
Finance and Implementation

FINANCIAL ISSUES

This portion of the Jacqueline Cochran Regional Airport Master Plan reviews the resources available to the County for funding airport capital improvements and presents a 9-year Capital Improvement Program (2005–2013).

Capital Funding Resources

There are a variety of resources from which funding and financing for publicly owned airport facilities and improvements can be obtained. These resources include federal grants, state grants and loans, airport sponsor self-funding, and private investment.

Federal Grants. Currently, the most common source of federal aid for airport facilities is the Airport Improvement Program (AIP) administered by the Federal Aviation Administration (FAA). Reauthorized in December 2003, the current AIP is the latest evolution of a funding program originally authorized by Congress in 1946 as the Federal Aid to Airports Program (FAAP).

The AIP is based upon a user trust fund concept, allocating aviation-generated tax revenues for specified airport facilities on a

local matching share basis. The program currently provides for 95% federal participation and 5% local participation on eligible airport projects in the state of California.

Under the AIP, there are both *entitlement* and *discretionary* grants. Entitlement grants apply to commercial service airports; Jacqueline Cochran Regional Airport does not qualify for this type of grant. As a general aviation facility, Jacqueline Cochran Regional Airport must compete for discretionary funds with other general aviation airports in California. An unusual feature of the current authorization of AIP is an annual entitlement of up to \$150,000 for airports that typically are only eligible for discretionary grants.

Although the AIP is designed specifically for public airport improvement, there are other federal programs that can also be applied to airport needs. Programs such as the federally funded Economic Development Administration Program and the State and Local Fiscal Assistance Act of 1972, as amended, have also been used on a limited basis to fund airport facility development not otherwise eligible for AIP grants. As it is relatively difficult for public airports to qualify for these special federal funding programs, these resources have not been considered in the formulation of project funding alternatives identified in the *Master Plan*.

State of California Airport Grants and Loans

The Division of Aeronautics within the California Department of Transportation (Caltrans) administers four different programs that provide funding for airport improvements. These funding programs and their potential application at Jacqueline Cochran Regional Airport are discussed below.

- ▶ **Acquisition and Development Grant Program** — The Caltrans Acquisition and Development (A&D) Grant Program is similar to the federal AIP grant program inasmuch as the state program provides airport development funds on a matching share basis — currently 90% state and 10% local. The state grants are allocated through the California Transportation Commission (CTC) and are governed by the priorities set forth in the State Transportation Improvement Program (STIP) and the California Aviation System Plan (CASP).

Typically, the A&D grant program has concentrated on construction of airfield improvements that primarily benefit general aviation users. Funding opportunities within this program are sometimes very limited because of statewide funding constraints. An airport improvement project submitted for an

A&D grant faces statewide competition for limited funds. Consequently, the A&D grant program is not considered to be a significant resource for funding of improvements at Jacqueline Cochran Regional Airport. Nevertheless, state airport improvement grants, when available, can be useful in furthering airport improvement.

- ▶ **Annual Grant Program** — The California Division of Aeronautics also administers an Annual Grant Program through which all qualifying publicly owned airports in the state receive \$10,000 per year to be used for eligible projects. Funds received must be kept in a Special Aviation Account and, with the permission of Caltrans, can be accumulated for up to five years toward a larger capital project. The funds can also be used as part of a local match for a federal grant.

This grant program is intended to assist general aviation airports. Airports that have been designated as *reliever* or *commercial service* by the FAA are not eligible for this annual grant. Since Jacqueline Cochran Regional Airport is not designated by the FAA as a *reliever* facility, it is eligible to receive this annual grant.

- ▶ **Airport Loan Program** — Another funding source available from the California Division of Aeronautics is the State Airport Loan Program. This program was established to allow public airport owners the opportunity to borrow funds for an 8- to 15-year term at lower than commercial interest rates. The funds can be used on specified revenue-generating projects and as the local share of FAA grant-funded projects. Nearly any type of project that will benefit the airport is eligible. The most common use of these loans is for revenue-producing hangar construction and development of aviation fuel storage/dispensing facilities. This program has been used by the County in the past. The County may also want to consider pursuing a state loan to help finance the construction of new aircraft storage hangars.
- ▶ **AIP Matching Grant Program** — State funds are able to be allocated by the CTC to partially match an AIP grant once an airport sponsor has accepted the AIP grant from the FAA. This match program only applies to general aviation and reliever airports whose projects are included in the State Transportation Improvement Program. The state match is 5% of the FAA's share of total project cost. Thus, AIP funds 95%

of a project, the state funds 4.75%, and the sponsor funds the remaining 0.25%.

State matching funds can only be used for “airport and aviation purposes”. These are defined in existing state law and regulations. Because federal regulations permit expenditure for some items that the state does not, situations can occur for which the state will not match the full amount of an AIP grant. Projects for which this distinction occurs include general aviation terminal buildings and vehicle access roads.

