Chapter 7: Financial Plan

This chapter describes recommended development at Pompano Beach Air Park for the 20-year planning period. Using FAA guidelines for airport master plans, recommended improvements are grouped into three phases: short-term (1 to 5 years), intermediate-term (5 to 10 years), and long-term (10 to 20 years). Phasing of projects assists the airport sponsor in budgetary planning for needed construction improvements. It also provides a preliminary set of recommendations pertaining to priorities for implementation of projects insofar as timing is concerned. These recommendations are subject to later revisions based upon operational and budgetary considerations.

7.1 Existing JACIP

In order to plan and program state funding for airport improvements, the Florida Department of Transportation uses a process termed the Joint Automated Capital Improvement Plan (JACIP). The JACIP provides online access to a spreadsheet that identifies proposed projects, by airport, for a six-year period. Table 7.1 summarizes the current JACIP for PMP. Review of the table shows that realization of all the projects in the plan would require nearly $12,000,000 in total funding by Year 2014 assuming that the cost estimates remained applicable. Given the recent increases in oil/energy costs, that assumption is likely not fully valid.

7.2 City of Pompano Beach and FAA Memorandum of Agreement

A second listing of proposed projects at PMP is referenced in the Memorandum of Agreement (MOA) between the City and the FAA. The MOA was adopted by the City via resolution, dated September 11, 2007, and is included in Appendix C.

Among its provisions, the MOA identified Air Park parcels that would be released to the City for nonaviation uses and land that would be retained as Air Park property. In exchange for the released parcels, the City agreed to make payments, as described in the MOA, to the Air Park Capital Improvements Account (CIA). The funds in the CIA are to be used for airport development and improvements as stipulated in MOA. The MOA provided two alternative ways in which the City could compensate the Air Park for the property to be released. The first involved deposits of $1,000,000 annually into the CIA; in lieu of these annual payments, the City had the option of making a single payment. In 2008, the City exercised that option and paid $8,725,558 into the CIA.

The MOA also identified numerous projects that the City and the FAA agree would be implemented using the proceeds paid into the CIA. These projects are listed in Table 7.2. Provision is made in the MOA that the projects and implementation schedule "... may be amended from time to time". The analyses and recommendations in this master plan as well as the updated cost estimates presented in this chapter indicate the need to make such amendments.

Table 7.1
Pompano Beach Air Park
JACIP Summary

Project Description	Year	Estimated Cost
Replace Security Fence (NE 5th Ave.)	2008	$ 339,000
Widen Taxiway Fillets	2008	$ 334,600
Construct Storage Shed	2008	$ 438,000
Runway 15-33 Rehabilitation	2008	$ 400,000
2008 Yearly Total		**$ 1,511,600**
Runway 15-33 Rehabilitation	2009	$ 1,650,130
2009 Yearly Total		**$ 1,650,130**
Runway 15-33 Rehabilitation	2010	$ 2,027,538
Airport Drainage Master Plan and Construction of drainage improvements	2010	$ 165,013
2010 Yearly Total		**$ 2,192,551**
Construct Taxiway Hotel	2011	$ 50,000
Construct Taxiway Golf	2011	$ 50,000
Airport Drainage Master Plan and Construction of drainage improvements	2011	$ 550,043
2011 Yearly Total		**$ 650,043**
Design and construct helipads	2012	$ 25,000
Rehabilitate and overlay Runway6-24	2012	$ 1,223,869
2012 Yearly Total		**$ 1,248,869**
Construct Taxiway Golf	2013	$ 500,000
Design and construct helipads	2013	$ 180,000
Airfield taxiway pavement rehabilitation	2013	$ 2,850,105
2013 Yearly Total		**$ 3,530,105**
Construct Taxiway Hotel	2014	$ 585,202
Landside/airside access for aviation development	2014	$ 585,202
2014 Yearly Total		**$ 1,170,404**
Airport Total		**$ 11,953,702**

Source: FDOT.

