Gallatin Field Airport

2007 Master Plan Update

Chapter 5
- Financial Plan -

MORRISON MAIERLE, INC.
An Employee-Owned Company

Chapter 5 – Financial Plan

I. INTRODUCTION

The analyses conducted in the previous chapters evaluated airport development needs based upon forecast activity changes and operational efficiency. However, the most important element of the master planning process is the application of basic economic, financial, and management rationale to each development item so that the feasibility of implementation can be assured. The purpose of this chapter, therefore, is to provide financial management information and tools which will help make the master plan achievable and successful.

This chapter provides a financial plan and examines the economic feasibility of developing the proposed improvements at Gallatin Field Airport. The use of airport revenue, federal and state grant programs, Passenger Facility Charges (PFC), Car Rental (Customer) Facility Charges (CFC), and bond financing is evaluated in considering the ability of the Gallatin Airport Authority to finance the proposed capital improvements. Implementation of the improvements identified in Chapters 3 and 4 will be based on an "as required" basis consistent with the financial capability of the Authority.

Chapter 3, Table 3-20, Proposed Development Alternatives, identified airside improvements for the 20-year planning and post-planning periods. Chapter 4 also identified Terminal Expansion and Access Road Expansion needs of the Airport.

The improvements in Chapter 3, Airside Facility Requirements and Developments, were combined with improvements in Chapter 4, Terminal and Landside Facility Requirements, to develop Table 5-1, 20-Year Capital Improvement Program (CIP). The CIP provides an expected schedule for when projects identified in the Gallatin Field Airport 2007 Master Plan Update are to be completed. The timing of these projects will shift throughout the planning period depending upon the actual forecast activity at the airport and available funding. The table includes the estimated cost to complete each project in 2007. A 3% annual inflation factor was applied to projects completed in future years. The plan expects that the cost of capital improvement and maintenance projects at Gallatin Field during the 20-year planning period will total over $147 million dollars.

Table 5-1 shows that Gallatin Field's Airside requirements are relatively few in the short term. The most pressing airside needs were accomplished in the past 10 years. Major airside expenditures will not be required until the medium and long range periods. At this time, the extension of Air Carrier Runway 12-30 and upgrading of Runway 3-21 to General Aviation runway standards are the only major airside improvements projected to be required in the first 10 years.

Terminal Expansion is the most pressing need currently facing Gallatin Field. Major improvements to the terminal are required in the short term. Chapter 4 discusses the Terminal Facility Requirements in detail and identifies a terminal expansion program to satisfy current and projected demands in the secured passenger holding gate areas, ticket lobby, and airlines operational areas, baggage claim and handling, and restaurant areas. The proposed program, when constructed, will solve the long standing security screening problem.

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Table 5-1 Gallatin Field Airport 20-Year Capital Improvement Plan (CIP)

	YEAR COMPLETED	2007 COST	Cost @ 3% INFLATION	NON-AIP	AIP	PFC
Water & Sewer Extension	2007	$257,000.00		$257,000.00		
Ditch Relocation	2007	$48,000.00		$48,000.00		
Fire Station Roofing	2007	$140,000.00		$140,000.00		
D-Icing Apron	2007	$650,000.00			$650,000.00	
Service Road	2007	$350,000.00			$350,000.00	
Terminal Apron Expansion – Phase I	2007	$1,750,000.00			$1,750,000.00	
Taxiway Construction	2007	$300,000.00			$300,000.00	
Taxiway Lighting	2007	$150,000.00			$150,000.00	
Update Master Plan	2007	$332,000.00				$332,000.00
ATC Tower Display	2007	$400,000.00				$400,000.00
Tersiator	2007	$30,000.00			$30,000.00	
SUB-TOTAL 2007		**$4,407,000.00**		**$445,000.00**	**$3,230,000.00**	**$732,000.00**
Pay Parking Lot Expansion	2008	$1,510,000.00		$1,510,000.00		
Terminal Design	2008	$750,000.00				$750,000.00
Broom Truck	2008	$550,000.00				$550,000.00
Snow Plows #7, 17, & 18	2008	$675,000.00				$675,000.00
SUB-TOTAL 2008		**$3,485,000.00**		**$1,510,000.00**	**$0.00**	**$1,975,000.00**
Terminal Expansion Phase I	2009	$20,000,000.00	$20,600,000.00	$2,470,000.00	$8,130,000.00	$10,000,000.00
Access Road (Single Loop)	2009	$2,417,780.00	$2,490,313.40		$2,490,313.40	
Water & Sewer Extension	2009	$150,000.00	$154,500.00	$154,500.00		
I 90 Interchange	2009	$500,000.00	$500,000.00	$500,000.00		
Taxiway Construction	2009	$220,000.00	$226,600.00		$226,600.00	
SUB-TOTAL 2009		**$23,287,780.00**	**$23,971,413.40**	**$3,124,500.00**	**$10,846,913.40**	**$10,000,000.00**
Terminal Construction	2010	$16,250,000.00	$17,239,625.00		$5,000,000.00	$12,239,625.00
3 Loading Bridges	2010	$1,350,000.00	$1,432,215.00		$1,432,215.00	
I-90 Interchange	2010	$2,400,000.00	$2,546,160.00	$2,546,160.00		
Airport Access Road connection to Interchange	2010	$431,000.00	$457,247.90		$457,247.90	
SUB-TOTAL 2010		**$20,431,000.00**	**$21,675,247.90**	**$2,546,160.00**	**$6,889,462.90**	**$12,239,625.00**
East Ramp Cargo Apron Expansion	2011	$1,048,321.00	$1,251,750.10		$1,251,750.10	
Water & Sewer Extension	2011	$150,000.00	$163,909.05	$163,909.05		
Taxiway Construction	2011	$220,000.00	$240,399.94		$240,399.94	
SUB-TOTAL 2011		**$1,418,321.00**	**$1,656,059.09**	**$163,909.05**	**$1,492,150.04**	**$0.00**
Extend Runway 3-21	2012	$4,960,862.00	$5,583,493.89		$5,583,493.89	
Parking Garage	2012	$4,590,000.00	$5,166,085.44			$5,166,085.44
SUB-TOTAL 2012		**$9,550,862.00**	**$10,749,579.32**	**$0.00**	**$5,583,493.89**	**$5,166,085.44**

Table 5-1 Gallatin Field Airport 20-Year Capital Improvement Plan (CIP) (Continued)

	YEAR COMPLETED	2007 COST	Cost @ 3% INFLATION	NON-AIP	AIP	PFC
Taxiway Construction	2013	$220,000.00	$255,040.30		$255,040.30	
Water & Sewer Extension	2013	$150,000.00	$173,891.11	$173,891.11		
Relocate Car Condos	2013	$500,000.00	$579,637.04	$579,637.04		
Parking Garage	2013	$4,590,000.00	$5,321,068.00	$5,321,068.00		
SUB-TOTAL 2013		**$5,460,000.00**	**$6,329,636.45**	**$6,074,596.15**	**$255,040.30**	**$0.00**
Parallel Taxiway Runway 3-21 Phase I	2014	$707,649.00	$773,267.17		$773,267.17	
GA Tie-Down Apron Expansion	2014	$487,332.00	$581,899.89		$581,899.89	
Perimeter Road Phase I	2014	$1,076,096.00	$1,284,914.90		$1,284,914.90	
Rehab. ARFF Roads	2014	$220,000.00	$262,691.51			
SUB-TOTAL 2014		**$2,491,077.00**	**$2,902,773.47**	**$0.00**	**$2,640,081.96**	**$0.00**
Taxiway Construction	2015	$220,000.00	$270,572.25		$270,572.25	
Relocate GA Road	2015	$500,000.00	$614,936.93		$614,936.93	
Rehab. Parallel Taxiway & Runway 3-21	2015	$3,340,510.00	$4,108,405.95		$4,108,405.95	
Water & Sewer Extension	2015	$150,000.00	$184,481.08	$150,000.00		
SUB-TOTAL 2015		**$4,210,510.00**	**$5,178,396.21**	**$150,000.00**	**$4,993,915.13**	**$0.00**
Extend Runway 12-30 1500l.f. includes Taxiway	2016	$4,386,864.00	$5,557,148.07		$5,557,148.07	
Relocate MALSR & Glide Slope	2016	$2,000,000.00	$2,533,540.16		$2,533,540.16	
Car Wash Facility	2016	**$2,000,000.00**	$2,533,540.16	**$2,533,540.16**		
SUB-TOTAL 2016		**$8,386,864.00**	**$10,624,228.39**	**$2,533,540.16**	**$8,090,688.23**	**$0.00**
Expand Employee Parking Lot	2017	$400,000.00	$537,566.55	$537,566.55		
Parking Lot Expansion	2017	$1,506,000.00	$2,023,938.07	$2,023,938.07		
Rehab. Runway 12-30	2017	$3,275,250.00	$4,401,662.12		$4,401,662.12	
Taxiway Construction	2017	$220,000.00	$295,661.60		$295,661.60	
Water & Sewer Extension	2017	$150,000.00	$201,587.46	$201,587.46		
SUB-TOTAL 2017		**$5,551,250.00**	**$7,460,415.80**	**$2,763,092.08**	**$4,697,323.72**	**$0.00**
Fence Sande Property	2018	$148,395.00	$205,413.39		$205,413.39	
Relocate Lagoon & Base Line Road	2018	$892,964.00	$1,236,071.01		$1,236,071.01	
Rehab. Access Roads	2018	$787,285.00	$1,089,786.56		$1,089,786.56	
Rehab. Parking Lots	2018	$996,110.00	$1,378,849.20	$1,378,849.20		
SUB-TOTAL 2018		**$2,824,754.00**	**$3,910,120.16**	**$1,378,849.20**	**$2,531,270.96**	**$0.00**
Runway 12 Exit Taxiway	2019	$536,549.00	$764,990.58		$764,990.58	
Commercial Apron Expansion Phase I	2019	$1,595,000.00	$2,274,088.61		$2,274,088.61	
Water & Sewer Extension	2019	$150,000.00	$213,864.13	$213,864.13		
Taxiway Construction	2019	$220,000.00	$313,667.40		$313,667.40	
GA Taxiways & Access Roads	2019	$973,080.00	$1,387,379.40		$1,387,379.40	
SUB-TOTAL 2019		**$3,474,629.00**	**$4,953,990.12**	**$213,864.13**	**$4,740,125.99**	**$0.00**

Table 5-1 Gallatin Field Airport 20-Year Capital Improvement Plan (CIP) (Continued)

