

## **8. Financial Plan (Future)**

The improvements needed to develop the Airport Layout Plan over the next 20 years, through 2029, have been determined. In this chapter of the Master Plan Update, the capital improvement plan is considered in association with financial forecasts, to provide the basis for planning the funding of these improvements over the next 20 years. With limited outside funding, the Airport must rely heavily on available FAA and State airport grant funding to complete projects.

### **8.1 Capital Improvements Funding**

Financing capital improvements at the airport cannot rely exclusively upon the financial resources of the Logan-Cache Airport Board. Capital improvement funding is available at the federal and state level for many airport projects. The following discussion outlines the key sources for capital improvement funding.

#### **Federal Grants**

Through federal legislation over the years, various grants-in-aid programs have been established to develop and maintain a system of public airports throughout the United States. The purpose of this system and its federally-based funding is to maintain national defense and promote interstate commerce.

The most recent legislation, Vision 100 - Century of Aviation Reauthorization Act (Vision 100), was signed into law on December 13, 2003. Vision 100 was a four-year bill covering federal fiscal years 2004, 2005, 2006, and 2007. Vision 100 provided national funding levels to the FAA of \$3.4 billion in 2004, and increased by \$100 million annually until reaching \$3.7 billion in 2007. Since 2007, the bill has been continued by Congress without a new authorization, at the 2007 level.

The source for federal funding of airports is the Aviation Trust Fund. The Aviation Trust Fund was established in 1970, to provide funding for aviation capital investment programs (aviation development, facilities and equipment, and research and development). The Aviation Trust Fund also finances the operation of the FAA. It is funded by user fees and taxes on airline tickets, aviation fuel, and various aircraft parts. Proceeds from the Aviation Trust Fund are distributed each year by the FAA, from appropriations by Congress.

A portion of the annual distribution is to primary commercial service airports, based upon enplanement levels. Commercial service airports enplaning more than 10,000 passengers annually are provided a minimum \$1,000,000 annual entitlement. For eligible general aviation airports, Vision 100 provides up to \$150,000 of funding each year. As a general aviation airport, Logan-Cache Airport does not qualify for the commercial service entitlement; however, it does qualify for the annual \$150,000 entitlement. An airport can consolidate four years of entitlement funding for a total of \$600,000. These annual entitlement levels can be reduced if Congress does not appropriate the full funding levels specified above.

After meeting entitlement obligations, the remaining Airport Improvement Program (AIP) funds are distributed via grants issued by the FAA. Grant issuance is based upon the priority of the project for which airport sponsors have requested federal assistance through discretionary apportionments. A national priority ranking system is used to evaluate and rank each project for which an airport sponsor seeks federal assistance. Those projects with the highest priority are given preference in funding.

Each project for Logan-Cache Airport is required to follow this procedure and compete with other airport projects in the state for AIP State Apportionment dollars, and across the country for other federal AIP funds. An important point to consider is that most of the necessary funding for Logan-Cache Airport improvements is not guaranteed by the federal government, as the airport is currently only eligible for the \$150,000 annual entitlement under Vision 100 legislation. Therefore, the airport must rely on federal discretionary funding.

Discretionary funding is available for property acquisition, airfield improvements, aprons, perimeter service roads, and access road improvements. Vision 100 does provide for revenue-generating developments such as hangars and fuel facilities, but eligibility is limited for non-primary airports such as Logan-Cache Airport. Vision 100 also requires that all airside needs at the airport are met prior to an airport receiving funding for revenue-generating development.

Airport development that meets the FAA's eligibility requirements can receive 95 percent of the total eligible project cost from the FAA. This is an increase from past funding, which only provided 90 percent funding for eligible projects. The 95 percent funding level was only provided by law until 2007. Funding has been maintained at the 95 percent level but may be reduced to a historical 90 percent level unless yearly Congressional extensions are continued. Funding at 95 percent for AIP-eligible projects has been assumed to extend through the planning period, as it is expected that subsequent legislation would make permanent the 95 percent funding level.

## **State Funding**

The following information is quoted from the Utah Continuous Airport System Plan 2007, UDOA, Wilbur Smith Associates.

"The Utah Division of Aeronautics (UDOA) administers State funding for airports. Existing guidelines followed by the UDOA include a policy of leveraging state funds to maximize federal airport development funds for Utah airports. This is accomplished through the Division's practice of assisting airport sponsors with the required matching funds for FAA airport improvement grants at eligible airports. Airports eligible for funding are those included in the FAA National Plan of Integrated Airport Systems (NPIAS) with the exception of the three Primary Commercial Service airports: Salt Lake City International, St. George, and Wendover. The amount of funding provided by the UDOA is on a sliding scale based on the total project cost. The Division provides assistance with matching funds only for FAA projects exceeding \$600,000. The amount of state funding provided increases to a maximum of one-half of the required local match, for FAA projects exceeding a total cost of \$1.1 million.

