

CHAPTER

7

**AIRPORT DEVELOPMENT AND
FINANCIAL PLAN**

**COCHISE COLLEGE AIRPORT
AIRPORT MASTER PLAN**



ARMSTRONG

Chapter Seven

Airport Development and

Financial Plan



7.1 INTRODUCTION

A program of recommended airport development for the Cochise College Airport has been formulated to guide the sponsor in the systematic development of the airport and to aid the Arizona Department of Transportation-Multimodal Planning Division – Aeronautics Group (ADOT) and the College in allocating funding over the planning period. In Arizona, projects eligible for ADOT grant funding are normally funded at 90 percent by the State and 10 percent by the Sponsor. Grant eligible items typically include airfield and aeronautical related facilities such as runways, taxiways, aprons, lighting and visual aids as well as land acquisition and environmental tasks needed to accomplish the improvements. Fuel systems are also eligible, however, they are considered a low priority for State funding and require airside development needs to be met first.

7.2 AIRPORT DEVELOPMENT PLAN

Future airport development at the Cochise College Airport, as included in this study, covers a twenty-year period and it is summarized in Figure 7-1. Development items are grouped into two phases. Phase I is short-term (1-5 years), and Phase II is medium to long term (6-20 years). Estimated development costs are based on the proposed improvements (as shown on the airport layout plan) and are included for each item in the financial development plan. Proposed improvements are based on the recommended facility requirements discussed in Chapter 3 and the selected alternatives in Chapter 4. The phasing of projects assists the airport sponsor in budgetary planning for construction projects. The sequence in which the projects are completed is important as the ultimate configuration of the airport will require numerous projects.

Phase I (1-5 Years)

- Reconstruct Taxiway A
- Reconstruct Aircraft Parking Apron
- Install AWOS
- Conduct Aeronautical Survey for Instrument Approach Development
- Install Nonprecision Instrument Runway Markings
- Pavement Maintenance

Phase II (6-20 Years)

- Install/Relocate Perimeter Fence/Gates
- Construct Bypass Taxiways/Holding Bays
- Pavement Maintenance
- Taxilane Development Phase I
- Acquire Airport Maintenance Equipment
- Construct Equipment Storage Building
- Construct Corporate Parcel Access Road
- Taxilane Development Phase II
- Update Airport Layout Plan
- Pavement Maintenance

TABLE 7-1 20-YEAR FINANCIAL DEVELOPMENT PLAN

PHASE I: SHORT-TERM DEVELOPMENT ITEMS		TOTAL	STATE	LOCAL
A1	Reconstruct Taxiway A, lighted signs, MITLs	\$1,560,000	\$1,404,000	\$156,000
A2	Reconstruct Aircraft Parking Apron	\$1,980,000	\$1,782,000	\$198,000
A3	Install AWOS-III	\$316,000	\$284,400	\$31,600
A4	Aeronautical Survey for Instrument Approach	\$120,000	\$108,000	\$12,000
A5	Install Nonprecision Instrument Runway Markings	\$40,000	\$36,000	\$4,000
A6	Pavement Maintenance	\$150,000	\$135,000	\$15,000
TOTAL SHORT-TERM COSTS		\$4,166,000	\$3,749,400	\$416,600
PHASE II: MEDIUM AND LONG-TERM DEVELOPMENT ITEMS		TOTAL	STATE	LOCAL
B1	Install Perimeter Fence/Gates	\$625,000	\$562,500	\$62,500
B2	Construct Bypass Taxiways/Holding Bays	\$280,000	\$252,000	\$28,000
B3	Pavement Maintenance	\$150,000	\$135,000	\$15,000
B4	Taxilane Development Phase I	\$240,000	\$216,000	\$24,000
B5	Acquire Airport Maintenance Equipment	\$100,000	\$90,000	\$10,000
B6	Construct Equipment Storage Building	\$300,000	\$270,000	\$30,000
B7	Construct Corporate Parcel Access Road	\$40,000	\$36,000	\$4,000
B8	Taxilane Development Phase II	\$240,000	\$216,000	\$24,000
B9	Update Airport Layout Plan	\$150,000	\$135,000	\$15,000
B10	Pavement Maintenance	\$150,000	\$135,000	\$15,000
TOTAL MEDIUM AND LONG-TERM COSTS		\$2,275,000	\$2,047,500	\$227,500
TOTAL DEVELOPMENT COSTS		\$6,441,000	\$5,796,900	\$644,100

7.3 CAPITAL DEVELOPMENT

State Grant Funding: ADOT participates in funding airport development and maintenance projects in the State of Arizona. ADOT normally contributes 90 percent for State only funded projects.