	YEAR COMPLETED	2007 COST	Cost @ 3% INFLATION	NON-AIP	AIP	PFC
Perimeter Road	2020	$1,076,096.00	$1,580,283.25		$1,580,283.25	
Rehab. East Ramp & Hold Bay	2020	$878,930.00	$1,290,738.34		$1,290,738.34	
Reehab. Aprons	2020	$1,920,400.00	$2,820,172.14		$2,820,172.14	
SUB-TOTAL 2020		**$3,875,426.00**	**$5,691,193.73**	**$0.00**	**$5,691,193.73**	**$0.00**
Taxiway Construction	2021	$220,000.00	$332,769.74		$332,769.74	
Water & Sewer Extension	2021	$150,000.00	$226,888.46	$226,888.46		
Terminal Expansion Phase II	2021	$10,000,000.00	$15,125,897.25			$15,125,897.25
SUB-TOTAL 2021		**$10,370,000.00**	**$15,685,555.45**	**$226,888.46**	**$332,769.74**	**$15,125,897.25**
3 Loading Bridges	2022	$1,350,000.00	$2,103,256.01		$2,103,256.01	
SUB-TOTAL 2022		**$1,350,000.00**	**$2,103,256.01**	**$0.00**	**$2,103,256.01**	**$0.00**
Taxiway Construction	2023	$220,000.00	$353,035.42		$353,035.42	
Water & Sewer Extension	2023	$150,000.00	$240,705.97	$240,705.97		
SUB-TOTAL 2023		**$370,000.00**	**$593,741.38**	**$240,705.97**	**$353,035.42**	**$0.00**
Terminal Expansion Phase III	2024	$10,950,000.00	$18,098,681.57	$10,098,681.57		$8,000,000.00
SUB-TOTAL 2024		**$10,950,000.00**	**$18,098,681.57**	**$10,098,681.57**	**$0.00**	**$8,000,000.00**
3 Loading Bridges	2025	$1,350,000.00	$2,298,284.63		$2,298,284.63	
Taxiway Construction	2025	$220,000.00	$374,535.27		$374,535.27	
Water & Sewer Extension	2025	$150,000.00	$255,364.96		$255,364.96	
SUB-TOTAL 2025		**$1,720,000.00**	**$2,928,184.87**	**$0.00**	**$2,928,184.87**	**$0.00**
Purchase New Fire Truck	2026	$600,000.00	$1,052,103.63		$1,052,103.63	
Purchase SRE Broom	2026	$550,000.00	$964,428.33		$964,428.33	
Purchase 3 New Snow Plows	2026	$675,000.00	$1,183,616.59		$1,183,616.59	
SUB-TOTAL 2026		**$1,825,000.00**	**$3,200,148.55**	**$0.00**	**$3,200,148.55**	**$0.00**
20 YEAR TOTALS FOR EACH COLUMN		**$125,439,473.00**	**$147,712,621.88**	**$31,469,786.77**	**$70,599,054.84**	**$53,238,607.69**
POST PLANNING PERIOD	**After 2027**					
Parallel Runway Phase I		$3,149,403.00	$5,688,172.14			
Taxiways to Parallel Runway Phase I		$1,623,301.00	$2,931,862.17			
Parallel Runway Phase II		$1,057,774.00	$1,910,457.51			
Taxiways to Parallel Runway Phase II		$390,866.00	$705,947.47			
Relocate VOR & ASOS		$3,965,000.00	$7,161,231.05			
Dual Parallel Taxiway		$5,843,907.00	$10,554,746.09			
High Speed Exit Taxiway West		$527,970.00	$953,572.55			
High Speed Exit Taxiway East		$610,331.00	$1,102,325.68			
Commercial Apron Convert Asphalt to Concrete		$3,679,299.00	$6,645,223.26			
SUB-TOTAL POST PLANNING PERIOD		**$20,847,851.00**	**$37,653,537.91**			

The cost of the terminal building expansion program is $62 million dollars, plus access roads and a parking garage. This project is a significant capital improvement for an airport the size of Gallatin Field. The financial plan compares the construction of the terminal improvements by stages with construction of a single large project. The plan also evaluates a number of funding alternatives including the PFC authorized in the Aviation Safety and Capacity Expansion Act of 1990. In developing the financial plan, maximizing the use of FAA grant programs and airport user fees and minimizing the need for local taxpayer support was given prime consideration.

In general, airports the size of Gallatin Field do not require local tax subsidies to finance major capital improvements. While there may be an interest rate advantage when selling bonds or borrowing money, taxpayer support is difficult to obtain. Unless the cost of the program becomes very large and ambitious, a revenue bond program can be developed without the need for taxpayer guarantees.

Presently, the Airport Authority generates sufficient revenue from airport users and lessees to pay airport operation, maintenance, and debt retirement costs without relying on taxpayer support. The elimination of taxpayer support occurred in 1991 and was the result of the Authority being able to develop a large reserve fund. Principal and interest from the reserve fund is primarily used to match the local share of FAA projects and to pay for non-federally funded capital improvement projects.

FAA discretionary funding is limited. The last major project at Gallatin Field to receive discretionary federal assistance was the rehabilitation of Runway 12-30 in 2003. For the purpose of this study, with the exception of Phase I Terminal Security Enhancements and Runway Rehabilitation Projects, it is assumed that federal discretionary funds will not be available from the FAA. Federal entitlement funds available to Gallatin Field are currently estimated to be $2,600,000 per year. These funds will increase as passenger enplanements increase and may be accumulated for three years before the Airport Authority loses use of them.

II. AIRPORT FUNDING ALTERNATIVES

The feasibility of funding the proposed improvements is tied directly to projected Airport revenue. Airport financing can come from various sources. The sources of revenue available for the development of Gallatin Field are:

- Gallatin County Taxes
- Revenue Bonds
- Tax Backed Revenue Bonds
- General Obligation Bonds
- Federal Grants
- State Grants
- Airport User Fees
- Passenger Facility Charge (PFC)
- Rental Car Facility Charge (CFC)

Airport Authorities Act

The Gallatin Airport Authority was created by Gallatin County in 1972 pursuant to Title 1, Chapter 9 R.C.M. 1947, as amended for the purpose of owning, operating, and improving Gallatin Field. The Authority is governed by a Board consisting of five members appointed by the Board of County Commissioners of Gallatin County.

The Authority has the power under Title 1, Chapter 9 (currently Title 67-11 MCA) of a municipal airport authority, to own and operate the Airport, acquire real and personal property in connection therewith, establish rates, charges, and rentals for the use of the Airport, employ persons to operate and maintain the Airport, undertake improvements to the Airport and finance the improvements by the issuance of revenue bonds. The Authority is required to submit an annual budget to the Board of County Commissioners. At the time the Authority was created, the County agreed to levy an ad valorem tax of two mills on all taxable property in the County for airport purposes and pay the proceeds to the Authority. The Authority has no independent taxing powers and derives its revenue solely from the operation of the Airport, federal and state grants, and any County tax levy.

In 1991, Authority reserve fund balances were such that the collection and payment of the two mill airport levy was suspended by the Authority and the County.

Gallatin County Airport Mill Levy

67-11-201 MCA (2005) states that an airport authority has the power to certify annually to the governing bodies creating it, the amount of tax to be levied for airport purposes subject to 15-10-420. 67-11-201 further identifies the powers of the airport authority to sue and be sued; execute contracts for purposes of operating the airport; to plan, establish, acquire, develop, construct, purchase, enlarge, improve, maintain, equip, operate, zone, and to acquire land.

15-10-40 MCA (the statutory process for the levy of taxes) indicates that the exclusive power to impose taxes lies with the County:

"Subject to the provisions of this section, a governmental entity that is authorized to impose mills may impose a mill levy sufficient to generate the amount of property taxes actually assessed in the prior year plus one-half of the average rate of inflation for the prior 3 years. The maximum number of mills that a governmental entity may impose is established by calculating the number of mills required to generate the amount of property tax actually assessed in the governmental unit in the prior year based on the current year taxable value, less the current year's value of newly taxable property, plus one-half of the average rate of inflation for the prior 3 years."

A governmental entity may levy mills for the support of airports as authorized in 67-10-402, 67-11-301, or 67-11-302 even though the governmental entity has not imposed a levy for the airport or the airport authority in either of the previous 2 years and the airport or airport authority has not been appropriated operating funds by a county or municipality during that time.

67-11-301 MCA, Municipal Tax Levy, states: The airport authority may certify annually to the governing bodies the amount of tax requested to be levied by each municipality participating in the creation of the airport authority, and subject to 15-10-420, the municipality **shall** levy the amount certified, pursuant to provisions of law authorizing cities and other political subdivisions of this state to levy taxes for airport purposes. The levy may not exceed the maximum levy that may have been established by the municipalities in the resolution creating the authority. The municipality shall collect the taxes certified by an airport authority in the same manner as other taxes are levied and collected and make payment to the airport authority. The proceeds of the taxes paid to the airport authority must be deposited in a special account or accounts in which other revenue of the authority is deposited and may be expended by the authority as provided for in this chapter. Prior to the issuance of bonds under 67-11-303, the airport authority or the municipality may by resolution covenant that the total amount of the taxes authorized by law or the portion of the taxes specified by the resolution will, subject to 15-10-420, be certified, levied, and deposited annually until the bonds and interest are fully paid.

Therefore, if the Authority certifies to the County a "justifiable" amount of taxes to be levied for airport purposes, the County shall levy the amount certified. Any taxes certified to the County and paid to the Authority would negatively impact other departments within the County.

Funding Options

Revenue Bonds

Financing airport facilities under the "airport authorities Act" Title 67-11 MCA (2005) allows an airport authority to sell bonds payable out of any revenues to the authority, including revenues derived from: airport facilities, taxes levied, grants or contributions from the federal government or other sources. Issuance of revenue bonds by the airport authority does not require an election, but is subject to the limitation of the airport authority that annual pledged revenues meet the total bond payment.

Tax Backed Revenue Bonds

The Airport Authorities Act also states that if insufficient revenues are available to pay the principal and interest due on a revenue bond, that a general tax can be levied to pay for the deficiency. This, however, requires approval of a majority of the voters voting on the question. If the voters do not approve the tax, then the airport authority would be limited to bonding the project as stated in 67-11-303 (1).

67-11-303 more specifically provides:

Bonds and obligations. (1) An authority may borrow money for any of its corporate purposes and issue its bonds for those purposes, including refunding bonds, in the form and upon the terms that it may determine, payable out of any revenue of the authority, including revenue derived from:

- (a) an airport or air navigation facility or facilities;
- (b) taxes levied pursuant to 67-11-301 or other law for airport purposes;
- (c) grants or contributions from the federal government; or
- (d) other sources.

(2) The bonds may be issued by resolution of the authority, without an election and without any limitation of amount, except that bonds may not be issued at any time if the total amount of principal and interest to become due in any year on the bonds, and on any then-outstanding bonds for which revenue from the same source or sources is pledged, exceeds the amount of revenue to be received in that year as estimated in the resolution authorizing the issuance of the bonds. The authority shall take all action necessary and possible to impose, maintain, and collect rates, charges, rentals, and taxes, if any is pledged, sufficient to make the revenue from the pledged source in the year at least equal to the amount of principal and interest due in that year.

(3) The bonds may be sold at public or private sale and may bear interest as provided in 17-5-102. Except as otherwise provided in this section, any bonds issued pursuant to this chapter by an authority may be payable as to principal and interest solely from revenue of the authority and must state on their face the applicable limitations or restrictions regarding the source from which the principal and interest are payable.

(4) Bonds issued by an authority or municipality pursuant to the provisions of this chapter are declared to be issued for an essential public and governmental purpose by a political subdivision within the meaning of 15-30-111(2)(a).

(5) For the security of bonds, the authority or municipality may by resolution make and enter into any covenant, agreement, or indenture and may exercise any additional powers authorized to be exercised by a municipality under Title 7, chapter 7, parts 44 and 45. The sums required from time to time to pay principal and interest and to create and maintain a reserve for the bonds may be paid from any revenue referred to in this chapter, prior to the payment of current costs of operation and maintenance of the facilities.

(6) Subject to the conditions stated in this subsection, the governing body of any municipality having a population in excess of 10,000, with respect to bonds issued pursuant to this chapter by the municipality or by an authority in which the municipality is included, may by resolution covenant that in the event that at any time all revenue, including taxes, appropriated and collected for the bonds is insufficient to pay principal or interest then due, it shall, subject to 15-10-420, levy a general tax upon all of the taxable property in the municipality for the payment of the deficiency. The governing body may further covenant that at any time a deficiency is likely to occur within 1 year for the payment of principal and interest due on the bonds, it shall, subject to 15-10-420, levy a general tax upon all the taxable property in the municipality for the payment of the deficiency, and the taxes are limited to a rate estimated to be sufficient to produce the amount of the deficiency. In the event that more than one municipality having a population in excess of 10,000 is included in an authority issuing bonds pursuant to this chapter, the municipalities may apportion the obligation to levy taxes for the payment of, or in anticipation of, a deficiency in the revenue appropriated for the bonds in a manner that the municipalities may determine. The resolution must state the principal amount and purpose of the bonds and the substance of the covenant respecting deficiencies. A resolution may not be effective until the question of its approval has been submitted to the qualified electors of the municipality at a special election called for that purpose by the governing body of the municipality and a majority of the electors voting on the question have voted in favor of the resolution. The special election must be held in conjunction with a regular or primary election. The notice and conduct of the election is governed, to the extent applicable, as provided for municipal general obligation bonds in Title 7, chapter 7, part 42, for an election called by cities and towns and as provided for county general obligation bonds in Title 7, chapter 7, part 22, for an election called by counties. If a majority of the electors voting on the issue vote against approval of the

resolution, the municipality may not make the covenant or levy a tax for the payment of deficiencies pursuant to this section, but the municipality or authority may issue bonds under this chapter payable solely from the sources referred to in subsection (1).