"Eligible state funded projects are typically funded at 90 percent of the total project cost with the remaining 10 percent being the responsibility of the airport sponsor. The matching of federal grants receives the highest priority for state funds. After all eligible FAA grants have been matched; the remaining funds are utilized in support of the state grant program.

"To assist in prioritizing the use of limited state funds, the UDOA has developed a project priority rating system. The following formula forms the basis of the UDOA project prioritization system: The guidelines utilized by the UDOA to prioritize airport development projects closely follow the priorities set forth by the FAA. By funding high priority FAA projects, the state better positions itself to compete nationally for additional FAA discretionary funds. This enables to Division to further leverage state airport development funds. Priority is given to the following categories of projects:

1. Preservation - Runways and Taxiways
2. Standards and Planning

3. Upgrade
4. Capacity

“The UDOA administers state programs for funding airport planning, construction, and maintenance projects. The Division establishes the overall policy and procedures for the development and funding of capital improvements with the project prioritization system discussed previously. The primary source of funding utilized by the Division is generated by aviation fuel taxes and registration fees on aircraft based in Utah. The revenue generated from these taxes and fees are deposited into a restricted account from which funds are appropriated annually by the Utah Legislature. Total annual funds from the state for projects has averaged \$2,250,000.”

### **Local Funding**

The following information is quoted from the Utah Continuous Airport System Plan 2007, UDOA, Wilbur Smith Associates.

“Local public airport sponsors, such as counties, cities, and airport authorities, are responsible for the remaining costs associated with airport development projects, after federal and state shares have been applied. Historically in Utah, the local share of federally-funded projects has been 5 percent after the 95 percent federal share was applied. For state-only funded projects, the local share is typically 10 percent.

“Local government funding for airport development projects is derived from the following sources:

- Local General Fund Revenues
- Bond Issues
- Airport-Generated Revenues
- Private Funding

“Of these, general fund revenues and general obligation bonds are by far the most common funding sources. Revenue bonds supported by airport-generated revenues are seldom used, because most general aviation airports do not earn enough money to pay operating expenses and the debt service of capital funding requirements.”

The airport board currently does not have bonding capability. This should be reviewed and considered.

### **Private and Other Funding**

The following information is quoted from the Utah Continuous Airport System Plan 2007, UDOA, Wilbur Smith Associates.

“Additional sources of revenue and assistance occasionally used at general aviation airports to fund or finance airport improvements are listed below. These funds are sometimes generated through public agencies, in the form of donations, grants, leases, or other means such as:

- Private/commercial financing
- State rural/industrial bonds
- Residence lease/rental
- Bank loans
- Business license tax
- Sale of land for commercial purposes
- Display/advertisement rental

“Money from private sources has traditionally been used to construct hangar facilities, terminal buildings, install pilot equipment, and in some instances, has supported costs associated with runway and taxiway maintenance and repair projects. Private financing is common at general aviation airports that serve diverse proprietary needs, or are beyond the financial resources of the airport sponsor.”

## 8.2 Capital Improvement Plan (CIP)

In order for an airport to be eligible for federal and state funding opportunities, a regular planning process must be accomplished, usually every five years, and a Capital Improvement Plan (CIP) developed. The CIP identifies both the timeline for the airport improvements and the estimated costs for those improvements. The Logan-Cache Airport plan is divided into four phases:

- Short Term Planning Horizon - 2010 to 2014
- Intermediate Term Planning Horizon - 2015 to 2019
- Long Term Planning Horizon - 2020 to 2029
- Commercial Service Planning Horizon - Unknown date

The timeline for the Capital Improvement Plan projects was guided by a number of factors. First priority was given to time-sensitive issues such as safety, necessary maintenance projects, and acquiring property before development occurs. Pavement maintenance project schedules were based on a standard lifetime for pavement of 20 years. From that point, the timeline built upon itself, with the less critical projects being placed further along in the timeline. The ability to obtain funding significantly affects the priority and timing of projects.