Table 7.2
Airport Projects to Be Developed with Net Proceeds
Pompano Beach Air Park

Phase I: 2008-2012	**Year**	**Estimated Cost***
Replace Security Fence (NE 5th Ave.)	2008	$ 200,000
Design Runway 15-33 Ext./Rehab.	2008	$ 400,000
Construct Maintenance Storage Building, 2007	2008	$ 437,967
Widen Taxiway Fillets	2008	$ 234,000
Extend Runway 15-33 five hundred feet	2009	$ 1,650,130
Runway 15-33 Pavement Rehabilitation	2010	$ 2,027,539
Drainage Master Plan	2010	$ 165,013
Design Taxiway H & G	2011	$ 100,000
Implement Drainage Improvements	2011	$ 550,043
Design Helipads	2012	$ 25,000
Overlay Runway 6-24	2012	$ 1,223,869
Total, Phase I: 2008-2012		**$ 7,013,561**
Phase II, 2013-2017	**Year**	**Estimated Cost***
Airfield Pavement Rehabilitation	2013	$ 2,850,105
Construct Helipads	2013	$ 180,000
Construct Taxiway Golf	2013	$ 500,000
Landside/Airside Access for Parcel Y	2014	$ 585,202
Construct Taxiway Hotel	2014	$ 425,734
Environmental Management Plan	2014	$ 161,713
Administration Building Renovations	2015	$ 650,000
Expand Administration Parking Lot	2016	$ 300,000
Total, Phase II: 2013-2017		**$ 5,652,754**
Phase III: 2018-2028	**Year**	**Estimated Cost***
Construct Service Road	2019	$ 2,015,799
Plan/Design New Air Traffic Control Tower (ATCT)	2022	$ 295,000
Construct New ATCT	2023	$ 2,200,174
Total, Phase III: 2018-2028		**$ 4,510,973**
Total Capital Improvement Program, 2008-2028		**$ 17,177,288**

Source: Memorandum of Agreement between the Federal Aviation Administration and the City of Pompano Beach, Resolution dated September 11, 2007; Exhibit B.

Given the City's recent one-time payment of $8,725,558 into the Capital Improvements Account examination of the projects identified in Table 7.2 and their associated costs reveals a significant shortfall in funds to implement all of the projects included in the first phase program in the MOA. As a result, the significance of other sources of financing becomes greater.

7.3 Development Phasing and Revised Cost Estimates

This master plan included a review of future projects within the context of existing and anticipated conditions and activity at the airport. Based upon this review, revisions are recommended to both the JACIP's and the MOA's lists of projects. Table 7.3 identifies the airport improvements recommended by this study. These are arranged by proposed development phase. Planning level cost estimates were prepared for these items and are also presented in Table 7.3. The table further indicates the potential sources of funding for individual projects based upon current (2008) FAA and FDOT eligibility guidelines. Additional information concerning funding sources is provided in section 7.4 of this chapter.

The information presented concerning eligibility of projects for FAA funding does not reflect the provisions of the MOA, which imply that the City's deposits into the Capital Improvements Account must first be expended for improvements; subsequent to those expenditures, additional projects may receive FAA funding as it is available.

Eligibility for FAA funding does not ensure that grants will be forthcoming in the timeframes indicated in Table 7.3. The FAA's resources are limited, and the process of awarding grants is competitive. As a result, the consultant recommends that annual reviews of Air Park needs and opportunities be conducted to ensure that the money available is used most effectively. In general terms, priorities should be considered that reflect the following factors:

- Safety as indicated by conforming to FAA Guidelines – This factor places most emphasis upon maintenance and improvements, such as obstruction removal, correction of deficiencies that do not meet FAA standards, etc.
- Maintenance of existing facilities – PMP has several facilities in need of maintenance/rehabilitation, particularly pavement on runway 15-33. In the absence of full funding for all projects, emphasis should generally be placed upon those projects that will allow continued use of existing needed facilities.
- Improvements that provide additional income – Recommendations are indicated in Table 7.3 that would support development of several parcels for rentals. As described in the following section, these rents would increase the capability of the Air Park to provide local funding for operations, maintenance, and improvements.
- Environmental considerations – Certain projects may tend to improve the Air Park's relationship to and effects upon the community. The City and Air Park management should consider these improvements in the decision making process to assign priority to such actions. For example, the Airport Layout Plan provides for development of the Conservation Area for aviation-related purposes. The Environmental Review presented herein suggests ways in which this could be accomplished in an environmentally compatible manner.