As a general aviation facility, Jacqueline Cochran Regional Airport is eligible to participate in this Caltrans AIP grant match program.

Airport Sponsor Self-Funding

At large, publicly owned airports, this source of funding typically involves the issuance of *general obligation bonds* or *revenue bonds*. However, at Jacqueline Cochran Regional Airport, the County is precluded from issuing bonds that require the assessment of taxes. Thus, general obligation bonds are not available to the County as a funding resource.

Alternatively, revenue bonds (and the related financial instrument, certificates of participation) do not require voter approval or the assessment of taxes. Revenue bonds are secured by the pledges of revenues from one or more airport facilities. There may be a limited number of projects for which some form of revenue bond is a viable financing mechanism. However, this is the least desirable financing mechanism. This is particularly true in the short term, given the current level of debt service.

At publicly owned airports the size and character of Jacqueline Cochran Regional, airport sponsor self-funding is principally provided by a combination of airport-generated income and retained earnings. Funding of airport improvements and providing the local matching share for grants-in-aid from these sources is the simplest and often most economical method because direct interest costs are eliminated. For projects that generate revenue, such as hangars, standard commercial financing may also be an option.

Private Investment

Private sector investment is an important source of funding for airport improvements, such as fixed base operations facilities and

aircraft storage hangars. With the exception of the large hangar leased by Million Air, all of the aircraft storage hangars At Jacqueline Cochran Regional Airport were developed using private funds.

The most common sources of funding for private sector development are commercial lending institutions and insurance companies. In the case of private development on public lands, these types of financing may be difficult and expensive to obtain because the borrower can encumber only the improvements as loan collateral, not the underlying publicly owned land. These conditions necessitate close attention to leasing policies and tenant contract negotiations. It is essential that agreements be reached with the tenants that provide for adequate airport revenues and facility development while encouraging private investment and satisfying the tenants' borrowing requirements. Specifically, the lease term should be sufficient to allow reasonable investment amortization over the period of the agreement.

On occasion, private gifts and contributions are a source of funding for certain airport improvements. Often, the private contribution facilitates the development of public airfield improvements that jointly benefit both the private and public sectors. This funding source does not look particularly applicable to Jacqueline Cochran Regional Airport.

Those capital expenditures that are most appropriately constructed with private funds (e.g., fixed base operations facilities) have been excluded from the list of proposed capital projects identified in the *Master Plan*. Public capital resources have not been considered for funding those projects identified as being private sector projects.

Capital Improvement

The proposed Capital Improvement Program budget for Jacqueline Cochran Regional Airport is set forth in Table 6-1. The listed projects include both proposed improvements, as described in previous chapters, and recommended major maintenance work for the airfield.

The project costs listed in the Capital Improvement Program budget represent order-of-magnitude estimates in 2004-dollar values and include design engineering and other related costs and contingencies. The estimates are intended only for preliminary planning and programming purposes. Specific project analysis and detailed engineering design will be required at the time of

project implementation to provide more refined and up-to-date estimates of individual project costs.

Instead of over the next twenty years, it is anticipated that all of the listed projects can be initiated within the next nine years. The timing indicated is based upon the forecasts presented in Chapter 2 together with the maintenance and repair needs of the airfield pavement. It is important to emphasize, though, that the general sequence of development indicated in the project listing is more significant than the precise timing. The capital improvements are not driven by time, but by need.

As presented in Table 6-1, the Master Plan estimates a total Capital Improvement Program cost of approximately \$24.12 million over the CIP planning period of 2005-2013. An estimated \$22.91 million of the total program could potentially be funded through the FAA's Airport Improvement Program. Up to \$1.15 million could be funded by state grants. The balance of the improvement costs, approximately \$60,300 will need to be financed by the airport or, in part, by private developers. Note, however, that if the state funding were to be discontinued after 2005, the County's share of project costs could be in the range of \$1.75 million.

ADOPTION AND IMPLEMENTATION ACTIONS

In order for the County to adopt the Jacqueline Cochran Regional Airport Master Plan and implement the phased improvement projects, a variety of state and federal environmental and other review or permit actions may be required. The major steps in this process are as follows:

