funding for the AIP through September 30, 2023.

Under current AIP authorization legislation, eligible projects are funded on a 90% AIP grant/10% local match basis for small and non-hub airports. Under this authorization, the Airport is projected to receive current entitlements of about \$1.1 million in 2019 and future annual grants which are projected to grow to \$1.3 million by 2038 - the end of the planning period. Non-Hub airports (those with annual enplanements between 10,000 passengers and approximately 449,000 passengers) can accumulate and carryover up to three years of unspent entitlements plus the current year before the awards are revoked. In 2019, the Airport had \$1.1 million in entitlements to carryover for use in 2019. The implementation analysis assumes the application of annual AIP passenger entitlement funds will be about \$6.7 million during the Short-Term planning period, \$6.4 million during the Mid Term and \$13.2 million during the Long Term.

The approval of AIP discretionary funding is based on a project eligibility ranking method the FAA uses to award grants, at their discretion, based on a project's priority and importance to the national air transportation system. In past years, Abilene received discretionary funding to support apron and taxiway reconstruction and extension projects, and most recently, Runway 17L/35R and Runway 17R/35L rehabilitation projects. It is reasonable to assume that the Airport will receive additional discretionary funding during the planning period for higher priority, eligible projects, such as airfield safety projects, Eastern Taxiway System (Taxiway D) rehabilitation, taxiway extension, a runway extension and future runway rehabilitation projects. The implementation analysis assumes that \$6.7 million of AIP discretionary funds will be required during the Short Term for projects to meet the new airfield design standards including the closure and removal of Taxiway C1, Hangar P Taxiway realignment, Taxiway R Realignment

and the decoupling of Runway 4/22 and Runway 17R/35L. The implementation analysis also assumes that AIP discretionary grants of about \$16.4 million will be available for the rehabilitation of the Eastern Taxiway System, including Taxiway D and associated stubs during the five-year Mid Term period. An additional \$23.0 million of AIP discretionary funds are assumed for the Long Term for the extension of Taxiway R to Taxiway C3 crossing, the extension of Runway 17L/35R and an overlay of Runway 17L/35R. Since the future availability of AIP discretionary grants is not certain until an actual grant is awarded, it should be noted that any CIP projects which have discretionary funds indicated as a funding source in the implementation plan may need to be delayed until such funds actually become available.

Of additional note, the FY 2018 omnibus appropriations bill included an additional amount for "Grants-In-Aid for Airports" of \$1 billion to remain available through September 30, 2020. This "supplemental" \$1 billion is funded through the General Fund of the Federal Government, not the Airports & Airways Trust Fund. Congress directed the FAA to give priority to non-primary airports, that are not located within OMB-determined Metropolitan or Micropolitan areas. Congress also gives priority to projects at small and non-hub airports. The Consolidated Appropriations Act of 2019 included a supplemental amount of \$500 million for discretionary grants under the AIP statute which will be awarded by September 31, 2021.

The Airport works with the FAA to identify projects included in its CIP which may be candidates for funding from these additional supplemental appropriations. As the award of such funds remains undetermined, this implementation analysis does not assume the receipt of additional "supplemental" funds. However, should the Airport be awarded funding for projects through supplemental appropriations, it is likely that AIP entitlement funds assumed to fund those projects would be replaced with supplemental funds and made available to fund other eligible projects in the CIP.

The implementation analysis further assumes that the current AIP program will continue to be extended through 2038 and that future program authorizations will provide substantially similar funding levels as it currently does and as it has historically provided since the program was established in 1982.

Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act of 1990 established the authority for commercial service airports to apply to the FAA for imposing and using a Passenger Facility Charge (PFC) of up to \$3.00 per eligible enplaned passenger. With the passage of AIR-21 in June 2000, airports could apply for an increase in the PFC collection amount from \$3.00 per eligible enplaned passenger to \$4.50. The proceeds from PFCs are eligible to be used for AIP eligible projects and for certain additional projects that preserve or enhance capacity, safety or security; mitigate the effects of aircraft noise; or enhance airline competition. PFCs may also be used to pay debt service on bonds (including principal, interest and issue costs) and other indebtedness incurred to carry out eligible projects. In addition to funding future planned

projects, the legislation permits airports to collect PFCs to reimburse the eligible costs of projects that began on or after November 5, 1990.