Table 7.3

Pompano Beach Air Park
Proposed Projects by Development Phase

Phase I: 2008-2012	Year	Estimated Cost*	Eligible Funding by Source **		
Projects			**Federal**	**State**	**Local**
Replace Security Fence (NE 5th Ave.)	2007/2008	$ 239,000			$ 239,000
Widen Taxiway Fillets	2007/2008	$ 235,000			$ 235,000
Construct Maintenance Storage Building	2008/2009	$ 438,000		$ 350,400	87,600
Drainage Master Plan	2009	$ 210,000	$ 199,500	$ 5,250	$ 5,250
Runway 15-33 Pavement Rehabilitation	2009	$ 5,337,000	$ 5,070,150	$ 133,425	$ 133,425
Extend Runway 15-33 five hundred feet; Extend Parallel Taxiway D	2010	$ 1,724,000	$ 1,637,800	$ 43,100	$ 43,100
Environmental Management Plan	2010	$ 175,000	$ 166,250	$ 4,375	$ 4,375
Relocate/replace Taxiway K	2010	$ 2,751,000	$ 2,613,450	$ 68,775	$ 68,775
Design and Construct Helipad	2011	$ 105,000	$ 99,750	$ 2,625	$ 2,625
Landside Access for Parcel X (Service Road and Utilities)	2011	$ 278,000	$ 264,100	$ 6,950	$ 6,950
Implement Drainage Improvements	2012	$ 550,000	$ 522,500	$ 13,750	$ 13,750
Design/Construct Taxiway D (relocated) and Connector Taxiways S and T	2012	$ 2,176,000	$ 2,067,200	$ 54,400	$ 54,400
Construct T-hangars (10 units)	2012	$ 500,000		$ 400,000	100,000
Total, Phase I: 2008-2012		$ **14,718,000**	$ 12,640,700	$ 1,083,050	$ 994,250

* - Costs are expressed in 2008 dollars.

** - Federal eligibility does not reflect City/MOA provisions concerning Capital Improvements Account expenditures.

Table 7.3 (cont'd.)

Pompano Beach Air Park
Proposed Projects by Development Phase

Phase II, 2013-2017	Year	Estimated Cost*	Eligible Funding by Source		
Projects			**Federal**	**State**	**Local**
Construct Two Conventional Hangars including apron)	2013	$ 1,984,000		$ 1,587,200	396,800
Design/Expand Administration Building Parking Lot	2013	$ 390,000	$ 370,500	$ 9,750	$ 9,750
Landside Access for Parcel F and Extension to Fire Station (Service Road)	2014	$ 350,000	$ 332,500	$ 8,750	$ 8,750
Landside/Airside Access for Parcel Y (Service Road and Utilities)	2014	$ 510,000	$ 484,500	$ 12,750	$ 12,750
Construct T-hangars (20 units)	2015	$ 1,000,000		$ 800,000	200,000
Construct Additional Tie-down Apron/Itinerant Ramp	2015	$ 360,000	$ 342,000	$ 9,000	$ 9,000
New Air Traffic Control Tower (ATCT) Siting Study	2016	$ 75,000	$ 71,250	$ 1,875	$ 1,875
Design New ATCT	2016	$ 450,000	$ 427,500	$ 11,250	$ 11,250
Construct New ATCT	2017	$ 2,925,000	$ 2,778,750	$ 73,125	$ 73,125
Construct New General Aviation Terminal/Adminstration Building	2017	$ 5,000,000	$ 4,750,000	$ 125,000	$ 125,000
Total, Phase II: 2013-2017		**$ 13,044,000**	$ 9,557,000	$ 2,638,700	$ 848,300

* - Costs are expressed in 2008 dollars.

Table 7.3 (cont'd.)