General Obligation Bonds

Montana Law 7-7-2201 MCA (2005) (Purposes for which general obligation bonds of a county may be issued) provides for general obligation bond issues for counties to acquire land for sites and grounds for public buildings and for constructing, erecting, or acquiring by purchase necessary public buildings. This allows the authority to construct a project and repay the cost plus interest over a 15- to 20-year period. General obligation bonds are secured by the full faith, credit, and taxing power of the issuer. Without sufficient revenue from airport operations to cover a revenue bond, the public willingness to approve the issuance of general obligation bonds is critical.

Even with sufficient airport revenues, local and state support, and federal assistance, it is probable that borrowing will be required to finance major developments like terminal building development and at the same time address some of the other capital improvements proposed for acquisition or construction in the near term.

If there are insufficient airport revenues to cover Operation and Maintenance (O & M) costs and coverage for revenue bond financing, the willingness of the public to issue general obligation bonds becomes a significant issue. The public support of general obligation bonds is tied directly with the community's understanding of the airport and the benefits it provides.

Bonded Indebtedness Limitations

7-7-2101 MCA (2005) places a county's bonded indebtedness limitation for general obligation bonds at approximately 1.4% of the taxable value of the property in the county. A number of exceptions such as high school bonds and emergency bonds exist. This limitation can also be exceeded depending on the interim production or new production of natural gas, petroleum, or other crude oil products as defined in 15-23-607(2)(a) or (2)(b) and 15-23-612.

Gallatin County is not restrained by statutory debt limits from financing major airport improvements using general obligation bonds. But the County may not incur indebtedness or liability for any single purpose to an amount exceeding $500,000 without the approval of a majority of the electors of the County voting at an election as provided by law.

Federal Grants

The U.S. Department of Transportation, through the Federal Aviation Administration, provides a portion of development costs for eligible airport projects. This program is the Airport Improvement Program (AIP). The authorizing legislation indicates that the government will grant up to 95 percent of the costs on eligible and approved airport development projects.

Commercial service airports which enplane 10,000 or more passengers are considered primary airports and receive a minimum of $1,000,000 annually in entitlement funds from the FAA. All or any portion of the entitlements given to an individual airport may be used for terminal development. Only enplanement funds can be used for terminal building projects. FAA "discretionary funds" may be allocated for high priority airside safety and security projects if there are insufficient enplanement funds available from the airport's annual enplanement fund allocation.

Airports enplaning .01% or more of the nation's passengers are entitled to additional funds. Gallatin Field is forecast to enplane over .01% of the nation's passengers throughout the planning period.

Therefore, for the purpose of this study, it is assumed that **Gallatin Field Airport is expected to receive $2,600,000 in 2008 with annual increases based on forecast enplanements.**

State Grants

The Montana Department of Transportation Aeronautics Division has a loan and grant program for the development of airports. The majority of these grants and loans are awarded to small general aviation airports. Small grants are awarded to the commercial service airports like Gallatin Field for pavement preservation.

Gallatin Field typically receives between $10,000 and $12,000 annually in State grants. For planning purposes, $10,500 has been used for analyses.

Airport User Fees

Airport revenue is also generated by users of the airport. Landing fees, fuel flowage, tiedown fees, hangar ground leases, terminal rent, rental car concession fees, restaurant rent, FAA Facilities rent, and parking income are the major sources of user fees which are discussed in this chapter. Airport user fees and revenues are established in order to reduce or eliminate the need for County tax support.

Passenger Facility Charges (PFC)

Through Section 9110 of the Aviation Safety and Capacity Expansion Act of 1990, enacted November 5, 1990, Congress authorized domestic airports to impose a Passenger Facility Charge on enplaning passengers.

The PFC law sets the general structure under which public agencies that own or operate airports may impose PFCs at their commercial service airports. Airport operators seeking to impose a PFC must apply to the Secretary of Transportation for PFC authority after offering air carriers that use the airport an opportunity for consultation on the projects the airport proposes to include in the application. Airports, and later the USDOT/FAA, must meet a detailed set of notice and consultation requirements designed to elicit the participation of affected airlines, other airport users, and other affected parties at various stages of the process.

On May 29, 1991, FAA published the final regulations, FAR Part 158, "Passenger Facility Charges," that governs an airport's application for authority to impose a PFC. These regulations, which have the force and effect of law, specify procedures for the way in which (1) an airport operator applies for authority to impose PFCs, (2) FAA processes these applications, (3) air carriers collect and remit PFC revenues, (4) record keeping and audit procedures would work, (5) PFC authority could end, and (6) how collection of a PFC would reduce the AIP grants allocated to large and medium hub airport operators imposing a PFC.

The law designates the airport operator that controls a commercial service airport as initiator of the PFC process. The airport operator structures its capital improvement plan and decides how various parts of the plan are to be financed. If the airport operator decides to rely on a PFC for financing one or more specific projects or a multi-project program, it applies to FAA for separate authority to collect PFCs and to expend them accordingly. The airport operator may propose collecting $1, $2, $3 or $4.50 per enplaned passenger, domestic or foreign. No intermediate amounts (such as $2.50) are permitted. As a part of that process, the airport operator must notify the air carriers serving the airport that it is planning to apply for PFC authority, and must present to them its capital plan and financing strategy. In the application, the airport operator must summarize any airline comments contained in a certification of disagreement with the project and the airport's reasons for proceeding nonetheless. After the application is filed, FAA publishes a notice of the application in the *Federal Register* and receives comments from other airport users and interested parties. After receipt of all comments, FAA approves or disapproves the application. If the application is approved, the airlines are directed to begin collecting the PFC on a certain date.

The PFC level approved by FAA normally stays in operation until the PFC revenue collected plus interest earned equals the cost of the approved project. Throughout the collection and project completion process, the airport operator must send written notification to the air carrier and FAA if it intends to decrease the level of PFC collected from each passenger, decrease the total PFC revenue collected, or increase the revenue by 15 percent or less. Large-scale changes – increasing the per-passenger charge, increasing total PFC revenue by more than 15 percent, making material changes in the scope of a project, or altering the class of carriers exempt from collection – would require that the airport operator again notify and consult with the carriers. Finally, FAA retains the ability to terminate an airport operator's PFC authority if it determines that the airport operator violated certain rules regarding collection, use of PFC revenues, or that the airport violated the Airport Noise and Capacity Act of 1990 or its implementing regulations.

Gallatin Field currently collects a $3 PFC for approved capital improvements. The financial analysis assumes that the Authority will increase the PFC collection to $4.50 per passenger or $1.5 million dollars annually.

Car Rental Customer Facility Charge

The operation of an airport as a public facility attracting airline passengers who use car rental facilities imposes a financial responsibility on the Airport to provide car rental facilities in and adjacent to the terminal building, parking lots, and access roads. Many airports have established a Car rental Facility Charge (CFC) imposed by a rental car company upon a car rental customer arriving at the airport and renting a vehicle from an on-airport or off-airport car rental company serving the Airport.

The CFCs are typically used to pay or reimburse the Airport for the costs associated with the design, planning, and construction of facilities or improvements exclusively used by the rental car companies serving the airport. Any or all of the CFCs collected may be pledged to the punctual payment of debt service on obligations issued by or on behalf of the airport for the cost of the rental car portion of a parking garage expansion, car wash facility, or parking lots established for the rental car companies.

CFCs are typically collected by the rental car company and remitted to the Airport on a monthly basis. The typical charge imposed is $1 to $2 per rental car day.

A one dollar CFC applied to rental cars at Gallatin Field could generate $200,000 annually.

Summary

There are many options available to the Authority to provide the necessary funding for the operation and maintenance of Gallatin Field, as well as the construction of both Federally participating and non-participating capital improvements.

Given the current economic conditions and limitations voted by Montana taxpayers on property taxes, the following sections do not propose the use of general obligation bonds or tax backed revenue bonds. The permissive airport mill levy tax will also not be used unless required to make the project more financially viable.

Since Revenue Bond Issues may be retired by either Airport Revenues or a combination of Airport Revenues, CFC, and PFC income, various combinations will be considered in development of the financial plan.

The financial feasibility of the proposed capital improvement projects will be based on:

- Airport User Revenues
- FAA Grants
- State Grants
- Passenger Facility Charges (PFC)
- Revenue Bond Issues
- Car Rental Facility Charge (CFC)

III. HISTORICAL AIRPORT REVENUES AND EXPENSES

Historical Airport Revenues and Expenses are presented in Table 5-2; Statements of Revenues, Expenses, and Changes in Fund Net Assets for 2002 through 2007. The allocations of revenues to expenses correspond to the Authorities' current Airline Operating Agreement at Gallatin Field and are used to determine whether airport costs are being recovered through rates and charges. Airlines in particular are sensitive to cost allocations, and, generally demand allocation of costs to agreed upon cost centers when negotiating operating agreements and committing to capital improvements paid for from airport revenues.

The table indicates that the Net Cash Provided by Operating Activities available for capital improvement projects averages $1,700,000 per year.

Table 5-3, Statement of Cash Flows, combines the net cash provided by operating activities with the cash flows from capital and related financing activities to arrive at the net increase or decrease to the Authority's reserve fund. The reserve fund is earmarked for future capital improvements to the Airport. The fund has increased from $9,862,738 in 2002 to $13,895,007 at the end of FY 2007.

The $13,895,007, or a portion of this fund, is available for the first phase of the necessary terminal expansion identified in Chapter 4.

Table 5-2 Gallatin Airport Authority
Statements of Revenues, Expenses, and Changes in Fund Net Assets

	2002	2003	2004	2005	2006	2007
OPERATING REVENUES						
Landing Fees	347,930	400,858	432,176	448,942	429,718	453,570
General Aviation & Terminal Building Rents	864,062	941,303	1,140,307	1,305,844	1,453,672	1,506,803
Commissions	1,194,818	1,177,542	1,240,538	1,709,878	1,442,760	1,591,327
Parking Lot Revenue	529,996	589,020	705,069	754,681	824,521	622,464
Restricted for Security	32,073	-26,218	6,525	4,925	3,485	6,305
Restricted for Pavement Preservation	20,000		23,000	11,000	11,000	12,000
Other Revenue	274,932	423,868	353,143	351,543	406,329	424,619
Total Operating Revenues	3,263,811	3,506,373	3,900,758	4,586,813	4,572,485	4,617,088
OPERATING EXPENSES						
Accounting and Auditing	5,280	5,651	6,099	9,300	5,500	6,200
Additional Security	118,239	16,071	5,281	5,989	7,183	
Advertising	1,030	77	1,201	180	269	
Aircraft Rescue & Fire Fighting Expense	5,782	7,062	5,626	6,040	14,402	
Amortization	14,123	48,013	8,053	8,053	8,053	
Bad Debt Expense	810	2		6,978	28,443	
Contract Services	53,187	46,390	56,343	55,094	41,705	
Deposit Refunds	10,000	4,000	8,000	10,265	13,650	
Depreciation	966,837	1,064,968	1,342,302	1,535,949	1,693,806	1,700,000
Dues and Subscriptions	9,191	9,049	9,110	12,182	10,721	
Engineering Cost	3,501	14,691			750	
I-90 Interchange Fund					205,641	
Insurance	47,751	61,059	67,668	62,719	61,576	1,372
Law Enforcement Costs	100,209	211,700	276,740	326,469	350,321	357,844
Lease Expense	10,800	11,600	10,800	10,800	11,300	
Legal Expense	712	1,500	4,756	30,211	35,367	22,603
Miscellaneous	4,552	3,444	3,949	1,257	2,376	
Office Expenses	11,630	14,209	14,156	19,039	17,692	16,856
Payroll Taxes and Insurance	176,866	213,784	237,622	312,733	299,589	
Professional Services	1,250		12,973		2,628	
Repairs and Maintenance	217,331	205,188	195,894	183,892	216,018	
Salaries and Wages	708,393	761,376	789,768	869,360	914,573	
Telephone	14,427	14,555	14,560	13,980	14,790	
Travel and Training	9,298	4,741	6,981	5,986	7,517	10,204
Uniforms	2,342	2,572	1,892	2,497	2,097	
Utilities	211,855	233,796	255,825	251,608	330,123	
Total Operating Expenses	2,705,396	2,955,498	3,335,599	3,740,581	4,296,090	2,541,433
OPERATING INCOME	558,415	550,875	565,159	846,232	276,395	2,075,655
NONOPERATING REVENUES (EXPENSES)						
Interest Income	278,720	157,173	107,639	213,825	482,297	641,930
County Tax Revenue and Reclamation	6,019	4,023	8,012	8,275	12,000	
Interest Expense	-68,713	-37,043				
Loss on Asset Abandonment	-1,622					
Total Nonoperating Revenues	214,404	124,153	115,651	222,100	494,297	641,930
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,507,919	1,616,359	1,722,965	1,934,806	2,292,835	2,717,585