ABI currently collects PFC revenues through an approved application at the \$4.50 collection level. Current collections at the \$4.50 collection level are approximately \$350 thousand per year. This open application is expected to be fully collected in 2022. PFC collections from 2019 through 2022 are committed to repayment of costs expended on those projects included in the existing open application.

The implementation analysis assumes that the Airport will submit new PFC applications to fund future projects included in the CIP. The analysis assumes that PFC collections available for use on the projects included in the CIP will be about \$504 thousand during the Short-Term planning period, \$1.9 million during the Mid Term and \$4.2 million during the Long Term.

The implementation analysis assumes that the Airport will use approximately \$101 thousand in PFC funds to provide the local match to AIP grants to fund taxiway reconstruction projects at the end of the Short Term. During the Mid Term, the analysis assumes that the Airport will use approximately \$1.4 million on a pay-as-you-go basis to find the local match to AIP grants for runway and taxiway rehabilitation projects. The implementation analysis assumes that PFCs will be used on a pay-as-you-go basis to fund terminal improvement projects of approximately \$1.6 million in the Long Term.

In addition to using PFCs on a pay-as-you-go basis, the implementation analysis assumes that at the beginning of the Mid Term, the City will issue approximately \$5 million in general obligation bonds to undertake a significant terminal rehabilitation project. Of the \$5 million issued, it is estimated that approximately \$2.8 million in principal costs will be retired using the City's general fund revenues. The remaining \$2.2 million in principal is anticipated to be funded with PFC funds. Additionally, the analysis assumes that PFC funds in the amount of approximately \$1.3 million will be used to fund the PFC eligible financing and interest cost on those bonds.

The implementation analysis assumes that the Airport will submit PFC applications and amendments, as required, to ensure that the collection of PFC revenues continues uninterrupted beyond the authorized expiration date through the end of the twenty-year planning period in 2038. As shown in **Schedule 6-3**, the analysis assumes 20-year debt at an interest rate of 5%. Annual debt service funded with PFC revenues would be approximately \$174 thousand.

Proposition 9 Local Match Funding

In 2015, the City of Abilene began issuing general obligation bonds for voter approved capital improvement projects estimated to cost approximately \$81 million. The bond program dedicated \$4.2 million to Proposition 9, a local match that enables Abilene Regional Airport to receive \$38 million in federal airport improvement grants. Of the \$4.2 million, \$2.0 million has

been spent or committed on projects already completed or underway such as the reconstruction of Runway 17R/35L. The implementation analysis assumes that the remaining \$2.2 million of Proposition 9 funds available will be used to fund, along with AIP funds, the following projects in the Short Term: the Aircraft Rescue and Firefighting (ARFF) Station Replacement, the acquisition of an ARFF truck, land acquisition in a runway protection zone, and rehabilitation of the terminal interior such as restrooms, interior finishes and passenger boarding bridge rehabilitation.

Public/Private Funding

ABI is a municipally owned facility. The Airport is part of the General Fund of the City of Abilene, Texas. The City may periodically provide funding to the Airport for capital projects from its local capital budget. In 1989, the Development Corporation of Abilene (DCOA) was formed as a Type A municipal economic development corporation. The DCOA utilizes a portion of the local sales tax to provide incentives to existing and new employers in the creation and retention of jobs in the Abilene community. The DCOA may also provide funding toward Airport capital development as may qualify as economic development. Additionally, certain on-airport development projects may be funded through private third-party funding. This is frequently the case for general aviation development. The implementation analysis assumes public/private funding in the Mid Term of the planning period of approximately \$2.8 million for a proposed extension of Taxiway D to the North. Additionally, in the Long Term of the planning period, approximately \$9.7 million is assumed for land acquisition as well as the construction of the Navajo Circle Access Road and Mid-Field Access Road. These access roads would provide access to new or expanded general aviation and other aeronautical facilities. If public/private funding does not materialize in the time frame needed, the associated projects may have to be modified, delayed or cancelled until such funding is committed.

