

Considerations for Airport Sponsorship

Who: Counties and Cities of Twin Falls, Jerome, Gooding, & Interested Municipalities

Date: February 13, 2008



Federal Aviation
Administration



Airport Sponsorship 101

Project Participants

Federal Aviation Administration

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Types of Sponsors eligible to receive FAA funds:

- Planning agencies (MPO);
- Public agencies owning airports;
- Certain public agencies not owning airports involved in:
 - Planning for acquisition of an existing airport;
 - Planning development of a new airport;
 - Planning/implementation actions for certain compatible land use
 - Acquisition of an existing airport/development of a new airport;
- Certain private airport owners/operators of public use airports.



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FAA looks for the following in an Airport Sponsor:

- Ability to provide local airport funding
- Ability to exercise the right of Eminent Domain/Condemnation
- Ability to fund local share of capital improvements
- Ability to financially address airport operational expenses



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FAA looks for the following in an Airport Sponsor (con't):

- Ability to provide for F.A.R. Part 139 requirements, including:
 - Airport Rescue and Fire Fighting Facilities and equipment
 - Ongoing airport operations procedures, practices & support
 - Snow Removal facilities, equipment and procedures
 - Ongoing maintenance of airport facilities
- Agreement to abide by all FAA grant assurances

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The Wood River Replacement Airport Site Selection and Feasibility Study estimated new airport costs to be \$97.3 million. This could rise as:

- No land acquisition cost was included
- Did not consider potential need for crosswind runway
- Estimate did not include \$36.0 million required for hangars and Fixed Base Operator facility replacement
- Environmental mitigation costs were not identified
- Costs were expressed in 2006 dollars and did not account for costs at time of construction

Total public costs could range up to \$120 million or more

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Potential Funding for Replacement Airport Development:

- The FAA will try to fund \$50 million of the airport development costs
- FMAA projects \$31 million will be generated from the sale of the existing airport site
- Remainder of funding for public facilities from airport sponsor



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- Airport related costs also involve administrative, maintenance and operations expenses.
- Typical administrative, maintenance and operations costs include but are not limited to:

Utilities, Insurance, supplies
Rental of office equipment
Security & police services
ARFF personnel
Snow removal materials
Building repairs
Travel
Vehicle Maintenance

Training & education
Postage
Aeronautical equipment repair
ARFF supplies
Routine airfield maintenance
Equipment fuel/lubricants
Administrative professional services



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- Past FMA operational expenses and revenues include:

2006 Operational Budget

Revenue - \$1,696,300

Expenses - \$1,610,156

Net Income - \$196,075

2007 Operational Budget

Revenue - \$1,925,956

Expenses - \$1,729,880

Net Income - \$86,143

- Not all airports operate with surplus income requiring added support from the airport sponsor.
- It is not uncommon for small municipal commercial airports nationwide to derive 20-40% of revenue from local tax revenues.

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Regulations that Govern Sponsor Use of Airport Revenue:

- Airport and Airway Improvement Act of 1982
- Airport and Airway Safety and Capacity Expansion Act of 1987
- FAA Reauthorization Act of 1994
- FAA Reauthorization Act of 1996
- FAA Grant Assurances
- FAA Compliance Handbook



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These regulations essentially state:

“All revenues generated by the airport and any local taxes on aviation fuel....will be expended by it [sponsor] for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual transportation of passengers or property”

Source: FAA Airport Grant Assurances March 2005



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To preclude diversion of airport revenues, Grant Assurances require an Annual Report listing:

- (i) “All amounts paid by the airport to any other units of government and the purposes for which each such payment was made; and”
- (ii) “All services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service or property.”

Fair market value for the non aeronautical use of airport property

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Action Requested from the Jurisdiction by March 31, 2008:

- Provide a formal letter or resolution indicating interest and
- Demonstrate financial capability to build, own, and operate and airport.

OR

- Provide a formal letter or resolution indicating **no** interest.