The Category of Need for the airport improvements can be categorized as follows:

1. **Safety and Standards**- Of utmost importance with any transportation facility is safety. All projects in the plan are designed according to FAA design standards. This is carried throughout the other areas of focus. The safety and standards needs in the capital needs program are considered necessary for the operational safety and protection of aircraft and/or people and property on the ground near the airport. Part 139 requirements fall into this category, as the airport must meet these standards in order to operate the limited commercial service.
2. **Maintenance** - Maintaining or preserving the existing infrastructure is a priority. The capital needs program provides for the continued maintenance and rehabilitation of the airport's pavement areas through the application of sealants, and minor rehabilitations.
3. **Land Use Compatibility** - These are projects to carry out the acquisition and control of the surrounding properties for long term viable operation of the airport.
4. **Capacity** - These are projects which improve the capacity or use of the airport in an effort to reduce delay. Examples include taxiway improvements and new runways.
5. **Demand** - The Master Plan has established future activity levels for the airport. Should these activity levels be reached, it may be necessary to improve existing facilities to safely, efficiently, and securely accommodate the new activity levels. Therefore, the capital needs program includes provisions to accommodate varying levels of aviation demand. The implementation of these projects should occur only when demand for these needs are verified.

Each capital need is categorized using one of these five categories. Logan-Cache Airport projects and their applicable category are included Table 25 and shown in Figure 19. Table 25 summarizes the proposed CIP for the Logan-Cache Airport and corresponds to the numbered labels in Figure 19. The Commercial Service Planning Horizon is shown summarily only, as the point at which those improvements are needed is unknown.

Table 25. Proposed CIP for Logan-Cache Airport

| SHORT TERM (2010 - 2014) |  |             |                        |                |                 |             |           |           |
|--------------------------|--|-------------|------------------------|----------------|-----------------|-------------|-----------|-----------|
| PRIORITY                 | DESCRIPTION  | BUDGET      | CATEGORY OF NEED       | YEAR           | FUNDING         |             |           |           |
|                          |  |             |                        |                | FAA ENTITLEMENT | FAA OTHER   | UDOT      | LOCAL     |
| 1                        | Taxilane D, F and G (Hangar Taxilane)  | \$275,000   | Maintenance            | 2009/2011      | \$261,250       | \$0         | \$0       | \$13,750  |
| 2                        | Taxiway Enhanced Pavement Markings   | \$20,000    | Safety & Standards     | 2010           | \$0             | \$0         | \$18,000  | \$2,000   |
| 3                        | Redesign of Runway 17 MALSR  | \$100,000   | Safety & Standards     | 2010           | \$0             | \$95,000    | \$0       | \$5,000   |
| 4                        | Runway 17-35 and Taxiway B/D Pavement Crack Sealing  | \$90,000    | Maintenance            | 2010           | \$0             | \$0         | \$81,000  | \$9,000   |
| 5                        | Runway 17-35 Safety Area Grading and Drainage Improvements, including Runway Shoulder Work   | \$200,000   | Safety & Standards     | 2010           | \$0             | \$190,000   | \$0       | \$10,000  |
| 6                        | New ARRF Vehicle   | \$750,000   | Safety & Standards     | 2012           | \$0             | \$712,500   | \$18,750  | \$18,750  |
| 7                        | Pavement Maintenance (Sealcoat) - Runway 17-35 and Taxiways B and D  | \$300,000   | Maintenance            | 2012           | \$0             | \$0         | \$270,000 | \$30,000  |
| 8                        | Corporate Hangar Taxilane - Phase I  | \$350,000   | Maintenance            | 2012/2013/2014 | \$332,500       | \$0         | \$0       | \$17,500  |
| 9                        | Runway 17-35 and Taxiway B/D Pavement Crack Sealing  | \$99,000    | Maintenance            | 2013           | \$0             | \$0         | \$89,100  | \$9,900   |
| 10                       | Pavement Marking Maintenance   | \$20,000    | Maintenance            | 2013           | \$0             | \$0         | \$18,000  | \$2,000   |
| 11                       | Install HIRL - Runway 17-35  | \$180,000   | Safety & Standards     | 2013           | \$0             | \$171,000   | \$0       | \$9,000   |
| 12                       | Replace Runway 17-35 PAPI Systems  | \$50,000    | Safety & Standards     | 2013           | \$0             | \$47,500    | \$0       | \$2,500   |
| 13                       | Taxiway C Rehabilitation (Taxiway D to End of Flight Line Hangars)   | \$455,000   | Maintenance            | 2014           | \$117,500       | \$197,250   | \$117,500 | \$22,750  |
| 14                       | Runway 17 Run-up Apron   | \$120,000   | Safety & Standards     | 2014           | \$0             | \$114,000   | \$0       | \$6,000   |
| 15                       | Runway 35 Run-up Apron   | \$120,000   | Safety & Standards     | 2014           | \$0             | \$114,000   | \$0       | \$6,000   |
| 16                       | Land Acquisition for Runway 35 Approach Protection (Additional Property for Future RPZ and Approach)   | \$565,740   | Land Use Compatibility | 2012           | \$0             | \$537,453   | \$0       | \$28,287  |
| 17                       | Land Acquisition for Runway 35 Approach Protection (Convert Existing Avigation Easements to Full Ownership)  | \$250,000   | Land Use Compatibility | 2013           | \$0             | \$237,500   | \$0       | \$12,500  |
| 18                       | Land Acquisition for Hangar and Airport-Related Manufacturing or Light Industrial Development (West Side of Airport Entrance Road to 1000 West Extension) (47 Acres) | \$470,000   | Land Use Compatibility | 2014           | \$0             | \$446,500   | \$0       | \$23,500  |
| Total                    |  | \$4,414,740 |                        |                | \$711,250       | \$2,862,703 | \$612,350 | \$228,437 |