Note: *2007 figures will be completed upon receiving audit.*

Table 5-3 Gallatin Airport Authority Statement of Cash Flows

	2002	2003	2004	2005	2006	2007
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating Cash Receipts from Customers	3,259,251	3,479,189	3,726,065	4,081,244	4,860,502	
Cash Payments to Suppliers for Goods And Services	-1,055,180	-1,113,885	-1,220,733	-1,303,341	-1,661,210	
Cash Payments to Employees for Services	-696,152	-748,945	-782,367	-843,097	-906,457	
Net Cash Provided by Operating Activities	1,507,919	1,616,359	1,722,965	1,934,806	2,292,835	2,717,585
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Reclamation Deposits	6,019	4,023	8,012	8,275	12,000	
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES						
Payments for Property, Plant, and Equipment	-1,898,060	-5,658,093	-6,134,674	-6,486,539	-5,478,818	
Proceeds from Sale of Land						
Airport Improvement Grant Receipts	1,512,279	4,254,418	3,445,982	3,351,134	3,407,574	990,287
Contributed Capital from National Guard	203,752			1,972		
Passenger Facility Charges	609,237	643,432	700,261	774,210	764,971	767,227
Principal Payments on Long-Term Debt	-165,000	-1,200,000				
Interest Payments	-68,713	-37,043				
Contributed Capital from City of Belgrade		214,718				
Changes in Financing Assets and Liabilities						
Decrease Grant Receivable	324,396	-1,563,569	1,056,664	322,277	-678,770	
Decrease Passenger Facility Charges Receivable	-8,443	-19,790	11,427	1,026	12,956	
Increase (Decrease) Water System Project Liability	-203,752			-1,972		
Increase (Decrease) Accrued Interest Payable	-3,960	-32,376				
Net Cash Used by Capital Activities	301,736	-3,398,303	-920,340	-2,037,892	-1,997,999	
CASH FLOWS FROM INVESTING ACTIVITIES						
Investments sold						
(Increase) Decrease in Accrued Interest Receivable						
Interest Received	278,720	157,173	107,639	213,825	482,297	641,930
NET INCREASE IN CASH	2,094,394	-1,620,748	918,276	119,014	789,133	3,826,594
Cash and Cash Equivalents at the Beginning of Year	7,768,344	9,862,738	8,241,990	9,160,266	9,279,280	10,068,413
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,862,738	8,241,990	9,160,266	9,279,280	10,068,413	13,895,007

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Capital Improvements/Terminal Phasing

Chapter 4 identified Scheme B – Linear Concept, as the preferred alternative by the Airport Authority. The preliminary cost estimate for the building, including design, contingencies, new passenger boarding bridges, and an inflation escalator is approximately $62 million dollars. Preliminary review of the projected cash flow analysis for the Authority revealed that a project of this size could not be completed without a taxed back bond issue that would require a vote of the general public. For reasons previously stated in this chapter, it was determined that a taxed backed bond issue was not viable and that the construction of the terminal must be further phased.

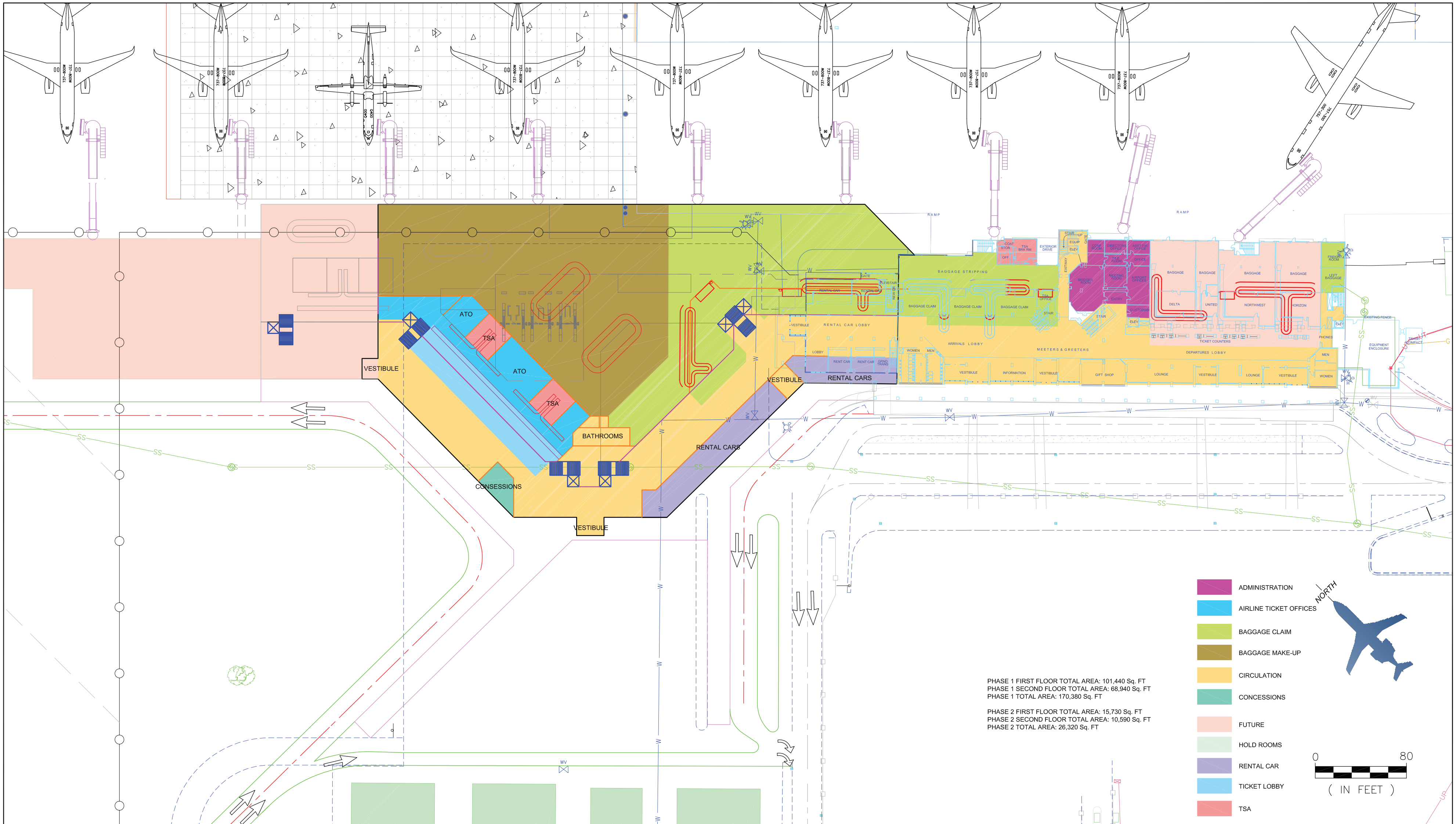
Upon extensive review of the preliminary terminal floor plans and concepts developed in Chapter 4, a scalable development was completed to reduce the initial construction cost to approximately $38 million dollars. The scalable development option is shown on Figures 5-1 and 5-2 and is labeled as Scheme B – Option 1.

Scheme B – Option 1 includes construction of 170,380 square feet of additional terminal building. The alternative relocates the airline ticket counters and offices to the new addition west of the existing terminal. TSA screening is relocated to the new addition on the second floor level. This alternative provides for additional baggage delivery systems and the construction of a new common use baggage makeup area. The project when completed includes a total of eight loading bridges for boarding passengers.

The 20 Year Capital Improvement Plan presented in Table 5-1 includes the funding of Scheme B – Option 1 for the base financial analysis. The CIP was utilized to model the 20 Year Cash Flow Analysis as presented in Table 5-4. The model assumes that the Airport utilizes Airport Improvement Funds (AIP), Passenger Facility Charges (PFC), Car Rental Facility Charges (CFC), a 25 million dollar Revenue Bond issue paid back with PFC funds in eighteen years, and local dollars to fund the operation, maintenance and capital improvement projects. The model anticipates that the Airport will apply to the FAA to increase PFC funding to $4.50 per passenger to pay for terminal improvements. The financial plan also assumes that the Airport Authority in conjunction with the rental car companies establish a CFC to fund a parking garage and car wash facility to be used by the rental car companies. The model anticipates that the cash on hand will receive 5% return on investment and the bonds are anticipated to sell at an annualized average interest rate of 5.5%.

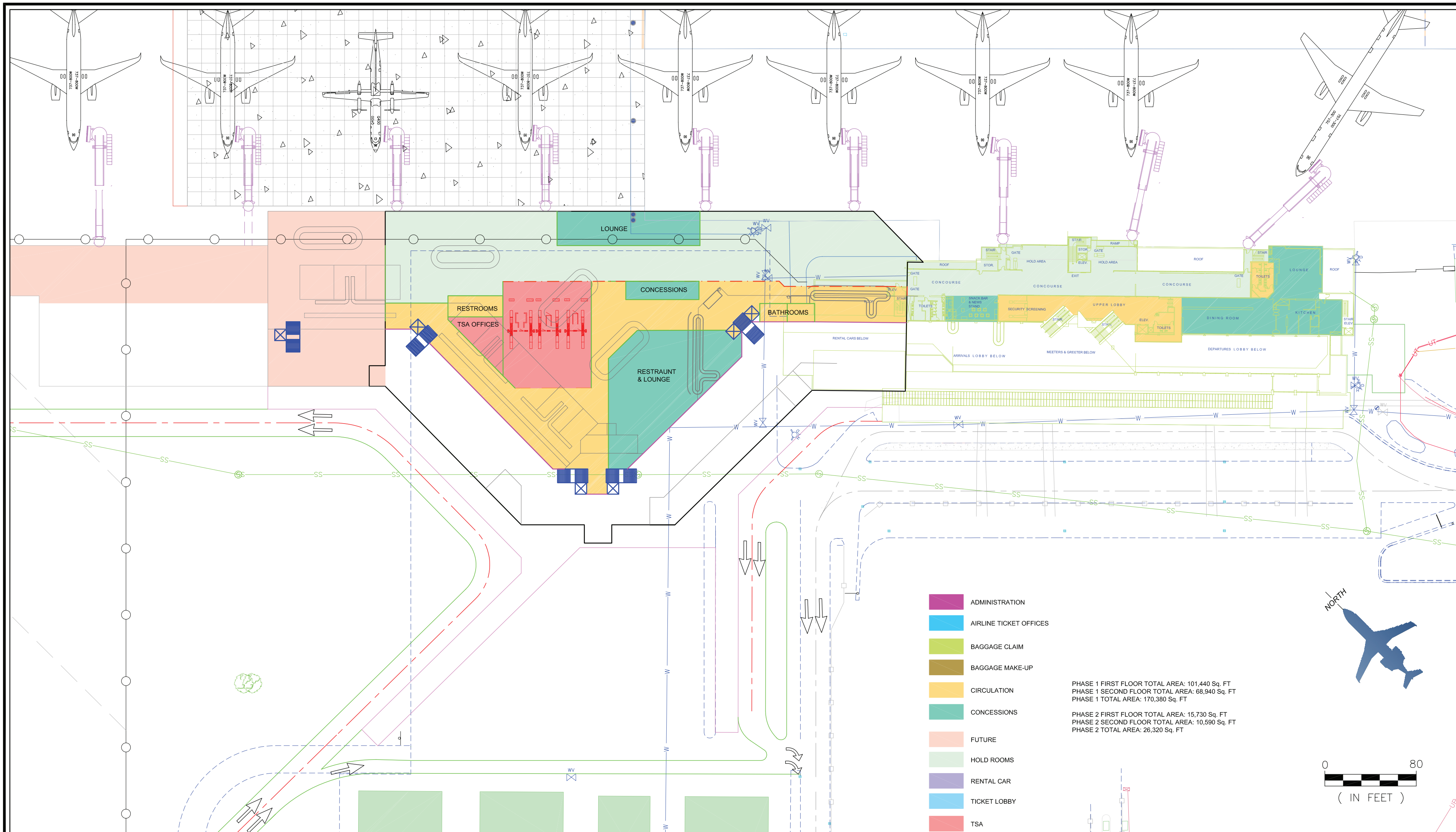
Figure 5-3, Annual Income, Expense and Cash Balance, depicts the flow of cash into and out of the Airport reserves based on the 20 year CIP including Scheme B – Option 1 and the cash flow analysis presented in Table 5-4.

