

City Services and Enterprises

Funding and Achieving Outcomes - FY 13 and Beyond

Workshop # 5 12/6/11

Presentation 2 - Airport

- 
- ~760 Total Acres
 - ~308 Acres to be mowed/maintained
 - 5,580,667 sq ft of asphalt (=75 lane miles)
 - ~35,000 linear ft of fence (6.5 miles)
 - 3 Runways
 - ~242,000 sq ft of Airport owned/operated buildings
 - 176 City hangars
 - ~340 Based Aircraft
 - 7,538 Annual pax enplanements (CY10)
 - ~242,000 Annual flight operations (3rd in AZ behind PHX and DVT, 38th nationally)

Overview - Airport

- **Mission:** As a public facility, meet the region's air transportation needs for all aspects of aviation and provide an opportunity for aviation education, recreation, and enrichment.
- **FY 12 Budget:**

Airport Fund – Operating	\$ 1,341,427	
Airport Fund – Capital	\$ 19,000	
Grants – Budgeted	\$ 9,361,045	} Runway Safety Project Law Enforcement Grant Environmental Assessment
Grants – Actual	\$ 9,361,045	
- **FY 12 Personnel:** 5 Full-time 1 Part-time 3 Temporary
- **Primary Facilities:** Runways, taxiways, ramps, hangars, terminal, leasehold/rental facilities and associated systems
- **Capital Equipment:** Runway closure markers, 2-way radio system, paint sprayer
- **Rolling Stock:** 2 service SUVs, 3 utility trucks, 1 bucket truck, 1 mower, 1 dump truck w/snowplow, 1 backhoe, 1 sweeper (shared)

Topics of Significant Interest/Concern

- Develop and maintain a first-class regional aviation facility
 - Airport long term viability, protection, area land use
 - Quality facilities and services
- Increasingly unreliable federal and state funding
 - Sweeps of the state aviation fund and successive continuing resolutions for federal funding.
 - Consequent deferral of major maintenance and improvement projects
- Ever-changing regulations and unfunded mandates
 - Federal/State regulations (operations & maintenance, land use, revenue generation)
 - Unfunded federal mandates (Safety Management System, non-movement area training)
- Airport revenue generation
 - Revenue diversification/development of a self sustaining rate structure
 - Marketing and promotion of Airport to attract and retain businesses

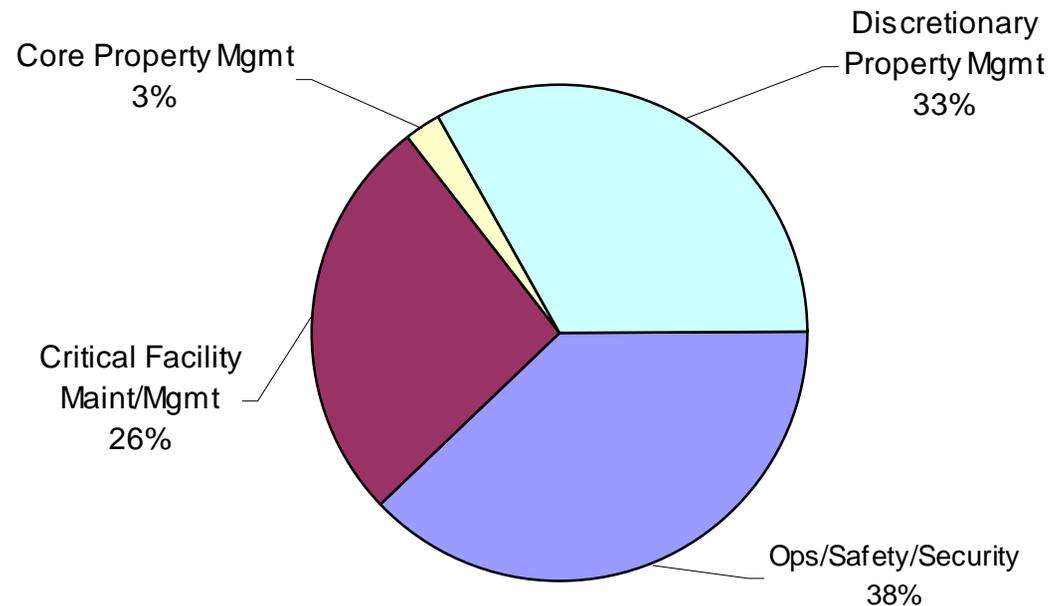
Airport Programs and Services

Mandated by Statutes, Regs, Codes

- **Operations/Safety/Security**
14 CFR 139, 49 CFR 1500, 49 CFR 1540
49 CFR 1542, ARS
- **Critical Facility Maintenance/Management**
14 CFR 139, 49 CFR 1542, ARS
- **Core Property Management**
(Master facility leases) including contractually obligated noncritical maintenance, utilities, services; comp inspections.