City General Obligation Debt

In addition to traditional sources such as AIP and PFC funding, capital development at ABI has also historically been funded through City funded debt, such as general obligation bonds or certificates of obligation. Repayments of such debts have been funded through property taxes, such as the recent Proposition 9 funding, or funded through other general fund revenues, including Airport revenues.

As described in Section 6.3.2 above, the implementation analysis assumes that at the beginning of the Mid Term, the City will issue approximately \$5 million in general obligation bonds to undertake a significant terminal rehabilitation project. Of the \$5 million issued, it is estimated that approximately \$2.8 million in principal costs will be retired using the City's general fund revenues. As shown in **Schedule 6-3**, the analysis assumes 20-year debt at an interest rate of 5%. Annual debt service funded with general funds would be approximately \$223 thousand.

Other Unidentified Funding

The traditional airport capital funding sources described in the preceding paragraphs are insufficient in amount and timing to finance a number of capital projects planned for implementation during the planning period. These projects include the local match of safety projects, including taxiway and taxilane realignment and runway de-coupling projects, programmed in the Short-Term planning period in anticipation of AIP discretionary funds. In the Mid Term, projects with unidentified funding include replacement of passenger loading bridges, northwest general aviation ramp rehabilitation, and a portion of rehabilitation of the Eastern Taxiway System (Taxiway D and Associated Stubs). In the Long Term, significant terminal expansion and rehabilitation projects as well as general aviation taxilane, ramp and access expansion projects, a runway extension project, and a runway rehabilitation project rely on the availability of currently unidentified funding. Consequently, non-traditional funding sources will be needed to finance the cost of projects totaling about \$744 thousand during the Short Term of the planning period, \$10.6 million during the Mid-Term planning period, and \$59.5 million during the Long-Term planning period. The source of this non-traditional “other” funding has not yet been determined and represents a shortfall for the capital project implementation plan. This “other” funding may potentially include sources such as future private third-party funding, federal economic stimulus grants, City and local economic development funding, and other possible sources that are not certain at this time. If other funding sources cannot be identified and obtained in the time frame needed, the associated projects will have to be modified, delayed or cancelled until such funding can be identified. Consequently, this source of capital funding has been referenced in the Financial Implementation Analysis as “Other Unidentified Funding”.

Cash Reserves/Airport Net Operating Revenue

At the beginning of 2019, the Airport had accumulated about \$1.6 million in unrestricted cash reserves available for operations and capital project funding.

Revenue and expense projections included in the Financial Implementation Analysis indicate that the Airport is currently operating at a deficit and requires a subsidy from the General Fund to cover operations as well as an existing debt issuance which is scheduled to be paid in full in 2022. The Airport and the City are working to reverse this trend by generating additional revenue from existing operating revenue sources and by identifying new sources of operating revenue for the Airport. Based on operating revenue and expense projections, the Airport should be self-sustaining by the end of the Short-Term planning period. Once this point is reached, it is anticipated that the Airport and City will adopt financial practices to accumulate net operating revenues to build an unrestricted cash balance in the Airport fund to establish a prudent minimum balance. For conservative planning purposes, the Financial Implementation Analysis assumes very limited net operating revenue available for capital development.

The implementation analysis assumes that Airport cash reserves/net operating cash flow will be used throughout the planning period to fund about \$4.2 million in project costs. This will include some rental car facility improvements, terminal improvements and roadway improvements. The implementation analysis assumes \$2.2 million during the Short Term, and \$2.0 million in the Long Term.

Financial Analysis and Implementation Plan for the Master Plan Capital Improvement Program

This analysis, along with the Schedules presented at the end of Chapter 6, provides the results of evaluating the financial reasonableness of implementing the Master Plan Capital Improvement Program during the planning period from 2019 through 2038.

Estimated Project Costs and Development Schedule

The Capital Improvement Program (CIP) Estimated Project Costs and Development Schedule is derived from previous results of the Master Plan analysis. The CIP for capital expansion and improvement projects is projected on an annual basis for the Short-Term planning period from 2019 through 2023, in total for the Mid-Term planning period from 2024 through 2028 and in total for the Long-Term planning period from 2029 through 2038. For each of these planning periods, **Schedule 6-1** (provided at the end of Chapter 6) presents the Capital Improvement Program including estimated costs and anticipated development schedule for the identified projects.