This financial funding alternative allows the Airport to relocate ticket counters and security screening to the new central node at the west end of the existing terminal. Although the Authority would be required to sell $25 million dollars in Revenue Bonds, the Airport reserve would continue to potentially grow to almost $22 million dollars by 2027.



Gallatin Field Airport Master Plan

Figure 5-1 Scheme B - Option 1 - First Floor



Gallatin Field Airport Master Plan

Figure 5-2 Scheme B - Option 1 - Second Floor

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Table 5-4 Gallatin Airport Authority Budget Summary & Cash Flow Analysis

	2003	2004	2005	2006	2007	2008	2009	2010
INCOME								
Total Income	$3,520,504.59	$3,860,909.49	$5,216,281.06	$5,324,351.08	$4,277,354.55	$4,600,000.00	$4,830,000.00	$5,071,500.00
EXPENSES								
Total Expenses	$1,856,931.24	$2,099,656.40	$2,327,896.24	$2,419,369.97	$2,712,678.71	$2,900,000.00	$3,130,000.00	$3,371,500.00
OPERATING SURPLUS	$1,663,573.35	$1,761,253.09	$2,888,384.82	$2,904,981.11	$1,564,675.84	$1,700,000.00	$1,700,000.00	$1,700,000.00
OTHER INCOME								
AIP Grants Entitlements	$4,254,418.00	$3,445,982.00	$3,351,134.00	$3,407,574.00	$3,744,000.00	$2,600,000.00	$2,710,000.00	$2,820,000.00
AIP Grants Discretionary							$2,500,000.00	
PFC Revenue	$643,432.00	$700,261.00	$774,210.00	$764,971.00	$777,200.00	$870,000.00	$1,552,000.00	$1,627,660.00
PFC Bond Income							$25,000,000.00	
CFC Income						$187,500.00	$200,000.00	$209,750.00
Car Condo Income								
Pavement Preservation Grant	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00
Interest Income	$157,173.00	$107,639.00	$213,825.00	$482,297.00	$315,000.00	$500,000.00	$769,150.00	$1,292,661.83
Total Other Income	$5,065,523.00	$4,264,382.00	$4,349,669.00	$4,665,342.00	$4,846,701.00	$4,168,000.00	$32,741,650.00	$5,960,571.83
CAPITAL EXPENDITURES								
PFC Reimbursable - Current					$1,050,000.00			
PFC Bond Payback Principal & Interest								$2,092,000.00
PFC Reimbursable - New Projects					$732,000.00	$1,975,000.00	$10,000,000.00	$12,239,625.00
AIP Reimbursable - New Projects					$3,230,000.00	$0.00	$10,846,913.40	$6,889,462.90
Non-AIP Reimbursable - New Projects					$445,000.00	$1,510,000.00	$3,124,500.00	$2,546,160.00
Total Capital Expenditures	$0.00	$0.00	$0.00	$0.00	$5,457,000.00	$3,485,000.00	$23,971,413.40	$23,767,247.90
Total Income (Operating Income + Other Income)	$8,586,027.59	$8,125,291.49	$9,565,950.06	$9,989,693.08	$9,124,055.55	$8,768,000.00	$37,571,650.00	$11,032,071.83
Total Expenditures (Operating Exp. + Capital Exp.)	$1,856,931.24	$2,099,656.40	$2,327,896.24	$2,419,369.97	$8,169,678.71	$6,385,000.00	$27,101,413.40	$27,138,747.90
Contributions to(from) Capital Improvement Fund	$6,729,096.35	$6,025,635.09	$7,238,053.82	$7,570,323.11	$954,376.84	$2,383,000.00	$10,470,236.60	-$16,106,676.07
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$8,241,990.00	$9,160,266.00	$9,279,280.00	$10,068,413.00	$13,000,000.00	$15,383,000.00	$25,853,236.60	$9,746,560.53
ENPLANEMENTS	281,052	308,985	335,679	317,850	335,000	375,000	400,000	419,500

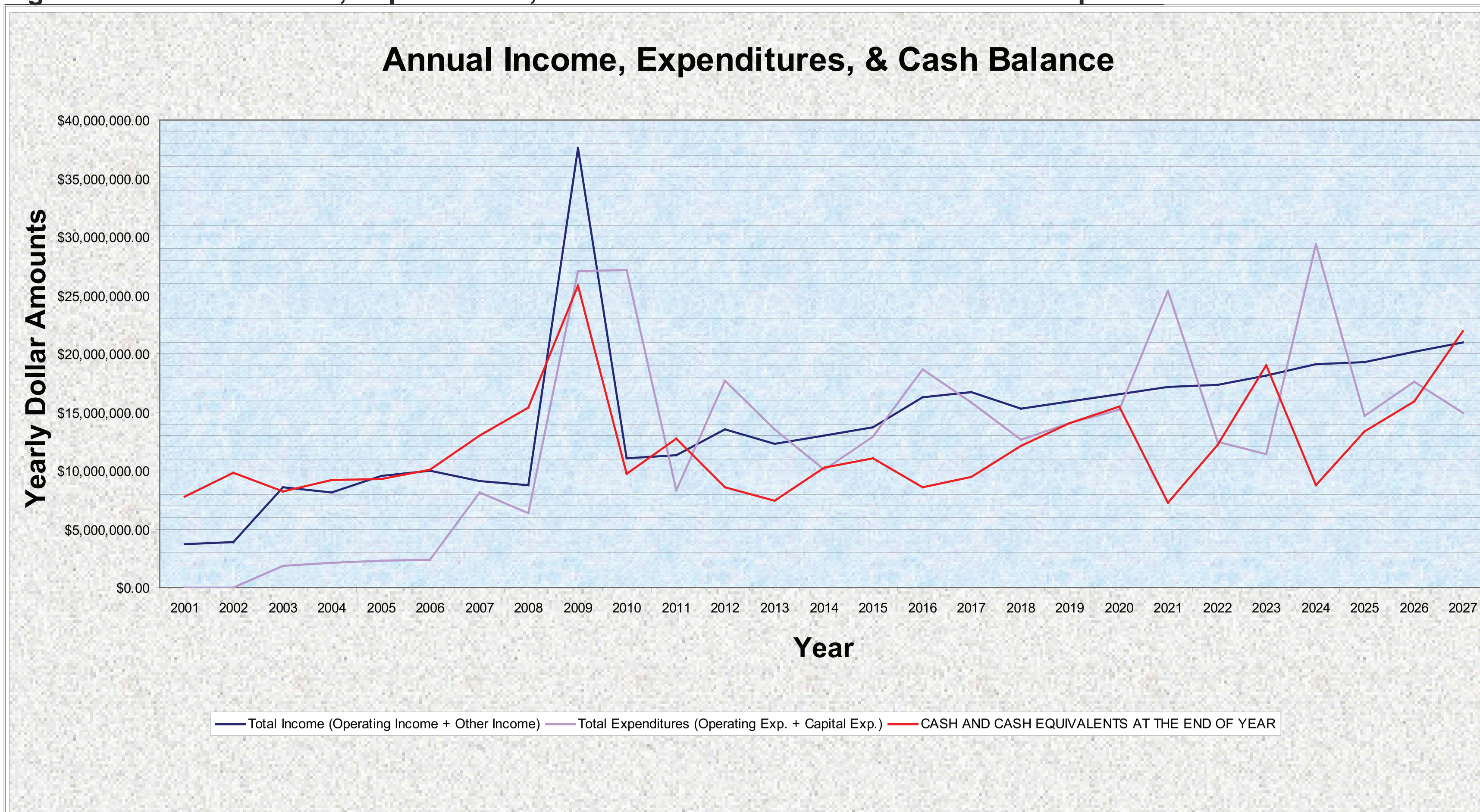
Table 5-4 Gallatin Airport Authority Budget Summary & Cash Flow Analysis (Continued)

	2011	2012	2013	2014	2015	2016	2017	2018
INCOME								
Total Income	$6,025,075.00	$6,326,328.75	$6,642,645.19	$6,974,777.45	$7,323,516.32	$7,689,692.14	$8,074,176.74	$8,477,885.58
EXPENSES								
Total Expenses	$4,575,000.00	$4,826,625.00	$5,092,089.38	$5,372,154.29	$5,667,622.78	$5,979,342.03	$6,308,205.84	$6,655,157.16
OPERATING SURPLUS	$1,450,075.00	$1,499,703.75	$1,550,555.81	$1,602,623.16	$1,655,893.54	$1,710,350.11	$1,765,970.90	$1,822,728.42
OTHER INCOME								
AIP Grants Entitlements	$2,930,000.00	$3,040,000.00	$3,150,000.00	$3,260,000.00	$3,370,000.00	$3,480,000.00	$3,590,000.00	$3,700,000.00
AIP Grants Discretionary		$1,500,000.00				$2,000,000.00	$2,000,000.00	
PFC Revenue	$1,692,844.00	$1,758,028.00	$1,823,212.00	$1,888,396.00	$1,953,580.00	$2,018,764.00	$2,083,948.00	$2,149,132.00
PFC Bond Income								
CFC Income	$218,150.00	$226,550.00	$234,950.00	$243,350.00	$251,750.00	$260,150.00	$268,550.00	$276,950.00
Car Condo Income				$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00
Pavement Preservation Grant	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00
Interest Income	$487,328.03	$639,369.92	$430,998.54	$369,927.54	$514,563.27	$553,081.86	$431,412.74	$473,811.03
Total Other Income	$5,338,822.03	$7,174,447.92	$5,649,660.54	$6,022,173.54	$6,350,393.27	$8,572,495.86	$8,634,410.74	$6,860,393.03
CAPITAL EXPENDITURES								
PFC Reimbursable - Current								
PFC Bond Payback Principal & Interest	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00
PFC Reimbursable - New Projects	$0.00	$5,166,085.44	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AIP Reimbursable - New Projects	$1,492,150.04	$5,583,493.89	$255,040.30	$2,640,081.96	$4,993,915.13	$8,090,688.23	$4,697,323.72	$2,531,270.96
Non-AIP Reimbursable - New Projects	$163,909.05	$0.00	$6,074,596.15	$0.00	$150,000.00	$2,533,540.16	$2,763,092.08	$1,378,849.20
Total Capital Expenditures	$3,748,059.09	$12,841,579.32	$8,421,636.45	$4,732,081.96	$7,235,915.13	$12,716,228.39	$9,552,415.80	$6,002,120.16
Total Income (Operating Income + Other Income)	$11,363,897.03	$13,500,776.67	$12,292,305.73	$12,996,950.98	$13,673,909.59	$16,262,187.99	$16,708,587.48	$15,338,278.61
Total Expenditures (Operating Exp. + Capital Exp.)	$8,323,059.09	$17,668,204.32	$13,513,725.82	$10,104,236.25	$12,903,537.91	$18,695,570.42	$15,860,621.64	$12,657,277.33
Contributions to(from) Capital Improvement Fund	$3,040,837.94	-$4,167,427.65	-$1,221,420.09	$2,892,714.73	$770,371.69	-$2,433,382.43	$847,965.84	$2,681,001.28
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$12,787,398.47	$8,619,970.82	$7,398,550.73	$10,291,265.46	$11,061,637.14	$8,628,254.71	$9,476,220.55	$12,157,221.83
ENPLANEMENTS	436,300	453,100	469,900	486,700	503,500	520,300	537,100	553,900