| INTERMEDIATE TERM (2015-2019) |   |             |                        |      |                 |           |           |             |
|-------------------------------|---|-------------|------------------------|------|-----------------|-----------|-----------|-------------|
| PRIORITY                      | DESCRIPTION   | BUDGET      | CATEGORY OF NEED       | YEAR | FUNDING         |           |           |             |
|                               |   |             |                        |      | FAA ENTITLEMENT | FAA OTHER | UDOT      | LOCAL       |
| 1                             | Land Acquisition for Runway 17 Approach Protection (Convert Existing Avigation Easements to Full Ownership) | \$340,000   | Land Use Compatibility | 2013 | \$0             | \$323,000 | \$0       | \$17,000    |
| 2                             | Runway 17-35 and Taxiway B/D Pavement Crack Sealing   | \$108,900   | Maintenance            | 2016 | \$0             | \$0       | \$98,010  | \$10,890    |
| 3                             | Pavement Marking Maintenance  | \$22,000    | Maintenance            | 2016 | \$0             | \$0       | \$19,800  | \$2,200     |
| 4                             | Pavement Maintenance (Sealcoat)   | \$330,000   | Maintenance            | 2017 | \$0             | \$0       | \$297,000 | \$33,000    |
| 5                             | Pavement Marking Maintenance  | \$24,200    | Maintenance            | 2019 | \$0             | \$0       | \$21,780  | \$2,420     |
| 6                             | Runway 17-35 and Taxiway B/D Pavement Crack Sealing   | \$119,790   | Maintenance            | 2019 | \$0             | \$0       | \$107,811 | \$11,979    |
| 7                             | Taxilane H (Hangar Taxilane)  | \$65,000    | Demand                 |      | \$0             | \$0       | \$0       | \$65,000    |
| 8                             | Wildlife Hazard Assessment  | \$50,000    | Safety & Standards     |      | \$0             | \$0       | \$0       | \$50,000    |
| 9                             | Helicopter Parking Apron  | \$250,000   | Capacity               |      | \$0             | \$0       | \$0       | \$250,000   |
| 10                            | Taxilane I (Hangar Taxilane)  | \$75,000    | Demand                 |      | \$0             | \$0       | \$0       | \$75,000    |
| 11                            | Reconstruct Runway 10-28  | \$3,640,000 | Maintenance            |      | \$0             | \$0       | \$0       | \$3,640,000 |
| 12                            | Taxiway A Reconstruction - Phase II   | \$390,000   | Maintenance            |      | \$0             | \$0       | \$0       | \$390,000   |
| 13                            | Hangar/Taxilane Maintenance   | \$50,000    | Maintenance            |      | \$0             | \$0       | \$0       | \$50,000    |
| 14                            | Runway 17-35 and Taxiway B/D Pavement Crack Sealing   | \$90,000    | Maintenance            |      | \$0             | \$0       | \$0       | \$90,000    |
| 15                            | Land Acquisition Southwest of Runway 10 End (20 Acres)  | \$200,000   | Land Use Compatibility |      | \$0             | \$0       | \$0       | \$200,000   |
| 16                            | Land Acquisition for Hangar and Logan City Fire Station/ARRF Facility Development (4 Acres)                 | \$40,000    | Land Use Compatibility |      | \$0             | \$0       | \$0       | \$40,000    |
| 17                            | Land Acquisition North of Runway 10 End (861 Acres)   | \$860,590   | Land Use Compatibility |      | \$0             | \$0       | \$0       | \$860,590   |
| 18                            | Corporate Hangar Taxilane - Phase II  |             | Maintenance            |      |                 |           |           |             |
| Total                         |   | \$6,655,480 |                        |      | \$0             | \$323,000 | \$544,401 | \$5,788,079 |