ADOT also funds the Arizona Airport Pavement Management System (APMS Program). The program evaluates airfield pavement conditions throughout the state of Arizona every three years and identifies pavements which are need of maintenance or rehabilitation. ADOT takes the results of the Pavement Condition Index (PCI) surveys and prioritizes them into a 5-8 year plan. The APMS program is intended to help monitor the conditions of Arizona's airport system and assist in the preservation of existing infrastructure. Projects A6, B3 and B10 in Table 7-1 would be good candidates for the APMS Program.

Funding The Local Share: There are several methods available for funding the capital required to meet the local share of airport development costs. The most common methods involve cash, debt financing which amortize the debt over the useful life of the project, force accounts, in-kind service, third-party support and donations.

Bank Financing: Some airport sponsors use bank financing as a means of funding airport development. Generally, two conditions are required. First, the sponsor must show the ability to repay the loan plus interest and second, capital improvements must be less than the value of

the present facility or some other collateral used to secure the loan. These are standard conditions which are applied to almost all bank loan transactions.

Force Accounts, In-kind Service, Donations: Depending on the capabilities of the Sponsor, the use of force accounts, in-kind service, or donations may be approved by ADOT for the Sponsor to provide their share of the eligible project costs. An example of force accounts would be the use of heavy machinery and operators for earthmoving and site preparation of runways or taxiways; the installation of fencing; or the construction of improvements to access roads. In-kind service may include surveying, engineering or other services. Donations may include land or materials such as gravel or water needed for the project. The values of these items must be verified and approved by ADOT prior to initiation of the project.

Third-Party Support: Several types of funding fall into this category. For example, individuals or interested organizations may contribute portions of the required development funds. Although not a common means of airport financing, the role of private financial contributions not only increases the financial support of the project, but also stimulates moral support to airport development from local communities. Because of the potential for hangar development, private developers may be persuaded to invest in hangar development. A suggestion would be that the Town authorize long-term leases to individuals interested in constructing a hangar on airport property. This arrangement generates revenue from the airport, stimulates airport activity, and minimizes the sponsor's capital investment requirements.

7.4 FINANCIAL PLAN

The ultimate goal of any airport should be the capability to support its own operation and development through airport generated revenues. Unfortunately, few airports similar in size to the Cochise College Airport are able to do this. For example, it is difficult to break even when the fees received from hangar rentals and fuel sales will not adequately amortize the cost of construction projects. However, Cochise College Airport plays an important role in the College's aviation degree program as well as a public use airport for many aircraft operators within the region.

7.5 AIRPORT REVENUE OPPORTUNITIES

Revenues: Airport revenues generally consist of land leases, user fees and property taxes generated from on-airport improvements.

Land Leases: Property on the airport that is not devoted to airfield use, vehicle parking or contained within areas required to be cleared of structures may be leased to individual airport users or aviation related businesses. Typically, the individual is provided a long-term lease on which to construct a hangar, business or other facility. At the termination of the lease, the lessee has the option to renew the lease, sell or lease the buildings or to remove the buildings.

Hangar Leases: Hangars on the airport owned by the airport sponsor can be leased to private aircraft operators or businesses. Typically, as with land leases, the individual or business is provided a long-term lease of the hangar. At the termination of the lease, the lessee has the option to renew the lease or cease use of the hangar.

Tie-Down Fees: A fee is typically established for the use of fixed ramp tiedowns on paved apron areas. The fees are usually established on a monthly or annual basis for based aircraft and on an overnight basis for transient aircraft.

Airport Usage Fee: This fee is typically imposed on charter aircraft and can be waived if the operator purchases a minimum amount of fuel.

Commercial Activity Fee: This fee is typically imposed on commercial activities operating “for profit” at the airport. Typical commercial activities may include fixed base operators, testing and training, maintenance services, retail or other goods and services which may be provided at the airport.

Non-Aeronautical Revenue Generating: This fee is imposed on leases of land that are allocated as airport property but have not access and or use for aeronautical activities and are therefore used for non-aeronautical uses. The fee for these areas must be setup at fair market value and all revenue generated from these leases must remain within the airport fund.