Table 5-4 Gallatin Airport Authority Budget Summary & Cash Flow Analysis (Continued)

	2019	2020	2021	2022	2023	2024	2025	2026	2027
INCOME									
Total Income	$8,901,779.86	$9,346,868.85	$9,814,212.29	$10,304,922.91	$10,820,169.05	$11,361,177.51	$11,929,236.38	$12,525,698.20	$13,151,983.11
EXPENSES									
Total Expenses	$7,021,190.81	$7,407,356.30	$7,814,760.90	$8,244,572.75	$8,698,024.25	$9,176,415.58	$9,681,118.44	$10,213,579.95	$10,775,326.85
OPERATING SURPLUS	$1,880,589.05	$1,939,512.55	$1,999,451.40	$2,060,350.16	$2,122,144.81	$2,184,761.93	$2,248,117.94	$2,312,118.25	$2,376,656.26
OTHER INCOME									
AIP Grants Entitlements	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00
AIP Grants Discretionary									
PFC Revenue	$2,214,316.00	$2,279,500.00	$2,344,684.00	$2,409,868.00	$2,475,052.00	$2,540,236.00	$2,605,420.00	$2,670,604.00	$2,735,788.00
PFC Bond Income									
CFC Income	$285,350.00	$293,750.00	$302,150.00	$310,550.00	$318,950.00	$327,350.00	$335,750.00	$344,150.00	$352,550.00
Car Condo Income	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00
Pavement Preservation Grant	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00
Interest Income	$607,861.09	$702,992.39	$772,645.45	$364,083.65	$609,588.44	$949,613.13	$438,202.10	$666,592.36	$795,083.16
Total Other Income	$7,068,027.09	$7,236,742.39	$7,379,979.45	$7,045,001.65	$7,364,090.44	$7,777,699.13	$7,339,872.10	$7,641,846.36	$7,843,921.16
CAPITAL EXPENDITURES									
PFC Reimbursable - Current									
PFC Bond Payback Principal & Interest	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$2,092,000.00	$4,184,000.00	$4,184,000.00
PFC Reimbursable - New Projects	$0.00	$0.00	$15,125,897.25	$0.00	$0.00	$8,000,000.00	$0.00		
AIP Reimbursable - New Projects	$4,740,125.99	$5,691,193.73	$332,769.74	$2,103,256.01	$353,035.42	$0.00	$2,928,184.87	$3,200,148.55	
Non-AIP Reimbursable - New Projects	$213,864.13	$0.00			$240,705.97	$10,098,681.57	$0.00		
Total Capital Expenditures	$7,045,990.12	$7,783,193.73	$17,550,666.99	$4,195,256.01	$2,685,741.38	$20,190,681.57	$5,020,184.87	$7,384,148.55	$4,184,000.00
Total Income (Operating Income + Other Income)	$15,969,806.95	$16,583,611.24	$17,194,191.75	$17,349,924.55	$18,184,259.49	$19,138,876.63	$19,269,108.48	$20,167,544.56	$20,995,904.28
Total Expenditures (Operating Exp. + Capital Exp.)	$14,067,180.93	$15,190,550.04	$25,365,427.88	$12,439,828.76	$11,383,765.63	$29,367,097.15	$14,701,303.30	$17,597,728.50	$14,959,326.85
Contributions to(from) Capital Improvement Fund	$1,902,626.02	$1,393,061.21	-$8,171,236.14	$4,910,095.80	$6,800,493.86	-$10,228,220.52	$4,567,805.18	$2,569,816.06	$6,036,577.43
CASHANDCASHEQUIVALENTS AT THE END OF YEAR	$14,059,847.85	$15,452,909.06	$7,281,672.92	$12,191,768.71	$18,992,262.57	$8,764,042.05	$13,331,847.23	$15,901,663.30	$21,938,240.72
ENPLANEMENTS	570,700	587,500	604,300	621,100	637,900	654,700	671,500	688,300	705,100

Figure 5-3 Annual Income, Expenditures, & Cash Balance - Terminal Scheme B - Option 1



Scheme B – Option 1 was further refined and reviewed for scalability to develop Phase I improvements that will easily fit to the ultimate terminal to be developed. Figures 5-4 and 5-5 demonstrate the probable first phase of Scheme B – Option 1, which would eliminate the need for the sale of Revenue Bonds. Table 5-5 is a revised 20 year CIP developing Scheme B – Option 1 in 2 phases during the next 10 years.

In Scheme B – Option 1 'Phase I,' the existing Northwest Airlines and United Express hold areas would be converted to TSA passenger screening and queuing. This area could accommodate the addition of one more x-ray machine and magnetometer equipment and increase screening capabilities by 50%. This alternative includes the construction or remodel of 95,570 square feet.

The passenger ticketing and check in would continue in the east end of the existing terminal. If additional ticket counters are necessary, the Airport administration offices can be relocated to the second level of the new terminal space to provide for airline expansion.

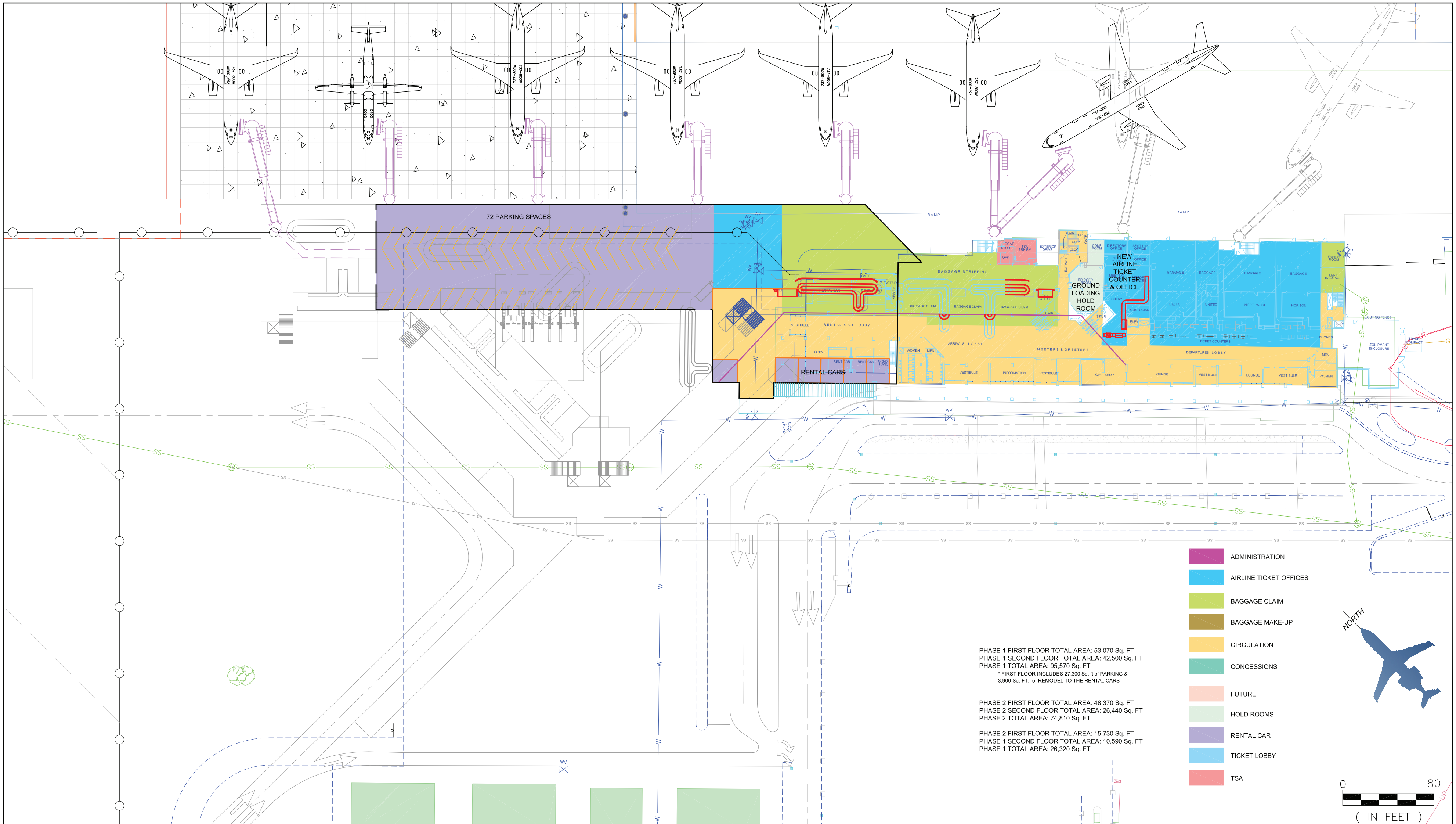
The preliminary design allows for one additional baggage claim device, six rental car and ground transportation counters, and two sets of additional rest room facilities. The existing dining room, lounge, and kitchen could remain at their present location. These type of concession facilities could also be located inside of security in the new hold room areas. The existing gift shop would be relocated to the second level, either inside or outside of the secure area.

The passenger hold area would include a total of six loading bridges after Phase I is complete. The two loading bridges closed to relocate passenger screening could be easily re-established when passenger screening is relocated to its optimal location in Phase II.

The 27,300 square feet on the first floor level under the new hold room area can be used to park rental cars. These 72 cars would be in an enclosed garage area that would keep passengers out of the elements, improving convenience to the flying public. This first floor area would also provide covered storage for airline equipment and eventually be converted to a common baggage make up area designed in Scheme B – Option 1.

The estimated cost of Scheme B – Option 1, 'Phase I' is $18 million dollars. The second phase to complete the preferred scheme would be delayed for 8 to 10 years and is expected to cost $22 million dollars when completed.

The advantage of developing Scheme B – Option 1 in two phases is that airport reserves are adequate to fund the project without a $25 million dollar Revenue Bond issue. The initial phase will increase the terminal size by 80%, improving many of the current deficiencies identified in Chapter 4. By phasing the recommended terminal improvements over the 20-year planning period, the Authority does not need to sell bonds and capital reserves grow to over $38 million by 2027 as shown in Table 5-6 and on Figure 5-6.