## LONG TERM (2020 - 2029)

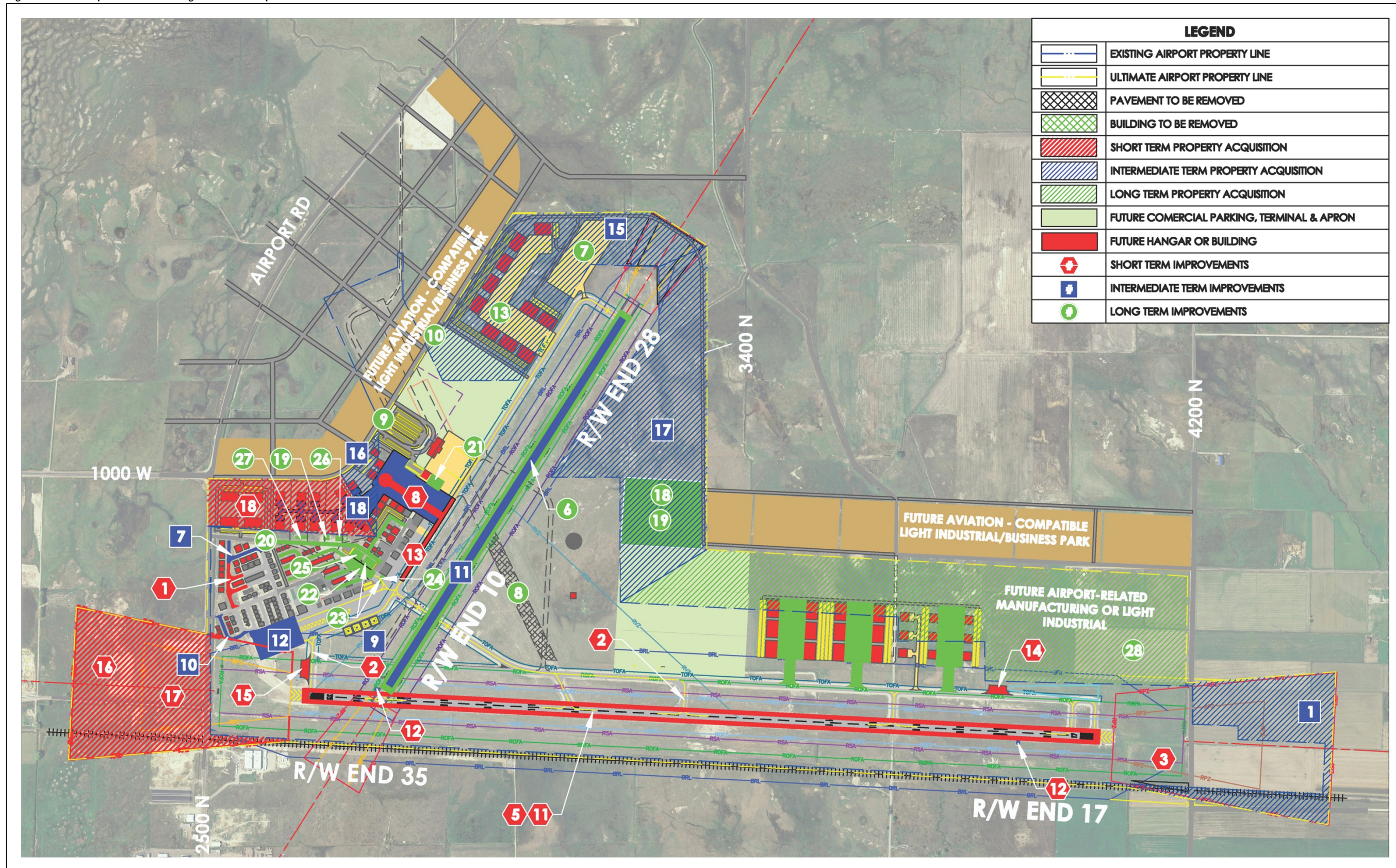
| PRIORITY | DESCRIPTION  | BUDGET              | CATEGORY OF NEED | YEAR | FUNDING         |            |                  |                     |
|----------|--|---------------------|------------------|------|-----------------|------------|------------------|---------------------|
|          |  |                     |                  |      | FAA ENTITLEMENT | FAA OTHER  | UDOT             | LOCAL               |
| 1        | Pavement Maintenance - Runway 17-35 and Taxiways B and D | \$300,000           | Maintenance      |      | \$0             | \$0        | \$0              | \$300,000           |
| 2        | Pavement Maintenance (Sealcoat)                          | \$330,000           | Maintenance      |      | \$0             | \$0        | \$297,000        | \$33,000            |
| 3        | Pavement Marking Maintenance                             | \$24,200            | Maintenance      |      | \$0             | \$0        | \$21,780         | \$2,420             |
| 4        | Runway 17-35 and Taxiway B/D Pavement Crack Sealing      | \$119,790           | Maintenance      |      | \$0             | \$0        | \$107,811        | \$11,979            |
| 5        | Runway 17-35 and Taxiway B/D Pavement Crack Sealing      | \$90,000            | Maintenance      |      | \$0             | \$0        | \$0              | \$90,000            |
| 6        | Install MIREL System - Runway 10-28                      | \$82,500            | Demand           |      | \$0             | \$0        | \$0              | \$82,500            |
| 7        | Light Sport Ramp - Phase 1                               | \$700,000           | Demand           |      | \$0             | \$0        | \$0              | \$700,000           |
| 8        | Remove Old Runway 5-23 and Parallel Taxiway Pavement     | \$770,000           | Demand           |      | \$0             | \$0        | \$0              | \$770,000           |
| 9        | 1000 West Extension - Phase 1                            | \$650,000           | Demand           |      | \$0             | \$0        | \$0              | \$650,000           |
| 10       |  | \$400,000           | Demand           |      | \$0             | \$0        | \$0              | \$400,000           |
| 11       | Utility Relocation - Water                               | \$1,593,458         | Demand           |      | \$0             | \$0        | \$0              | \$1,593,458         |
| 12       | Utility Relocation - Sewer                               | \$3,293,000         | Demand           |      | \$0             | \$0        | \$0              | \$3,293,000         |
| 13       | Large Cargo/Manufacturing Facility Development - Phase 1 | \$1,080,000         | Demand           |      | \$0             | \$0        | \$0              | \$1,080,000         |
| 14       | Large Cargo/Manufacturing Facility Development - Phase 2 | \$1,080,000         | Demand           |      | \$0             | \$0        | \$0              | \$1,080,000         |
| 15       | Large Cargo/Manufacturing Facility Development - Phase 3 | \$1,080,000         | Demand           |      | \$0             | \$0        | \$0              | \$1,080,000         |
| 16       | Light Sport Ramp - Phase 2                               | \$700,000           | Demand           |      | \$0             | \$0        | \$0              | \$700,000           |
| 17       | Light Sport Ramp - Phase 3                               | \$700,000           | Demand           |      | \$0             | \$0        | \$0              | \$700,000           |
| 18       | Fuel Farm and Transmission System Installation           | By Others           | Demand           |      | \$0             | \$0        | \$0              | \$0                 |
| 19       | Relocate Fuel Storage Tanks                              | \$300,000           | Demand           |      | \$0             | \$0        | \$0              | \$300,000           |
| 20       | Airport Entrance Road Realignment and Extension          | \$255,000           | Demand           |      | \$0             | \$0        | \$0              | \$255,000           |
| 21       | Corporate FBO Development                                | By FBO              | Demand           |      | \$0             | \$0        | \$0              | \$0                 |
| 22       | Relocate Rotating Beacon                                 | \$75,000            | Demand           |      | \$0             | \$0        | \$0              | \$75,000            |
| 23       | Relocate Utah Jet Center FBO Facilities                  | \$100,000           | Demand           |      | \$0             | \$0        | \$0              | \$100,000           |
| 24       | Remove Existing Non-Operating Control Tower              | \$30,000            | Demand           |      | \$0             | \$0        | \$0              | \$30,000            |
| 25       | Utah Jet Center FBO Maintenance Hangar                   | By FBO              | Demand           |      | \$0             | \$0        | \$0              | \$0                 |
| 26       | Cache County Search and Rescue Building Relocation       | \$30,000            | Demand           |      | \$0             | \$0        | \$0              | \$30,000            |
| 27       | Remove Building A-35                                     | \$20,000            | Demand           |      | \$0             | \$0        | \$0              | \$20,000            |
| 28       | Land Acquisition West of Runway 17 End (112 Acres)       | \$1,120,580         | Demand           |      | \$0             | \$0        | \$0              | \$1,120,580         |
| 29       | De-icing Facility  |                     | Demand           |      | \$0             | \$0        | \$0              | \$0                 |
|          | <b>Total</b>   | <b>\$14,923,528</b> |                  |      | <b>\$0</b>      | <b>\$0</b> | <b>\$426,591</b> | <b>\$14,496,937</b> |