As shown in **Schedule 6-1**, the total estimated cost of projects is \$125,939,005 in 2019 dollars. The estimated costs for projects scheduled during the period 2019 through 2038 are adjusted by an assumed 3% rate of annual inflation. The resulting total project costs escalated for inflation are \$171,630,832. **Table 6-4** presents a summary of the Schedule and provides a comparison of 2019 base year costs with escalated costs adjusted for inflation for each of the planning periods.

Table 6-4
Summary of 2019 Base Year and Total Escalated Costs
Abilene Regional Airport

Planning Periods	2019 Base Year Costs	Total Escalated Costs
Short Term Projects (2019-2023)	\$18,999,972	\$20,305,293
Mid Term Projects (2024-2028)	34,058,410	41,941,748
Long Term Projects (2029-2038)	72,830,623	109,751,026
Total Project Costs	\$125,939,005	\$171,630,832

Source: Leibowitz & Horton AMC Analysis

Note: Addition errors are due to rounding of calculated amounts

Includes financing costs

6.4.2 Sources and Uses of Capital Funding

Funding sources for the CIP depend on many factors, including AIP and PFC project eligibility, the ultimate type and use of facilities to be developed, management's current and desired levels of the Airport's airline cost per enplaned passenger, the availability of other financing sources and the priorities for scheduling project completion. For master planning purposes, assumptions were made related to the funding source of each capital improvement.

Schedule 6-2 (provided at the end of Chapter 6) lists each of the CIP projects, their estimated costs (escalated annually for inflation) and the assumed funding sources and amounts. During the twenty-year planning period, it was assumed that AIP entitlement grants would partially fund ARFF facilities and equipment, terminal building rehabilitation and expansion, runway/taxiway rehabilitation, land acquisition, and general aviation facilities improvements. It was assumed that AIP discretionary grants would partially fund runway/taxiway rehabilitation and general aviation facilities improvements. PFC pay-as-you-go revenues were assumed to fund a portion of AIP eligible projects, including runway and taxiway improvements, terminal building rehabilitation and expansion and ARFF facilities and equipment. New City issued general obligation debt is assumed to fund the Mid-Term terminal building rehabilitation improvements, a portion of which would be funded through PFC funds. Proposition 9 Funds were assumed to provide partial funding in addition to AIP grants during the Short-Term for ARFF station improvements and equipment, land acquisition and terminal interior rehabilitation. Public/Private funding has been identified for the development of certain

taxiway improvements as well as general aviation development. Projects for which funding has not been identified, reflected as “Other Unidentified Funding” include continued terminal building rehabilitation and expansion work, general aviation development and some runway/taxiway improvements. Available cash reserves were assumed to fund rental car improvements, terminal roadway improvements and terminal building improvements.

A summary of the sources of capital funding by type and uses of capital funding by planning period for the CIP is presented in **Table 6-5**.

**Table 6-5
Summary of Sources and Uses of Capital Funding
Abilene Regional Airport**

Sources of Capital Funding	Short Term (2019-2023)	Mid Term (2024-2028)	Long Term (2029-2038)	Totals
AIP Entitlement Grants	\$6,694,179	\$6,437,023	\$13,199,373	\$26,330,574
AIP Discretionary Grants	8,312,702	15,172,623	22,995,191	46,113,281
Passenger Facility Charge Debt	0	2,674,341	803,423	3,477,765
Passenger Facility Charges	101,296	1,447,889	1,589,889	3,139,074
Proposition 9 Local Match Funding	2,200,000	0	0	2,200,000
Public/Private Funding	0	2,847,317	9,670,894	12,518,211
New City GO Debt Proceeds	0	2,784,949	0	2,784,949
Other Unidentified Funding	743,858	10,577,606	59,507,849	70,829,313
Cash Reserves/Net Ops Cash Flow	2,253,258	0	1,984,407	4,237,665
Total Sources of Capital Funding	\$20,305,293	\$41,941,748	\$109,751,026	\$171,630,832
Uses of Capital Funding				

Runway/Taxiway Improvements	\$3,901,933	\$31,585,092	\$22,523,974	\$57,589,127
Terminal Roadway and Parking Improvements	0	0	211,763	211,763
Terminal Building Improvements	4,370,908	9,038,598	55,544,045	68,953,551
General Aviation Facility Improvements	6,222,222	1,318,058	28,305,394	35,845,674
Land Acquisition	0	0	2,107,037	2,161,674
ARFF Building and Equipment	4,656,630	0	1,058,813	5,715,443
Other Improvements	1,153,600	0	0	1,153,600
Total Uses of Capital Funding	\$20,305,293	\$41,941,748	\$109,751,026	\$171,630,832

Source: Leibowitz & Horton AMC Analysis

Note: Addition errors are due to rounding of calculated amounts.