Gallatin Field Airport Master Plan

Figure 5-4 Scheme B - Option 1, Phase 1 - First Floor

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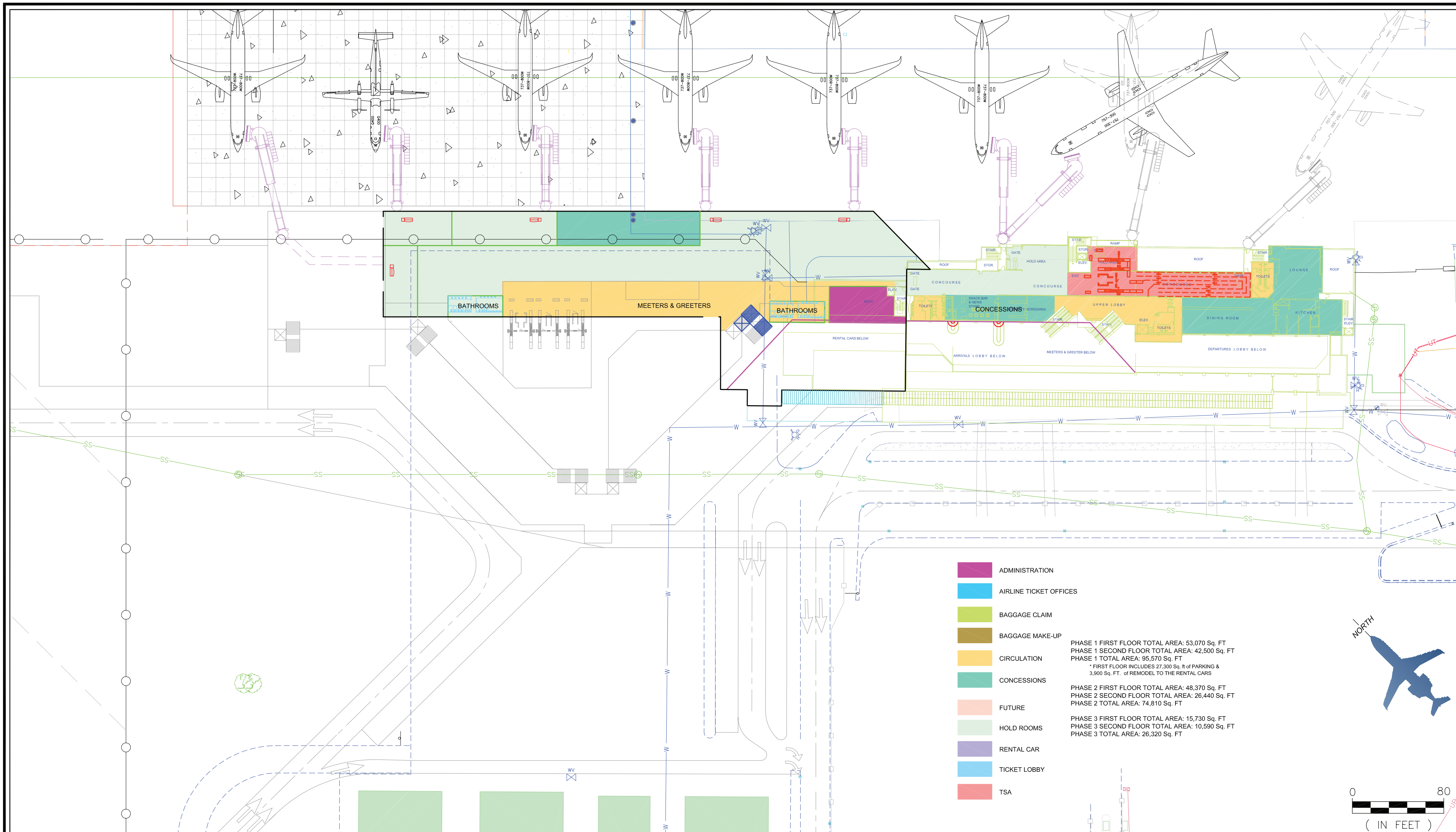

Gallatin Field Airport Master Plan

Figure 5-5 Scheme B - Option 1, Phase 1 - Second Floor

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Table 5-5 Gallatin Airport Authority Gallatin Field Airpoirt 20 Year Capital Improvement Plan

	YEAR COMPLETED	2007 COST	Cost @ 3% INFLATION	NON-AIP	AIP	PFC/CFC
Water & Sewer Extension	2007	$257,000.00		$257,000.00		
Ditch Relocation	2007	$48,000.00		$48,000.00		
Fire Station Roofing	2007	$140,000.00		$140,000.00		
D-Icing Apron	2007	$650,000.00			$650,000.00	
Service Road	2007	$350,000.00			$350,000.00	
Terminal Apron Expansion	2007	$1,750,000.00			$1,750,000.00	
Taxiway Construction	2007	$300,000.00			$300,000.00	
Taxiway Lighting	2007	$150,000.00			$150,000.00	
Update Master Plan	2007	$332,000.00				$332,000.00
ATC Tower Display	2007	$400,000.00				$400,000.00
Tersiator	2007	$30,000.00			$30,000.00	
SUB-TOTAL 2007		**$4,407,000.00**		**$445,000.00**	**$3,230,000.00**	**$732,000.00**
Pay Parking Lot Expansion	2008	$1,510,000.00		$1,510,000.00		
Terminal Design	2008	$750,000.00				$750,000.00
Broom Truck	2008	$550,000.00				$550,000.00
Snow Plows #7, 17, & 18	2008	$675,000.00				$675,000.00
SUB-TOTAL 2008		**$3,485,000.00**		**$1,510,000.00**	**$0.00**	**$1,975,000.00**
Terminal Construction	2009	$18,000,000.00	$18,540,000.00	$410,000.00	$8,130,000.00	$10,000,000.00
Access Road (Single Loop)	2009	$2,417,780.00	$2,490,313.40		$2,490,313.40	
Water & Sewer Extension	2009	$150,000.00	$154,500.00	$154,500.00		
I 90 Interchange	2009	$500,000.00	$500,000.00	$500,000.00		
Taxiway Construction	2009	$220,000.00	$226,600.00		$226,600.00	
SUB-TOTAL 2009		**$21,287,780.00**	**$21,911,413.40**	**$1,064,500.00**	**$10,846,913.40**	**$10,000,000.00**
Terminal Construction	2010	$0.00				
3 Loading Bridges	2010	$1,350,000.00	$1,432,215.00		$1,432,215.00	
I 90 Interchange	2010	$2,400,000.00	$2,546,160.00	$2,546,160.00		
Airport Access Road connection to Interchange	2010	$431,000.00	$457,247.90		$457,247.90	
SUB-TOTAL 2010		**$4,181,000.00**	**$4,435,622.90**	**$2,546,160.00**	**$6,889,462.90**	
East Ramp Cargo Apron Expansion	2011	$1,048,321.00	$1,251,750.10		$1,251,750.10	
Water & Sewer Extension	2011	$150,000.00	$163,909.05	$163,909.05		
Taxiway Construction	2011	$220,000.00	$240,399.94		$240,399.94	
SUB-TOTAL 2011		**$1,418,321.00**	**$1,656,059.09**	**$163,909.05**	**$1,492,150.04**	**$0.00**

Table 5-5 Gallatin Airport Authority Gallatin Field Airpoirt 20 Year Capital Improvement Plan (Continued)

	YEAR COMPLETED	2007 COST	Cost @ 3% INFLATION	NON-AIP	AIP	PFC/CFC
Extend Runway 3-21	2012	$4,960,862.00	$5,583,493.89		$5,583,493.89	
Parking Garage	2012	$4,590,000.00	$5,166,085.44			$5,166,085.44
SUB-TOTAL 2012		**$9,550,862.00**	**$10,749,579.32**	**$0.00**	**$5,583,493.89**	**$5,166,085.44**
Taxiway Construction	2013	$220,000.00	$255,040.30		$255,040.30	
Water & Sewer Extension	2013	$150,000.00	$173,891.11	$173,891.11		
Relocate Car Condos	2013	$500,000.00	$579,637.04	$579,637.04		
Parking Garage	2013	$4,590,000.00	$5,321,068.00	$5,321,068.00		
SUB-TOTAL 2013		**$5,460,000.00**	**$6,329,636.45**	**$6,074,596.15**	**$255,040.30**	**$0.00**
Parallel Taxiway Runway 3-21 Phase I	2014	$707,649.00	$773,267.17		$773,267.17	
GA Tie-Down Apron Expansion	2014	$487,332.00	$581,899.89		$581,899.89	
Perimeter Road Phase I	2014	$1,076,096.00	$1,284,914.90		$1,284,914.90	
Rehab. ARFF Roads	2014	$220,000.00	$262,691.51			
SUB-TOTAL 2014		**$2,491,077.00**	**$2,902,773.47**	**$0.00**	**$2,640,081.96**	**$0.00**
Taxiway Construction	2015	$220,000.00	$270,572.25		$270,572.25	
Relocate GA Road	2015	$500,000.00	$614,936.93		$614,936.93	
Rehab. Parallel Taxiway & Runway 3-21	2015	$3,340,510.00	$4,108,405.95		$4,108,405.95	
Water & Sewer Extension	2015	$150,000.00	$184,481.08	$150,000.00		
SUB-TOTAL 2015		**$4,210,510.00**	**$5,178,396.21**	**$150,000.00**	**$4,993,915.13**	**$0.00**
Extend Runway 12-30 1500l.f. includes Taxiway	2016	$4,386,864.00	$5,557,148.07		$5,557,148.07	
Relocate MALSR & Glide Slope	2016	$2,000,000.00	$2,533,540.16		$2,533,540.16	
Car Wash Facility	2016	**$2,000,000.00**	$2,533,540.16	**$2,533,540.16**		
Terminal Expansion Phase II		**$18,000,000.00**	$22,801,861.46	**$8,000,000.00**	**$10,000.00**	**$12,801,861.46**
SUB-TOTAL 2016		**$26,386,864.00**	**$33,426,089.86**	**$20,533,540.16**	**$8,090,688.23**	**$12,801,861.46**
Expand Emplyee Parking Lot	2017	$400,000.00	$537,566.55	$537,566.55		
Parking Lot Expansion	2017	$1,506,000.00	$2,023,938.07	$2,023,938.07		
Rehab. Runway 12-30	2017	$3,275,250.00	$4,401,662.12		$4,401,662.12	
Taxiway Construction	2017	$220,000.00	$295,661.60		$295,661.60	
Water & Sewer Extension	2017	$150,000.00	$201,587.46	$201,587.46		
SUB-TOTAL 2017		**$5,551,250.00**	**$7,460,415.80**	**$2,763,092.08**	**$4,697,323.72**	**$0.00**

Table 5-5 Gallatin Airport Authority Gallatin Field Airpoit 20 Year Capital Improvement Plan (Continued)

	YEAR COMPLETED	2007 COST	Cost @ 3% INFLATION	NON-AIP	AIP	PFC/CFC
Fence Sande Property	2018	$148,395.00	$205,413.39		$205,413.39	
Relocate Lagoon & Base Line Road	2018	$892,964.00	$1,236,071.01		$1,236,071.01	
Rehab. Access Roads	2018	$787,285.00	$1,089,786.56		$1,089,786.56	
Rehab. Parking Lots	2018	$996,110.00	$1,378,849.20	$1,378,849.20		
SUB-TOTAL 2018		**$2,824,754.00**	**$3,910,120.16**	**$1,378,849.20**	**$2,531,270.96**	**$0.00**
Runway 12 Exit Taxiway	2019	$536,549.00	$764,990.58		$764,990.58	
Commercial Apron Expansion Phase II	2019	$1,595,000.00	$2,274,088.61		$2,274,088.61	
Water & Sewer Extension	2019	$150,000.00	$213,864.13	$213,864.13		
Taxiway Construction	2019	$220,000.00	$313,667.40		$313,667.40	
GA Taxiways & Access Roads	2019	$973,080.00	$1,387,379.40		$1,387,379.40	
SUB-TOTAL 2019		**$3,474,629.00**	**$4,953,990.12**	**$213,864.13**	**$4,740,125.99**	**$0.00**
Perimeter Road	2020	$1,076,096.00	$1,580,283.25		$1,580,283.25	
Rehab. East Ramp & Hold Bay	2020	$878,930.00	$1,290,738.34		$1,290,738.34	
Reehab. Aprons	2020	$1,920,400.00	$2,820,172.14		$2,820,172.14	
SUB-TOTAL 2020		**$3,875,426.00**	**$5,691,193.73**	**$0.00**	**$5,691,193.73**	**$0.00**
Taxiway Construction	2021	$220,000.00	$332,769.74		$332,769.74	
Water & Sewer Extension	2021	$150,000.00	$226,888.46	$226,888.46		
Terminal Expansion Phase II	2021	$10,000,000.00	$15,125,897.25			$15,125,897.25
SUB-TOTAL 2021		**$10,370,000.00**	**$15,685,555.45**	**$226,888.46**	**$332,769.74**	**$15,125,897.25**
3 Loading Bridges	2022	$1,350,000.00	$2,103,256.01		$2,103,256.01	
SUB-TOTAL 2022		**$1,350,000.00**	**$2,103,256.01**	**$0.00**	**$2,103,256.01**	**$0.00**
Taxiway Construction	2023	$220,000.00	$353,035.42		$353,035.42	
Water & Sewer Extension	2023	$150,000.00	$240,705.97	$240,705.97		
SUB-TOTAL 2023		**$370,000.00**	**$593,741.38**	**$240,705.97**	**$353,035.42**	**$0.00**
Phase III Terminal Expansion	2024	$10,950,000.00	$18,098,681.57	$10,098,681.57		$8,000,000.00
SUB-TOTAL 2024		**$10,950,000.00**	**$18,098,681.57**	**$10,098,681.57**	**$0.00**	**$8,000,000.00**