## COMMERCIAL

| PRIORITY | DESCRIPTION  | CATEGORY OF NEED |
|----------|--|------------------|
| 1        | Strengthen Taxiways A, B, D to 60,000 Lb.                                    | Demand           |
| 2        | Strengthen Runway 17-35 to 100,000 Lb.                                       | Demand           |
| 3        | New Logan City Fire Station and Aircraft Rescue Firefighting (ARFF) Facility | Demand           |
| 4        | Commercial Service Terminal - Phase 1  | Demand           |
| 5        | Commercial Service Terminal - Phase 2  | Demand           |
| 6        | New Air Traffic Control Tower (ATCT)   | Demand           |
| 7        | Perimeter Road to Fuel Farm and ATCT   | Demand           |
| 8        | Taxiway C Realignment  | Demand           |



Figure 19. Proposed CIP for Logan-Cache Airport





## **Short Term Capital Needs**

The Short Term Planning Horizon covers fiscal years 2010 through 2014, and includes \$4.5 million in capital needs. Since these projects represent the most immediate needs for the airport, it is important that a year-by-year implementation program be developed so that the airport, State, and the FAA can arrange funding. The Short Term Planning Horizon is the only planning horizon organized by years, as the actual sequencing of projects needs to be more fully examined as one gets closer to implementation.