Projected Operations and Maintenance Expenses

Operations and maintenance expense projections for the Short Term (2019 to 2023), the Mid Term (2024 to 2028) and the Long Term (2029 to 2038) planning periods are based on the Airport's 2019 budget, the anticipated impacts of inflation, aviation traffic increases, facility improvements and the recent experience of other airports with similar levels of aviation activity.

Operations and Maintenance Expense Projection Assumptions

Operations and maintenance expense growth assumptions, as reflected in **Schedule 6-4**, were developed to project the Airport's operating expenses during the planning period. Actual amounts for 2016 through 2018 and budgeted amounts for 2019 provide a comparison with expenses that are projected for the period 2020 through 2038.

For each of the following expense categories listed below, projections are based on 2019 budgeted amounts with an assumed 3% annual rate of inflation beginning in 2020.

- Personal Services – Salaries/Wages
- Personal Services – Benefits
- Supplies
- Maintenance
- Utilities
- Professional Services
- Advertising & Promotion
- Fleet Fuel and Maintenance
- Equipment Replacement
- Technology Fund Transfer
- Other Services and Charges

Projection of Operations and Maintenance Expenses and Operating Expenses Per Enplaned Passenger

The projection of operations and maintenance expenses is provided in **Schedule 6-4** (provided at the end of Chapter 6). As shown in the Schedule, total expenses are expected to grow from \$2,152,760 budgeted in 2019 to \$2,422,950 projected in 2023 reflecting an overall growth rate of 3% per year and total \$11,429,295 during the Short-Term planning period. Mid Term expenses are projected to total \$13,249,686 reflecting a 3% annual growth rate for the five-year period 2024-2028 and Long-Term expenses are projected to total \$33,166,487 reflecting a 3% annual growth rate for the ten-year period 2029-2038.

Schedule 6-4 also provides a comparison of Abilene's total operating expenses per enplaned passenger versus non-hub airports with similar levels of aviation activity. Abilene's operating expenses per enplaned passenger are projected to increase from \$24.73 budgeted for 2019 to an average of \$31.21 during the Long-Term planning period. Over the same period of time, the overall non-hub industry average grows from \$47.07 in 2019 to \$60.44 during the Long Term (Source: Non-Hub Airports, FAA Operating and Financial Summary Report #127 and FAA Air Carrier Activity Information System enplanement database). These comparisons show that budgeted and projected operating expenses at Abilene are substantially lower than other non-hub airports of similar size during all three phases of the twenty-year planning period. This implies that the Airport currently manages operations and controls expenses in a manner that is more cost efficient than other comparable non-hub airports.

Projected Operating Revenues

Operating revenue projections for the Short Term (2019 to 2023), the Mid Term (2024 to 2028) and the Long Term (2029 to 2038) planning periods are based on the Airport's 2019 budget, current rates and charges methodology, current leasing practices, the anticipated impacts of

inflation, aviation traffic increases, facility expansions and the recent experience of other airports with similar levels of aviation activity.

Operating Revenue Projection Assumptions

Operating revenue growth assumptions, as reflected in **Schedule 6-5** (provided at the end of Chapter 6), were developed to project the Airport's operating revenues during the planning period. Actual amounts for 2016 through 2018 and budgeted amounts for 2019 provide a comparison with revenues that are projected for the period 2020 through 2038. This analysis organizes revenues into categories for airline revenues, non-airline revenues and non-operating revenues. Annual revenue growth assumptions for the period 2020 through 2038 are provided in the following sections.