Pompano Beach Air Park
Proposed Projects by Development Phase

Phase III: 2018-2028	Year	Estimated Cost*	Eligible Funding by Source		
Projects			**Federal**	**State**	**Local**
Design Runway 10-28 Rehabilitation and Extension	2018	$ 662,000	$ 628,900	$ 16,550	$ 16,550
Construct T-hangars (30 units)	2018/2027	$ 1,500,000		$ 1,200,000	300,000
Rehabilitate Runway 10 and Construct Runway 10 Extension	2019	$ 3,044,000	$ 2,891,800	$ 76,100	$ 76,100
Design/Construct Taxiway Q	2019	$ 2,222,000	$ 2,110,900	$ 55,550	$ 55,550
Complete Balance of Service Road	2022	$ 1,460,000	$ 1,387,000	$ 36,500	$ 36,500
Design/Construct Taxiways R and U (Northeast side parallel taxiway for Runway 15-33 and Associated Exit Taxiway)	2023/2024	$ 2,530,000	$ 2,403,500	$ 63,250	$ 63,250
Expand Apron/Ramp (8,440 s.y.)	2025	$ 506,000	$ 480,700	$ 12,650	$ 12,650
Construct Two Conventional Hangars (including apron)	2026/2027	$ 1,984,000		$ 1,587,200	396,800
Total, Phase III: 2018-2028		**$ 13,908,000**	$ 9,902,800	$ 3,047,800	$ 957,400
Total Capital Improvement Program, 2008-2028		**$ 41,670,000**	**$ 32,100,500**	**$ 6,769,550**	**$ 2,799,950**

* - Costs are expressed in 2008 dollars.

7.4 Funding Sources

Funding of airport development projects is provided by sources at the federal, state, and local levels as well as private entities. The primary source, especially at general aviation airports such as PMP, is the Federal Aviation Administration's Airport Improvement Program (AIP). Financing for the AIP comes from the Airport and Airway Trust Fund, which receives proceeds from various aviation related taxes, such as those imposed on aviation fuel, air cargo shipments, and commercial airline passenger tickets. AIP funding is distributed under appropriations set by Congress for entitlement, state apportionment, and discretionary funds as FAA grants. Under the current program, the grants provide up to 95% of the costs for eligible projects, which include airport planning, airport capacity enhancement and preservation projects, noise compatibility programs, and many types of airport improvement and development projects. AIP has several categories including:

- **Entitlement Funds**
  The appropriation for commercial service airport entitlement funds is based on a formula related to the number of enplaned passengers and state population. Scheduled commercial service airports receive entitlement funds based upon their respective levels of enplaning paid passengers departing on scheduled commercial aircraft. These figures are reported by the airlines to the FAA. General aviation airport entitlement funds are limited to $150,000 per year per airport; however, within certain guidelines and limits, use of these funds may be deferred and the amounts carried forward to future years.

- **State Apportionment Funds**
  These funds are available for use within each state for planning and development at general aviation, reliever, and non-primary commercial service airports, the latter category being defined as those commercial service airports that enplane between 2,500 and 9,999 passengers annually. The area and population of each state is used to determine state apportionment amounts.

- **Discretionary Funds**
  Any eligible airport may use federal discretionary funds from the AIP. Discretionary allocations are a function of project need and priorities according to the FAA's rating system and are weighed against other projects. Funding levels, or set-asides, are often established by legislation related to discretionary funds for special projects and noise mitigation.

- **Other Federal Sources**

In addition to the programs referenced above sources for federal funding include the FAA's Facilities and Equipment (F&E) Program and the U.S. Department of Commerce's Economic Development Administration (EDA). The F&E program, managed by the FAA Airway Facilities Division, supports projects such as air traffic control towers and navigational aids. EDA's funding programs focus upon developing industrial and other commercial projects in economically disadvantaged areas. In the consultant's experience EDA funding for airport projects at facilities such as PMP is rare.

Many states provide funding for airport projects; further, the types of projects that are eligible for state funding frequently include development that is not eligible for federal funding. Among the 50 states, Florida administers a major program. For eligible projects at community service airports such as PMP, FDOT provides up to 5% of the local share if federal funding is available and up to 80% if federal funding is not available. For example, T-hangar construction is eligible for 80% state funding. FDOT will also provide up to 50% of the local share for economic development projects.