A summary of the projects included in the Short Term Planning Horizon, by category, is presented below. Sheet 2 in Appendix A graphically depicts development staging.

- Maintenance Projects: \$1,589,000
- Safety and Standards Projects: \$1,540,000
- Land Use Compatibility Projects: \$1,285,740
- Capacity Projects: \$0
- Demand Projects: \$0

## **Intermediate Term Capital Needs**

The Intermediate Term Planning Horizon covers fiscal years 2015 through 2020, and includes \$6.7 million in capital needs.

A summary of the projects included in the Intermediate Term Planning Horizon, by category, is presented below. Sheet 2 in Appendix A graphically depicts development staging.

- Maintenance Projects: \$4,774,890
- Safety and Standards Projects: \$50,000
- Land Use Compatibility Projects: \$1,440,590
- Capacity Projects: \$250,000
- Demand Projects: \$140,000

## **Long Term Capital Needs**

The Long Term Planning Horizon covers fiscal years 2015 through 2020, and includes \$15 million in capital needs.

A summary of the projects included in the Long Term Planning Horizon, by category, is presented below. Sheet 2 in Appendix A graphically depicts development staging.

- Maintenance Projects: \$863,990
- Safety and Standards Projects: \$0 Currently Defined
- Land Use Compatibility Projects: \$0 Currently Defined
- Capacity Projects: \$0 Currently Defined
- Demand Projects: \$14,059,538

## **Commercial Service Development Needs**

The Commercial Service development needs are not prioritized or cost-based at this time, as the magnitude and timeframe for completion is unknown. These planning needs are identified herein to set a place marker for the improvements needed. Care should be given during the Short, Intermediate, and Long Term improvements implementation to allow for the future development of Commercial Service improvements.



### **8.3 Financial Plan**

The purpose of this section is to propose phased capital improvements for the Logan-Cache Airport and evaluate the financial feasibility of achieving their implementation. These capital improvements are identified as individual projects. They are prioritized and allocated into short, intermediate, and long term development timeframes.

Several elements are included in this financial feasibility task. Recommended Logan-Cache Airport capital improvement projects are set forth. They are then prioritized and delineated by phase for implementation. Corresponding Airport, State and FAA funding allocations, by individual capital project and by phase, are then established. A combined capital and operating budget forecast is then prepared as a future road map for Airport development. This process shows the ability of the Airport to fund these proposed capital improvements over time.

#### **Approach**

Analysis of any historical operating budgets at Logan-Cache Airport helps provide a basis for projecting future revenue streams and expenditure obligations of the Airport from operations. Coupling any Airport net operating income with Airport Improvement Program (AIP) funds from the FAA (plus required state and sponsor matching contributions) provides the capital improvement funds for the Airport. By forecasting the future financial picture, an assessment can be set forth of the Airport's capacity to implement the facility improvements discussed earlier in this document.

The Airport staff was interviewed to develop an understanding of the flow of financial information, such as the receipt of rents and other funds, or payment of an invoice or other expenditure, through to the financial statements used to prepare this report. This was useful in clarifying the nature of the information contained in each account classification.

The financial forecast is based partially on the historical budget information gathered from Logan-Cache Airport operations. In preparing this statement, revenues and expenses were classified into "operating" and "non-operating" categories. "Operating" revenues or expenses are defined as those receipts and disbursements that were incurred on an on-going basis in the regular course of business. Operating revenues primarily represent ground rents. Examples of operating expenditures include employee benefits, repair expenses (building, runway, internal roads and grounds), utilities, and other administrative expenses. Although depreciation is an on-going expense incurred in the course of business, it is a non-cash expense.

Those revenues and expenses considered "non-operating" include funds received or expended on a one-time or sporadic basis. Examples of these revenues include grant funds and asset sales. Examples of "non-operating" expenditures include payments made for capital projects and possible loan repayments. Inter-fund transfers and loans were also considered "non-operating."