→ Airline Revenues

Landing fees – The Airport has established new landing fees for air carriers, estimated to commence in 2020. The new landing fee of \$0.60 per 1,000 pounds of maximum gross landing weight is scheduled to escalate \$0.10 each year through 2024. Airline landing fee projections beginning in 2020 are based on the new rate and recent years' average total gross landed weights. Beginning in 2021, revenue is based on the new rate plus increases in aircraft landed weight assuming one half the annual growth rate of the Master Plan forecast of passenger enplanements. This reflects the airlines' practice of managing increased load factors before additional flights are provided. Beginning in 2025, the analysis assumes continued landing fee rate increases based on 3% annual rate of inflation plus increases in aircraft landed weight assuming one half the annual growth rate of the Master Plan forecast of passenger enplanements.

Terminal Space - Airlines – The Airport has also established new terminal rental rates for exclusive and joint use spaces in the terminal building, estimated to commence in 2020. The new terminal rental rate for 2020 is \$21.50 per square foot and is scheduled to increase to \$24.20 by 2023. Airline terminal space rents beginning in 2020 are based on these new rates and the approximate square footage of space leased by air carriers. Beginning in 2025, the analysis assumes continued terminal rental rate increases based on 3% annual rate of inflation.

→ Non-Airline Revenues

Non-Airline revenue projections beginning in 2020 for the following categories are based on the Airport's 2019 budget with growth at a 3% annual inflation rate thereafter:

- Terminal Office Space – Non-Airline
- Terminal Use
- Building/Space Rental

- Hangar Rental
- Land Leases
- Fuel Flowage Fees
- Terminal Advertising
- Security Badge Charge
- Miscellaneous State Grants
- Indirect Cost Recovery
- Interfund Recoveries
- Personnel Recoveries
- Miscellaneous Revenues

Rental Car Commission projections beginning in 2020 are based on the Airport’s 2019 budget with growth at a 3% annual inflation rate plus the annual rate of forecast enplanement growth. Projections for revenue from Terminal Parking are based on the Airport’s 2019 budget with a growth based on the annual rate of forecast enplanement growth only. A one-time adjustment for a 10% price increase is assumed during the Mid Term planning period.

- Non-Operating Revenues - Non-Operating revenues at ABI include non-routine revenues such as damage claims and recoveries, transfers from other funds and the sale of land. None of those revenues are typically budgeted. The budget in 2019 assumes no revenue from these sources and, therefore, the analysis assumes no future revenues from these sources.

Projection of Operating Revenues, Airline Cost Per Enplaned Passenger and Operating Revenues Per Enplaned Passenger

The projection of operating revenues is provided in **Schedule 6-5** at the end of Chapter 6. As shown in the Schedule, airline revenues are expected to grow from \$94,805 budgeted in 2019 to \$180,737 projected for 2023 and total \$728,498 during the Short-Term planning period. During the five-year Mid Term period, airline revenues are projected to total \$1,054,402 and during the ten-year Long-Term period, revenues are projected to total \$2,719,726. The overall annual growth rate for airline revenues is 6.2% during the twenty-year planning period. Non-Airline revenues are expected to grow from \$2,023,665 budgeted in 2019 to \$2,257,256 projected for 2023 and total \$10,680,158 during the Short-Term planning period. During the Mid Term period, non-airline revenues are projected to total \$12,453,607 and during the Long-Term period, non-airline revenues are projected to total \$31,385,961. The overall annual growth rate for non-airline revenues is 2.8%. Total Airport revenues (including non-operating revenues) are expected to grow from \$2,118,470 budgeted in 2019 to \$2,437,992 projected for 2023 and total \$11,408,655 during the Short-Term planning period. During the Mid Term period, revenues are projected to total \$13,508,010 and during the Long-Term period, revenues are projected to total \$34,105,687. The overall annual growth rate for total Airport revenues is 3.0%.

Schedule 6-5 also provides a comparison of the Airport's airline cost per enplaned passenger (CPEP) versus non-hub airports with similar levels of aviation activity. The airline CPEP (all airline fees and rentals divided by enplaned passengers) is a measure airlines use to compare their cost of operations among the airports they serve. Abilene's airline CPEP is projected to grow from \$1.09 budgeted in 2019 to an average of \$2.56 during the Long-Term planning period. Over the same period, the overall non-hub industry average grows from \$9.34 in 2019 to \$11.99 during the Long Term (Source: Non-Hub Airports, FAA Operating and Financial Summary Report #127 and FAA Air Carrier Activity Information System enplanement database).