Local funding may take various forms. Some communities provide regular general revenue funding for their airports; others make local matching funds available to secure federal and state grants. PMP is operated on an enterprise basis and must generate local funds from surpluses accrued from airport generated revenues versus expenses. According to the Air Park's business plan, PMP's principal source of aviation-related revenue is rental income from three parcels:

- Goodyear Airship Operations $ 55,148/year
- Anthony Aviation $ 213,489/year
- American Flyers $ 122,854/year
- Total Rental Income $ 391,491/year

An additional rental income source has been the City's payment of rent for use of various parcels. Historically, this rent has exceeded $1,400,000 per year. Under the provisions of the MOA the City's one-time deposit of $8,725,558 in lieu of annual rent from the City will substantial reduce annual revenues from rents. The MOA provides that the City may, if it desires, continue to rent certain parcels until they are needed for aviation purposes. These include the equestrian center (Sand & Spurs) and 50 percent of the golf course. The City has agreed to make rent payments into the Airport Enterprise Fund (AEF) in 2008 in the amounts of $223,125 for the golf course property identified as Parcel 2a and $294,050 for the Equestrian Center, identified as Parcel 5. The MOA provides that the monies in the AEF may be used to match FAA grants for eligible projects not included in the MOA's list of projects; however, use of net proceeds in the Enterprise Fund to finance projects included in the CIP requires FAA approval. Combining the City's rent payments with the rents from other parcels produces a projected rent income of approximately $909,000 per year. The MOA provides for adjustment of the City's rent payments based upon the Consumer Price Index (CPI); however, the rents for other parcels are not subject to that provision.

As noted in the Business Plan, the Air Park also receives revenues from fuel fees, rental fees charged to the Federal Aviation Administration, and interest income. These revenues support an adopted budget that calls for expenditures of $1,270,388 in 2008. These expenditures are categorized as follows:

• Personal Services		$ 358,651
• Operating Expenses		$ 803,737
• Capital Equipment		$ 108,000
	Total Expenses	$ 1,270,388

With projected expenses approaching $1.3 million and given a nearly $900,000 reduction in annual rents, it can be readily see that reduction in expenditures or expansion of the Air Park's revenue base will be required. The latter choice is consistent with the desire to maintain the quality of services and facilities currently available and to fund the local share of recommended improvements.

The recommended improvements include providing access to additional parcels for aviation-related uses. Parcel X (approximately 7.4 acres) lies west of the American Flyers leasehold, and Parcel Y (approximately 5.5 acres) is south of the Equestrian Center adjacent to Taxiway B. The Business Plan projects that if all of these parcels (BB, X, and Y) could be leased for a rate of $0.15/square foot, this would generate approximately $117,000 in additional annual rents.

In the longer term, additional rents could be obtained by leasing land that will become available for aviation-related development when use of Runway 6-24 is discontinued. The Business Plan indicates that this would add approximately 21.5 acres on the Runway 6 end to the land available for lease. Additional land would be available on the 24 end but would require substantial improvements in infrastructure including utilities and access. If the 21.5 acres were leased for $0.15/square foot this would produce annual returns of approximately $140,000.

An additional source of income could be developed by the City's constructing and renting hangars. Given the availability of state matching funds for this purpose, smaller than normal City investments could be leverage to produce substantial returns as demand for hangars materializes. This decision would require the City to become a landlord; otherwise, the land for hangars could simply be leased to a third-party for development. Based upon information from the Business Plan, T-hangars in the area of PMP rent for approximately $600/month. If state funding is available for construction and using a $50,000 per unit cost, a 10-unit structure would require $200,000 in local funds (80% of $500,000); at 90% occupancy, the structure would generate in excess of $64,000 per year in rents. For lower occupancy rates, the total rents would be correspondingly lower. Table 7.3 projects development of 10 units of T-hangars in the Phase I, 20 units in Phase II, and 30 additional units in Phase III. The demand for T-hangars should be monitored because the City's development and administration of the units could provide substantial additional annual income. A similar conclusion would apply to conventional/corporate hangar development.

It can be seen that the potential exists to increase revenues significantly at the Air Park; however, given the City's decision to make a one-time deposit for the release of substantial land at the Air Park, careful financial planning will be required in future years to ensure that the financial status of the Air Park remains favorable.