No.	Fiscal Year	Description	Project Total	FAA	State	Local
1	2005	Design and overlay Taxiway "F" between Taxiways "A" and "D"	\$500,000	\$475,000	\$23,750	\$1,250
2	2005	Design and construct Heliport and Helicopter Parking Apron	\$500,000	\$475,000	\$23,750	\$1,250
3	2005	Design and seal coat Higgins Drive and Public Parking Lot	\$60,000	\$57,000	\$2,850	\$150
4	2006	Design and construct Taxiway "G" and install MITL	\$2,255,000	\$2,142,250	\$107,113	\$5,638
5	2006	Design and install PAPI-2 on Runway 12-30	\$80,000	\$76,000	\$3,800	\$200
6	2006	Design and overlay Runway 12-30 and west end Taxiway "A"	\$1,550,000	\$1,472,500	\$73,625	\$3,875
7	2007	Design and rehabilitate/repair concrete Transient Apron	\$250,000	\$237,500	\$11,875	\$625
8	2007	Design and build new Taxiway "B" with drainage improvements	\$3,500,000	\$3,325,000	\$166,250	\$8,750
9	2008	Land acquisition for Runway Extension, RPZ and Approach Protection	\$300,000	\$285,000	\$14,250	\$750
10	2009	Design and build Phase 3, Heavy Aircraft Parking Apron	\$2,500,000	\$2,375,000	\$118,750	\$6,250
11	2009	Design and build Avenue 60 realignment	\$2,100,000	\$1,995,000	\$99,750	\$5,250
12	2010	Design and construct Runway 17-35 runway/taxiway extension	\$3,500,000	\$3,325,000	\$166,250	\$8,750
13	2010	Design and reconstruct Taxiway "C" and install MITL	\$1,025,000	\$973,750	\$48,688	\$2,563
14	2011	Design and install ILS and Approach Lighting System, Runway 35	\$2,500,000	\$2,375,000	\$118,750	\$6,250
15	2012	Design and construct extension of Avenger Blvd. and utilities	\$2,000,000	\$1,900,000	\$95,000	\$5,000
16	2013	Conduct Siting Study, design and construct Air Traffic Control Tower	\$1,500,000	\$1,425,000	\$71,250	\$3,750
<i>Totals</i>			\$24,120,000	\$22,914,000	\$1,145,700	\$60,300

Table 6-1

Summary of ACIP Project Costs

Fiscal Years 2005 - 2013

MASTER PLAN ADOPTION

Environmental Impact Documentation

The County's Master Plan consultant has prepared an Environmental Baseline Data report that can be used to support the preparation of a CEQA Initial Study (IS) (see Appendix B). The final IS will be prepared by the County. County staff will then distribute and coordinate the IS with other County departments. The Initial Study will be used to determine if the project will be subject to the preparation of an EIR, or if a mitigated Negative Declaration would suffice. In addition, the Environmental Baseline report will serve to assist the FAA in its approval of the Airport Layout Plan. Any recommended projects requiring further study in a NEPA Environmental Assessment (EA) will be identified.

County Board of Supervisors

The County Board of Supervisors has the ultimate responsibility for approval of the Airport Master Plan. The Board's actions will follow established County procedures regarding public hearings, public notification, etc.

Federal Aviation Administration

Coordination has been maintained with the FAA throughout the Master Plan study and the agency has received a copy of the draft plan for review and comment. The FAA will conduct a formal internal coordination and review of the County-approved Airport Layout Plan drawings. After any necessary technical revisions are made, the FAA can then approve the Airport Layout Plan as the basis for the engineering design and grant eligibility of specific projects. The FAA approval of the Airport Layout Plan is not a commitment by the FAA to fund any given project.

Airport Land Use Commission

State law requires that each public agency owning any airport within the boundaries of an airport land use compatibility plan shall, prior to modification of its airport master plan, refer any proposed change to the airport land use commission (PUC 21676[c]). If the commission determines that the proposed action is inconsistent with the commission's plan, the referring agency shall be notified.

MASTER PLAN IMPLEMENTATION

Project Funding

The County should assess the availability and timing of funds that can be committed to the proposed airport improvements. Once a decision is made to proceed with specific projects, an Airport Improvement Program grant pre-application should be submitted to the FAA and the state. To facilitate the timely processing of key projects, it is recommended that the Capital Improvement Program identified in the Master Plan be submitted to the FAA and the state as soon as possible in accordance with their annual CIP submission procedures.

Engineering Design

The Airport Master Plan and the Airport Layout Plan drawing serve only as the starting point for the more detailed engineering design work necessary for actual construction of the proposed improvements. After the Master Plan has been adopted and a decision has been made to construct the proposed projects, the County should proceed in a timely manner to arrange a contractual agreement with a qualified airport engineer. To assure continuity in design development, it is suggested that the agreement cover not just the immediate projects, but other major improvements proposed to be constructed over the next three to five years.

Environmental Impact Documentation

With the possible exception of the runway extension, none of the proposed master plan projects are expected to require CEQA processing more extensive than preparation of a mitigated Negative Declaration. However, it is the County's initial Study that will provide the information necessary to determine what documentation will be required.

Except for the proposed runway extension, and the installation of an instrument landing system (ILS) and a runway approach light system, there is no apparent FAA requirement for preparation of a federal environmental document for any of the projects listed in the Master Plan capital improvement plan. The balance of the projects proposed in the Master Plan meet the FAA criteria for being Categorically Excluded from federal environmental review (see Appendix B).