Discretionary Property Management

(City operated hangar/tie-down rentals) consisting of responsibilities and activities similar to those listed above under Core Property Management



O & M budget = \$1,357,281

Excludes capital

Airport Programs and Services (cont'd)

Services which would be impacted by a funding reduction

- Operations and maintenance jeopardizing safety and leading to deterioration of facilities
- 2009 and 2010 annual safety inspections identified issues requiring \$200,000 to correct

New/restored services recommended to be provided

- Annual Airport Open House/Fly-in (\$100,000 event; \$40,000 City share)
- Repainting of primary airfield markings (4-year cycle; \$160,000 annual cost)

Capital Equipment - Airport

Needed Replacement of Vehicles and Equipment

1. 1993 GMC 10-Wheel Dump Truck (#754) – replace with similar equipment; add enhanced snow removal functionality
(truck acquired from Streets Division in lieu of disposal)
2. 1993 Chevy 1-ton Bucket Truck (#738) – replace with vehicle equipped with taller working height boom.
(equipment acquired from Traffic Division in lieu of disposal)

	<u>Needs</u>		<u>Budgeted (Requested in CIP)</u>
FY12	\$ 0	FY12	\$ 0
FY13	\$ 0	FY13	\$ 0
FY14	\$ 0	FY14	\$ 0
FY15 #754	\$ 300,000	FY15	\$ 300,000
FY17 #738	\$ 175,000	FY15	\$ 175,000

Estimated service lives of replacement equipment 10-20 years depending upon item and usage.

Capital Facilities Needs - Airport

(Not including currently programmed grants)

• Emergency backup generator – Main Airfield Electrical Vault	\$150,000
• Taxiway B4 pavement maintenance (mill, overlay, remarking)	\$100,000
• Bottleneck hangar pavement maintenance (mill, overlay, remarking)	\$800,000
• Runway 3L runway safety area grading	\$100,000
• Annual Pavement Maintenance	\$300,000
• Annual Airfield sign and lighting system component replacement	\$ 75,000
• Annual Airfield marking repainting (primary markings Rwys/Twys)	\$162,500
• Annual auto parking lot maintenance (crack seal, seal coat, remarking, etc)	\$100,000
• Terminal painting (interior and exterior) & roof replacement	\$ 35,000
• Terminal Kitchen Hood replacement	\$ 8,000
• F-Hangar fire sprinkler system replacement	\$ 40,000

Total Estimated Capital Facilities Needs \$1,870,500

Estimated Annual Operating Cost 50,000

Note: Items in blue may be eligible for federal and/or state grants totaling \$1.15 million

Airport Capital Improvement Program

FY2012	Rwy 21L/3R RSA Improvements (Construct)	\$9,361,045
FY2013	ADOT Pavement preservation Rwy 12/30 overlay	\$393,000
FY2013	RSAT Security Upgrades (Design)	\$157,895
FY2013	RSAT Security Upgrades (Construct)	\$1,500,000
FY2013	Replace ARFF Truck	\$500,000
FY2013	VPD Mitigation Perimeter Road Phase 2 (Design)	\$155,000
FY2013	VPD Mitigation Perimeter Road Phase 2 (Construct)	\$1,500,000
FY2013	Emergency Generator replacement, Twy E Lighting, Main Vault Relocation (Design)	\$200,000
FY2013	Pavement Rehabilitation (Design)	\$100,000
FY2013	Rwy 12/30 Relocation Phase 1 (Design)	\$650,000