This comparison indicates that airline rates and charges at Abilene are much lower than the industry average and are projected to remain below the industry average through the Long-Term planning period. This indicates that the Airport has room to grow airline rates and charges in the future if it is determined that there is a need or justification to do so. While the Airport has adopted increased airline rates incrementally from 2020 to 2024, the Airport should continue to monitor their rates in comparison with the non-hub industry average and other comparable peer airports.

Schedule 6-5 also provides a comparison of Abilene's total operating revenue per enplaned passenger versus an average for other non-hub airports. The Airport's total operating revenue per enplaned passenger is projected to grow from \$24.34 budgeted for 2019 to an average of \$32.10 during the Long-Term planning period. Over the same period, the overall non-hub industry average grows from \$47.33 in 2019 to \$60.77 during the Long Term (Source: Non-Hub airports, FAA Operating and Financial Summary Report #127 and FAA Air Carrier Activity Information System enplanement database). These comparisons show that both airline and non-airline revenues are much lower than the non-hub industry averages throughout the planning period.

Abilene does have a diverse source of non-airline revenues including aeronautical and non-aeronautical land/ground rents and building rents and terminal related revenues such as concessions, advertising, parking, and rental car concessions. The Airport and the City are actively working to generate additional revenue from existing operating revenue sources and by identifying new sources of operating revenue for the Airport. For example, the Airport is working with the FAA on land releases to allow for non-aeronautical development on certain areas of the Airport. Additionally, as existing agreements such as concession agreements expire, the Airport should continue to review those agreements in light of the increased air carrier terminal rental rate and current industry best practices.

The Airport's overall policies for setting/negotiating airline and non-airline user fees and rental rates should continue to be reviewed and adjusted over time in order to establish rates that are more comparable with other airports having similar levels of aviation activity.

Financial Plan Summary for the Master Plan Capital Improvement Program

The Financial Plan Summary presented in **Schedule 6-6** at the end of Chapter 6 includes a Capital Cash Flow section that presents a summary of projected capital funding (from **Schedule 6-2**) and scheduled capital expenditures (from **Schedule 6-1**) with the cash flow that results from implementing the Master Plan Capital Improvement Program. **Schedule 6-6** also includes an Operating Cash Flow section that summarizes totals for operating revenues (from **Schedule 6-5**) and operating expenses (from **Schedule 6-4**) with the addition of beginning cash reserve balances to provide the cash flow that results from these activities.

In **Schedule 6-1** of the Financial Implementation Analysis, practical approaches were provided for scheduling capital expenditures to match the availability of capital funding. **Schedule 6-2** provided practical approaches for matching specific capital funding sources with each of the identified projects. As shown in **Schedule 6-6**, positive year end cash reserves are projected throughout the twenty-year planning period 2019 to 2038.

Based on the assumptions underlying the Financial Implementation Analysis summarized in the Capital Cash Flow section of **Schedule 6-6**, implementation of projects in the Master Plan CIP that are scheduled throughout the twenty-year planning period are projected to be financially reasonable if the City can identify approximately \$76.4 million in funding for projects with Other Unidentified Funding. If funding sources are not available for these projects and other alternative sources cannot be identified, then development of these projects will not be feasible during the implementation period that is currently planned.

Implementation of other capital projects during the 2019-2038 planning period that have AIP discretionary grants indicated as a funding source are subject to the availability of those grants which are provided at the sole discretion of the FAA. If the identified portion of discretionary funding is not awarded by the FAA, then these projects will need to be delayed until funding is available.

Additionally, the Financial Implementation Analysis relies on achievement of the aviation activity and passenger enplanement forecast. Actual aviation traffic may temporarily vary from the projected levels of activity without a significant adverse impact on the capital program. If decreased traffic levels occur and persist, implementation of all the proposed projects may not be financially feasible. It should also be noted, however, that if the forecast activity levels are not met, then a number of the planned capital improvements may not be necessary.

Financial Analysis Schedules

Financial Analysis Schedules 6-1 through 6-6 are presented on pages 30-36.