

Chapter 6 IMPLEMENTATION PLAN



Table 6.4 provides a summary of the 2018 budget of airport operating revenues and expenses from Port financial records. It's important to note that expenses identified exclude capital equipment expenditures to support maintenance efforts as well as major airport maintenance projects. Expenses shown also exclude any capital improvements. Revenues shown exclude any reimbursements associated with grant funding for airport improvements. As shown, the Airport generates approximately \$100,000 in surplus funds annually that can be used to match the \$1,000,000 in entitlement funds that are currently granted to ORS through the FAA's Airport Improvement Program.

The Airport's Capital Fund currently has a balance of approximately \$900,000 that can be used to match the larger project grant funds that will be needed to accomplish the upgrade to ARC B-II. Assuming the current annual surplus generates \$2,000,000 over the planning period, approximately \$2,900,000 of sponsor funds will be available over the course of the plan. Additional funds will be needed to accomplish all elements of the master plan, however much of this will be contributed by private development that constructs hangars and other business investment.

6.3.6 Other Funding

While the AIP is the primary source for funding capital improvements at public use airports in Washington, there are other options such as private funding mentioned earlier. Many airport sponsors have also obtained funding through general obligation (GO) bonds, revenue bonds,

special legislative appropriations, and loan programs that provide access and flexibility to funding. Despite the AIP eligibility of numerous proposed projects at Orcas Island Airport, priority ranking of airport projects can easily delay funding of needed improvements, so consideration of various options is a favorable approach. As the Port attracts more business tenants to the Airport and projected aviation activity is realized, the positive and growing cash flow will benefit the Port's access to other funding options.

6.4 CAPITAL IMPROVEMENT PLAN SUMMARY

Based on the identification of capital improvement projects for the Orcas Island Airport, total project costs for the recommended Port of Orcas CIP is approximately \$16,100,000 over the course of the planning period. The overwhelming majority of the total costs associated with these projected projects is expected to be eligible and funded at 90% by the FAA. These totals take into account reasonably foreseeable implementation steps, including the environmental documentation and required.

The following assumptions were necessary in the creation of the Orcas Island Airport CIP.

- The Airport will receive \$150,000 in NPEs for Federal Fiscal Years 2019 and 2020 and ORS Airport was also the recipient of \$1,000,000 of FAA CARES Act contributions in FY-2020.



- Projects will be prioritized by WSDOT using the recently updated Washington Priority Rating Model for Project Evaluation and funded at various levels from 6% to 90% depending on the individual project;
- The funding necessary to leverage project grant funds will be provided by a combination of local sources and other grant funds;
- Strategic opportunities are expected to be funded through a combination of FAA, local, other grant funds, private developers, and to a lesser extent by WSDOT Division of Aeronautics grants; and
- Non-Aviation capital improvement plan projects will be eligible for a variety of Federal and State funding programs.

As previously mentioned, during the creation of this Orcas Island Airport Master Plan, an updated 2016 WSDOT CIP was submitted to the FAA and WSDOT. This implementation plan section reflects the agreements that were made by the FAA, WSDOT and the sponsor during that latest WSDOT CIP update.

6.4.1 Projected Revenues and Expenses

As noted earlier, FAA-eligible airport improvement projects provide a substantial return on investment for the Airport as the FAA funds 90% of the project. Still, the Port may encounter budgetary constraints that could limit their ability to provide matching funds on large projects, which could result in a project being postponed until it is financially feasible. For planning purposes, a summary of projected revenues and expenses is provided. Table 6.5 provides this summary of projected cash flow, which are based on some general assumptions about anticipated growth in revenues and increases in expenses. Based aircraft, aviation activity levels, and landside development are the primary factors affecting airport operating revenues. As additional development occurs to serve an increase in based aircraft and aviation business tenant activity, airport leases are updated and operating revenues correspondingly increase. Modest increases in

revenues are projected to align with the gradual recovery of general aviation, the economy, and the specific aviation demand projections for Orcas Island Airport.

While a variety of factors will determine the actual financial outcome—all of which are difficult to predict with any accuracy, the projections presented here take into account recent activity and tenant growth trends and projections as well as recent airport financial results. As shown, cash flow is projected to grow. These projections consider normal growth factors adapted to the unique characteristics of Orcas Island Airport, particularly with revenues associated with hangar, space and facility leases, which have shown overall growth and are projected to increase with forecast demand and the Port's development plans.

Taking the projected cash flow for the Airport over the 20-year planning period and comparing it to the CIP funding needs for the same timeframe provides a picture of the financial responsibility for capital improvements beyond the FAA and State funding resources, shown in Table 6.5. The local/other share column shown in the table consists of Port of Orcas, any private development funding, and other possible agency grant funding sources; these are combined as Port of Orcas will be responsible for coordinating or securing such funds.

While Table 6.5 summarizes the financial scenario by phase to provide an overview, the Airport will incur net income shortages during specific years when major development projects are programmed. The Airport's net income shortage is not uncommon among general aviation airports when local grant matches are needed. Shortages may also result if other anticipated funding sources do not come through or unanticipated financial obligations arise. However, as noted in Chapter 1, the Orcas Island Airport is an economic engine and valuable asset for the community and region—generating jobs and visitor spending, as described in the WSDOT Economic Impact Study prepared for airports. Therefore, the FAA, State, and local airport investments contribute to the economic development in the region in addition to serving the national, state, and regional air transportation systems.

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✈ **Table 6.5. Cash Flow vs. Local/Other CIP Funding Requirements**

Phase	Est. Net Local Assets Over Period	Est. Project Expenses	Est. Federal & State Offset	Est. Local Responsibility	Est. Assets Remaining
Phase I (through 2025)	\$708,500	\$8,610,000	\$8,180,500	\$430,500	\$278,000
Phase II (2026-2030)	\$1,036,500	\$13,830,000	\$13,116,500	\$716,500	\$320,000
Phase III (2031-2041+)	\$1,337,000	\$14,350,000	\$10,911,500	\$3,420,000	\$(2,083,000)
Total	\$3,082,000	\$36,790,000	\$32,208,500	\$4,567,000	

Source: Port of Orcas; DOWL

6.5 SUMMARY

The Port of Orcas remains committed to developing the Orcas Island Airport into a facility that serves the community and surrounding region, needs of the air transportation system, and future economic growth. This Master Plan Update will serve as a tool to guide the Port’s future development plans. Planning is a continuous process and changes in the aviation industry, economic environment, and numerous other factors may require adjustments in timing of planned improvements. The fundamental elements addressed in the Master Plan will assist the Port in responding to such adjustments in the coming years.