In accordance with Arizona State Grant Assurances all revenues generated by the airport must be expended by the airport for the capital or operating costs of the airport. No revenue generated on the airport may go into the general fund for Cochise College.

7.6 RECOMMENDATIONS

The most effective means of increasing revenue at the Cochise College Airport is to accommodate existing unmet demand and to continue to attract new and additional users, including Unmanned Aircraft System (UAS) testing, manufacturing and training. Increasing aircraft storage hangars at the airport would result in not only increased direct revenues generated through land leases, but would also produce indirect revenue through increased use of airport services and facilities, such as increased fuel purchases. Installing a credit card reader to provide self-service fueling will also enhance fuel sales. Locations for additional nested T-hangars and individual box hangars have been identified on the Terminal Area Drawing (TAD) included in Chapter 5. Business/corporate tenants are typically flight departments for local businesses they generally operate multi-engine turboprop or business jet aircraft. Their land lease parcels are usually large, the aircraft are typically operated two to three times per week and fuel purchases are typically larger than other general aviation user's (several hundred gallons per fueling).

Whether the improved Cochise College Airport operates at an annual surplus or subsidy depends greatly on the amount of activity and facilities that are constructed at the airport. Existing demand is currently constrained by the lack of aircraft storage facilities. The most efficient way for the College to accommodate this demand is to construct taxilanes and provide land leases for hangars.

7.7 CONTINUOUS PLANNING PROCESS

Airport planning is a continuous process that does not end with the completion of a major project. The fundamental issues upon which this master plan is based are expected to remain valid for several years; however, several variables, such as based aircraft, annual aircraft operations, and socioeconomic conditions are likely to change over time. The continuous

planning process necessitates that Cochise College consistently monitor the progress of the airport in terms of growth in based aircraft and annual operations, as this growth is critical to the exact timing and need for new airport facilities. The information obtained from this monitoring process will provide the data necessary to determine if the development schedule should be accelerated, decelerated or maintained as scheduled.

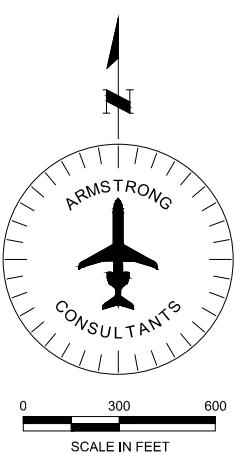
Periodic updates of the Airport Layout Plan, Capital Improvement Plan, and Airport Master Plan are recommended to document physical changes to the airport, review changes in aviation activity and to update improvement plans for the airport. The primary goal of this Airport Master Planning effort is to develop a safe and efficient airport that will meet the demands of its aviation users. The continuous airport planning process is a valuable tool in achieving that goal.

PHASE I - (1-5 YEARS) SHORT-TERM DEVELOPMENT ITEMS

- A1 RECONSTRUCT TAXIWAY A, LIGHTED SIGNS, MITLs
- A2 RECONSTRUCT AIRCRAFT PARKING APRON
- A3 INSTALL AWOS-III
- A4 AERONAUTICAL SURVEY FOR INSTRUMENT APPROACH
- A5 INSTALL NONPRECISION INSTRUMENT RUNWAY MARKINGS
- A6 PAVEMENT MAINTENANCE
- A7 LAND ACQUISITION

PHASE II - (6-20 YEARS) MEDIUM AND LONG-TERM DEVELOPMENT ITEMS

- B1 INSTALL / RELOCATE PERIMETER FENCE / GATES
- B2 CONSTRUCT BYPASS TAXIWAYS / HOLDING BAYS
- B3 PAVEMENT MAINTENANCE
- B4 TAXILANE DEVELOPMENT PHASE I
- B5 ACQUIRE AIRPORT MAINTENANCE EQUIPMENT
- B6 CONSTRUCT EQUIPMENT STORAGE BUILDING
- B7 CONSTRUCT CORPORATE PARCEL ACCESS ROAD
- B8 TAXILANE DEVELOPMENT PHASE II
- B9 UPDATE AIRPORT LAYOUT PLAN
- B10 PAVEMENT MAINTENANCE



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SCALE IN FEET



COCHISE COLLEGE AIRPORT
DOUGLAS, ARIZONA

FINANCIAL PLAN DRAWING

SCALE: PER BAR SCALE DATE: AUG., 2013

DRAWN: JOS FILE: 603550

CHK'D: JZP JOB NO.: 116035

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