Once all the accounts are classified as operating or non-operating, they were grouped together. Accounts that are related were combined and subtotaled for clarity. Additional lines were inserted to provide a subtotal of revenues and related expenses. These subtotals assist in demonstrating sources and uses of Airport funds. For clarity, grants and projects were not included.

#### **Operations Analysis**

The annual operating budget for 2009 at Logan-Cache Airport is presented in Table 26.

Table 26. Annual Operating Budget 2009

| Expenses                      |                  |
|-------------------------------|------------------|
| Administration                | \$ 134,368       |
| Professional                  | 2,500            |
| Maintenance & Equipment       | 73,000           |
| Insurance                     | 12,000           |
| Utilities                     | 16,500           |
| <b>Total Expenses</b>         | <b>\$238,368</b> |
| Revenues                      |                  |
| Logan City - Shared Expense   | \$ 67,354        |
| Cache County - Shared Expense | 67,354           |
| Interest                      | 30,000           |
| Gas Tax Refund                | 6,500            |
| Fuel Flow - Storage Fees      | 10,000           |
| Building Rents                | 21,000           |
| Sundry Revenue                | 500              |
| Airport Fees & Leases         | 40,000           |
| <b>Total Revenues</b>         | <b>\$242,708</b> |

*Note: Excluding Grants and Projects funded through grants.*

The primary revenues are obtained from building rents and ground leases.

### Financial Forecast

Upon completion of the historical analysis of the Logan-Cache Airport, a financial forecast was prepared. This forecast was developed on a yearly basis for 2010 through 2014.

Financial forecasting is the estimation of future revenue and expense streams. While historical data and development plans are the best indicators of what these streams may be, future financial performance is affected by many events and outside influences. Some of these include the effects of inflation, liability legislation on small aircraft, and major impacts on the region's economy such as changes in agriculture water rights. As the forecasting horizon moves further out, these outside influences and events compound and often have a more profound effect on the entity's financial performance. Because of these outside influences, forecasts beyond a five year horizon should be viewed more as an indication than as an estimate.

In preparing the financial forecast for Logan-Cache Airport, potential revenue and expense items were examined for reasonableness. Given the near-term outlook for continued low inflation, projected revenues and expenses were escalated at very modest 5% rates. Admittedly, this is conservative. Currently, however, there is nothing on the near-term economic horizon to suggest that inflation will accelerate.

The 2010-2014 financial forecasts for Logan-Cache Airport are presented in Table 27. It assumes that no new key sources of operating revenues will be implemented during this five-year forecast. Possible sources of new revenues could come from landing fees; however, the Airport must judge the potential profitability of such fees, given corresponding costs for collection and administration.

Table 27. Financial Forecast 2010 to 2014

| Expenses                           |                  |
|------------------------------------|------------------|
| Administration                     | \$ 155,548       |
| Professional                       | 2,894            |
| Maintenance & Equipment            | 84,507           |
| Insurance                          | 13,892           |
| Utilities                          | 19,101           |
| <b>Total Expenses</b>              | <b>\$275,941</b> |
| Revenues                           |                  |
| Logan City - Shared Expense        | \$ 77,971        |
| Cache County - Shared Expense      | 77,971           |
| Interest                           | 34,729           |
| Gas Tax Refund                     | 7,525            |
| Fuel Flow - Storage Fees           | 11,576           |
| Building Rents                     | 24,310           |
| Sundry Revenue                     | 579              |
| Airport Fees & Leases              | 46,305           |
| <b>Total Revenues</b>              | <b>\$280,965</b> |
| <b>Average Annual Net Revenues</b> | <b>\$5,024</b>   |

*Note: Excluding Grants and Projects funded through grants.*

It is projected that the net annual revenue for the Logan-Cache Airport will average approximately \$5,000 in terms of actual cash flow for projects, assuming the revenue stream continues from the City of Logan and the General Fund transfer. This revenue stream does not even cover the minimum 5% match of \$7,500 needed for the non-primary entitlement funding from the FAA. It is clear that each year, depending on the funding streams obtained for projects, additional funds are needed to be provided for projects, most likely coming from the transfer from the General Fund.

The forecast shows that fourteen capital improvement projects are to be implemented during the 2010-2014 forecast period. These itemized projects may be funded, in part, through grants with 95 percent participation by the FAA. The grant funds depend on authorization by Congress each year and are not guaranteed. The total local capital cost of these fourteen projects will total an estimated \$150,000 over the five years - an average of \$30,000 per year.

This financial forecast shows that Logan-Cache Airport will continue to operate in the red over the next five years without outside funding support for grant matches.

Finally, any forecast has unforeseen elements; unexpected expenditures may arise. The uncertainty associated with a new AIP program should also be expected. Should federal grant monies diminish, certain capital improvements may have to be funded from other sources (such as borrowing).