TOTAL PLANNED GRANTS FY12 & 13 **\$14,516,340**

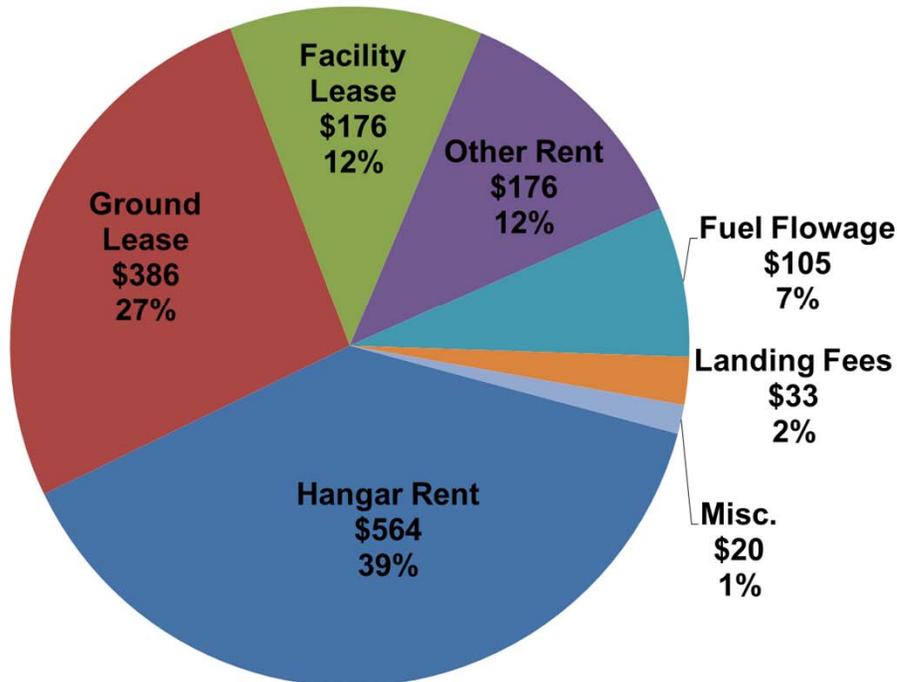
TOTAL PLANNED GRANT REQUESTS FY 13-17 **\$65,300,000**
(City Share \$3.2 M)

Budget Summary Airport

	FY 2011 Actual	FY 2012 Approved Budget	FY 2012 With Needs Fully Funded
Airport Operations			
Personnel	\$ 446,294	\$ 512,443	\$ 575,000
Supplies	50,034	73,200	150,000
Other Services	430,318	437,342	500,000
Debt Service	574,301	334,296	334,296
Capital Outlay	29,571	19,000	1,899,500
Total Operations	1,530,518	1,376,281	3,458,796
Airport Grants	631,376	9,348,997	9,348,997
Fund Total	\$ 2,161,894	\$ 10,725,278	\$ 12,807,793

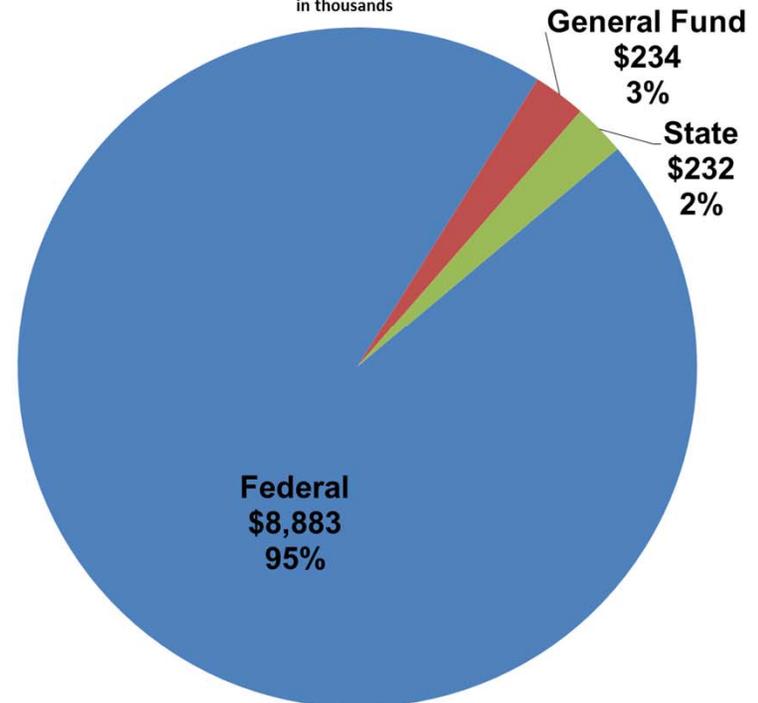
Operations Funding FY 12

in thousands



Grant Funding FY 12

in thousands



Budget History - Airport

FY	Revenue	Total Expenditures	O&M	Grants/Capital
2008	\$2,080,904	\$ 2,429,346	\$2,217,972	\$ 211,374
2009	\$1,347,702	\$ 1,906,961	\$1,497,323	\$ 409,638
2010	\$1,246,649	\$ 1,798,967	\$1,364,297	\$ 434,670
2011	\$1,404,689	\$ 2,161,864	\$1,378,451	\$ 783,413
2012	\$1,462,823	\$10,725,278	\$1,360,427	\$9,361,045

Enhanced Outcomes if Airport Operational Needs Fully Funded

	Current	Fully Funded
Regulatory, legal, and financial liability and exposure	Moderate	Low
Facility functionality/appearance	Not sustainable / Deteriorating	Sustainable / Significantly increased
Reactive maintenance costs/impacts	High	Reduced
Proactive maintenance completed	Minimal	Moderate
Annual cycles of complete airfield mowing	3 - 4	6 - 8
Work orders completed	650	1200
Annual application of paint for airfield markings	200 gallons	1,000 gallons
Airfield sign panels replaced annually	40	80

FY12 Budget if Fully Funded

FY12 Budget excluding grant projects and funding	Approved	Adj. w/ Ongoing Needs Fully Funded
Operating		
Personnel (one new FT employee)	\$512,443	\$575,000
Supplies (materials used by staff to operate the airport i.e. lights, sign panels, operating supplies, etc.)	\$73,200	\$150,000
Other Services (3 rd party services such as insurance, electricity, City costs, Appraisal services, etc.)	\$437,342	\$500,000
Debt Service (Bottleneck Hangars / Fully retires FY2014)	\$334,296	\$334,296
Capital (Non-Grant)		
Capital Facilities Needs (identified on slide 9)	\$19,000	\$1,870,500
Vehicle replacement (identified on slide 8)	\$0	\$475,000
APPROVED FY12 O&M BUDGET	\$1,376,281	
TOTAL PROJECTED O&M BUDGET		\$3,458,796
Capital (Grants)		
Rwy 21L/3R RSA Improvements (Construct)	\$9,271,291	\$9,271,291
Law Enforcement Officers	\$67,048	\$67,048
Environmental Assessment	\$22,706	\$22,706
APPROVED FY12 BUDGET WITH GRANTS	\$10,725,278	
TOTAL PROJECTED BUDGET WITH GRANTS		\$12,807,793

Opportunities for Augmenting Resources

- Retirement of hangar construction debt service in FY14
 - Retirement of hangar construction debt service will allow approximately \$335,000 of existing revenue to become available for funding daily operations and maintenance if projections are accurate
- New commercial leases/renegotiation of expiring leases
 - Airport has approximately 25 acres of bare ground available for commercial lease; most available properties require significant site preparation
 - At current average airport bare ground lease rates (\$0.30 per SF/yr), the properties could generate approximately \$326,000 in additional annual revenue
 - 2 leases expiring within the next 5 years present an opportunity for increasing revenue to current market rates
- Revenue Diversification/Enhanced Generation – other possibilities
 - Form a Regional Airport Authority
 - Charge Aeronautical Business Fees (flat rate or % of service fees/sales/etc.)
 - Charge Non-Aeronautical Secondary Storage Fees
 - Adjust rental fees for City operated facilities (Terminal, Hangars, Tie-downs, etc.) (Private aircraft storage hangar rates are \$0.55 - \$0.75 SF/mo. vs. City \$0.25 – 0.31 SF/mo.)

Summary Points - Airport

- The Airport is a proven economic engine for the City of Prescott and the region.
- Protecting the long-term viability of the airport and environs is vital to maintaining and further developing the airport into a first-class facility and increasing the economic impact.
- Federal and state funding sources for capital projects have been unreliable, significantly impacting the ability of the City to maintain a first-class airport.
- Operating a first-class airport requires providing and maintaining safe and efficient facilities.
- Operating a first-class airport into the future will become increasingly more complex.
- Adequate funding is key to developing and maintaining a first-class airport.
- Full funding will allow for the maintenance and preservation of existing facilities; development of new facilities (terminal, etc.) will require supplemental funding sources.
- A telling comparison: exclusive of grant funded projects, the operations and maintenance budget of the Library is larger than for the Airport.

Comments & Discussion

Next Workshop – 12/20/11

Golf Course

Current Organization - Airport