Table 5-5 Gallatin Airport Authority Gallatin Field Airpoirt 20 Year Capital Improvement Plan (Continued)

	YEAR COMPLETED	2007 COST	Cost @ 3% INFLATION	NON-AIP	AIP	PFC/CFC
3 Loading Bridges	2025	$1,350,000.00	$2,298,284.63		$2,298,284.63	
Taxiway Construction	2025	$220,000.00	$374,535.27		$374,535.27	
Water & Sewer Extension	2025	$150,000.00	$255,364.96		$255,364.96	
SUB-TOTAL 2025		**$1,720,000.00**	**$2,928,184.87**	**$0.00**	**$2,928,184.87**	**$0.00**
Purchase new Fire Truck	2026	$600,000.00	$1,052,103.63		$1,052,103.63	
Purchase SRE Broom	2026	$550,000.00	$964,428.33		$964,428.33	
Purchase 3 new snow plows	2026	$675,000.00	$1,183,616.59		$1,183,616.59	
SUB-TOTAL 2026		**$1,825,000.00**	**$3,200,148.55**	**$0.00**	**$3,200,148.55**	**$0.00**
20 YEAR TOTALS FOR EACH COLUMN		**$125,189,473.00**	**$151,214,858.34**	**$29,409,786.77**	**$75,599,054.84**	**$53,800,844.15**
POST PLANNING PERIOD	**After 2027**					
Parallel Runway Phase I		$3,149,403.00	$5,688,172.14			
Taxiways to Parallel Runway Phase I		$1,623,301.00	$2,931,862.17			
Parallel Runway Phase II		$1,057,774.00	$1,910,457.51			
Taxiways to Parallel Runway Phase II		$390,866.00	$705,947.47			
Relocate VOR & ASOS		$3,965,000.00	$7,161,231.05			
Dual Parallel Taxiway		$5,843,907.00	$10,554,746.09			
High Speed Exit Taxiway West		$527,970.00	$953,572.55			
High Speed Exit Taxiway East		$610,331.00	$1,102,325.68			
Commercial Apron Convert Asphalt to Concrete		$3,679,299.00	$6,645,223.26			
SUB-TOTAL POST PLANNING PERIOD		**$20,847,851.00**	**$37,653,537.91**			

Table 5-6 Gallatin Airport Authority Budget Summary & Cash Flow Analysis

	2001	2002	2003	2004	2005	2006	2007	2008
INCOME								
Total Income	$1,496,292.00	$1,525,333.00	$3,520,504.59	$3,860,909.49	$5,216,281.06	$5,324,351.08	$4,277,354.55	$4,600,000.00
EXPENSES								
Total Expenses	$0.00	$0.00	$1,856,931.24	$2,099,656.40	$2,327,896.24	$2,419,369.97	$2,712,678.71	$2,900,000.00
OPERATING SURPLUS	$1,496,292.00	$1,525,333.00	$1,663,573.35	$1,761,253.09	$2,888,384.82	$2,904,981.11	$1,564,675.84	$1,700,000.00
OTHER INCOME								
AIP Grants Entitlements	$1,061,947.00	$1,512,279.00	$4,254,418.00	$3,445,982.00	$3,351,134.00	$3,407,574.00	$3,744,000.00	$2,600,000.00
AIP Grants Discretionary								
PFC Revenue	$625,404.00	$609,237.00	$643,432.00	$700,261.00	$774,210.00	$764,971.00	$777,200.00	$870,000.00
PFC Bond Income								
CFC Income								$187,500.00
Car Condo Income								
Pavement Preservation Grant	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00
Interest Income	$497,607.00	$278,720.00	$157,173.00	$107,639.00	$213,825.00	$482,297.00	$315,000.00	$500,000.00
Total Other Income	$2,195,458.00	$2,410,736.00	$5,065,523.00	$4,264,382.00	$4,349,669.00	$4,665,342.00	$4,846,701.00	$4,168,000.00
CAPITAL EXPENDITURES								
PFC Reimbursable - Current							$1,050,000.00	
PFC Bond Payback Principal & Interest								
PFC Reimbursable - New Projects							$732,000.00	$1,975,000.00
AIP Reimbursable - New Projects							$3,230,000.00	$0.00
Non-AIP Reimbursable - New Projects							$445,000.00	$1,510,000.00
Total Capital Expenditures	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$5,457,000.00	$3,485,000.00
Total Income (Operating Income + Other Income)	$3,691,750.00	$3,936,069.00	$8,586,027.59	$8,125,291.49	$9,565,950.06	$9,989,693.08	$9,124,055.55	$8,768,000.00
Total Expenditures (Operating Exp. + Capital Exp.)	$0.00	$0.00	$1,856,931.24	$2,099,656.40	$2,327,896.24	$2,419,369.97	$8,169,678.71	$6,385,000.00
Contributions to(from) Capital Improvement Fund	$3,691,750.00	$3,936,069.00	$6,729,096.35	$6,025,635.09	$7,238,053.82	$7,570,323.11	$954,376.84	$2,383,000.00
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$7,768,344.00	$9,862,738.00	$8,241,990.00	$9,160,266.00	$9,279,280.00	$10,068,413.00	$13,000,000.00	$15,383,000.00
ENPLANEMENTS	256,134	274,499	281,052	308,985	335,679	317,850	335,000	375,000

Table 5-6 Gallatin Airport Authority Budget Summary & Cash Flow Analysis (Continued)

	2009	2010	2011	2012	2013	2014	2015	2016
INCOME								
Total Income	$4,830,000.00	$5,071,500.00	$6,025,075.00	$6,326,328.75	$6,642,645.19	$6,974,777.45	$7,323,516.32	$7,689,692.14
EXPENSES								
Total Expenses	$3,130,000.00	$3,371,500.00	$4,575,000.00	$4,826,625.00	$5,092,089.38	$5,372,154.29	$5,667,622.78	$5,979,342.03
OPERATING SURPLUS	$1,700,000.00	$1,700,000.00	$1,450,075.00	$1,499,703.75	$1,550,555.81	$1,602,623.16	$1,655,893.54	$1,710,350.11
OTHER INCOME								
AIP Grants Entitlements	$2,710,000.00	$2,820,000.00	$2,930,000.00	$3,040,000.00	$3,150,000.00	$3,260,000.00	$3,370,000.00	$3,480,000.00
AIP Grants Discretionary	$2,500,000.00			$1,500,000.00				$2,000,000.00
PFC Revenue	$1,552,000.00	$1,627,660.00	$1,692,844.00	$1,758,028.00	$1,823,212.00	$1,888,396.00	$1,953,580.00	$2,018,764.00
PFC Bond Income	$0.00							
CFC Income	$200,000.00	$209,750.00	$218,150.00	$226,550.00	$234,950.00	$243,350.00	$251,750.00	$260,150.00
Car Condo Income						$250,000.00	$250,000.00	$250,000.00
Pavement Preservation Grant	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00
Interest Income	$769,150.00	$145,661.83	$249,559.28	$494,312.74	$383,288.49	$424,431.99	$676,392.95	$827,603.01
Total Other Income	$7,741,650.00	$4,813,571.83	$5,101,053.28	$7,029,390.74	$5,601,950.49	$6,076,677.99	$6,512,222.95	$8,847,017.01
CAPITAL EXPENDITURES								
PFC Reimbursable - Current								
PFC Bond Payback Principal & Interest		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PFC Reimbursable - New Projects	$10,000,000.00	-$5,000,000.00	$0.00	$5,166,085.44	$0.00	$0.00	$0.00	$0.00
AIP Reimbursable - New Projects	$10,846,913.40	$6,889,462.90	$1,492,150.04	$5,583,493.89	$255,040.30	$2,640,081.96	$4,993,915.13	$8,090,688.23
Non-AIP Reimbursable - New Projects	$1,064,500.00	$2,546,160.00	$163,909.05	$0.00	$6,074,596.15	$0.00	$150,000.00	$20,533,540.16
Total Capital Expenditures	$21,911,413.40	$4,435,622.90	$1,656,059.09	$10,749,579.32	$6,329,636.45	$2,640,081.96	$5,143,915.13	$28,624,228.39
Total Income (Operating Income + Other Income)	$12,571,650.00	$9,885,071.83	$11,126,128.28	$13,355,719.49	$12,244,595.68	$13,051,455.43	$13,835,739.27	$16,536,709.15
Total Expenditures (Operating Exp. + Capital Exp.)	$25,041,413.40	$7,807,122.90	$6,231,059.09	$15,576,204.32	$11,421,725.82	$8,012,236.25	$10,811,537.91	$34,603,570.42
Contributions to(from) Capital Improvement Fund	-$12,469,763.40	$2,077,948.93	$4,895,069.19	-$2,220,484.84	$822,869.86	$5,039,219.18	$3,024,201.36	-18,066,861.27
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$2,913,236.60	$4,991,185.53	$9,886,254.72	$7,665,769.88	$8,488,639.74	$13,527,858.92	$16,552,060.28	-$1,514,800.99
ENPLANEMENTS	400,000	419,500	436,300	453,100	469,900	486,700	503,500	520,300

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Table 5-6 Gallatin Airport Authority Budget Summary & Cash Flow Analysis (Continued)

	2017	2018	2019	2020	2021	2022	2023	2024
INCOME								
Total Income	$8,074,176.74	$8,477,885.58	$8,901,779.86	$9,346,868.85	$9,814,212.29	$10,304,922.91	$10,820,169.05	$11,361,177.51
EXPENSES								
Total Expenses	$6,308,205.84	$6,655,157.16	$7,021,190.81	$7,407,356.30	$7,814,760.90	$8,244,572.75	$8,698,024.25	$9,176,415.58
OPERATING SURPLUS	$1,765,970.90	$1,822,728.42	$1,880,589.05	$1,939,512.55	$1,999,451.40	$2,060,350.16	$2,122,144.81	$2,184,761.93
OTHER INCOME								
AIP Grants Entitlements	$3,590,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00	$3,700,000.00
AIP Grants Discretionary	$2,000,000.00							
PFC Revenue	$2,083,948.00	$2,149,132.00	$2,214,316.00	$2,279,500.00	$2,344,684.00	$2,409,868.00	$2,475,052.00	$2,540,236.00
PFC Bond Income								
CFC Income	$268,550.00	$276,950.00	$285,350.00	$293,750.00	$302,150.00	$310,550.00	$318,950.00	$327,350.00
Car Condo Income	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00	$250,000.00
Pavement Preservation Grant	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00	$10,500.00
Interest Income	-$75,740.05	$45,900.60	$263,155.15	$445,651.15	$607,037.15	$294,794.93	$641,435.28	$1,087,652.31
Total Other Income	$8,127,257.95	$6,432,482.60	$6,723,321.15	$6,979,401.15	$7,214,371.15	$6,975,712.93	$7,395,937.28	$7,915,738.31
CAPITAL EXPENDITURES								
PFC Reimbursable - Current								
PFC Bond Payback Principal & Interest	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PFC Reimbursable - New Projects	$0.00	$0.00	$0.00	$0.00	$15,125,897.25	$0.00	$0.00	$8,000,000.00
AIP Reimbursable - New Projects	$4,697,323.72	$2,531,270.96	$4,740,125.99	$5,691,193.73	$332,769.74	$2,103,256.01	$353,035.42	$0.00
Non-AIP Reimbursable - New Projects	$2,763,092.08	$1,378,849.20	$213,864.13	$0.00			$240,705.97	$10,098,681.57
Total Capital Expenditures	$7,460,415.80	$3,910,120.16	$4,953,990.12	$5,691,193.73	$15,458,666.99	$2,103,256.01	$593,741.38	$18,098,681.57
Total Income (Operating Income + Other Income)	$16,201,434.69	$14,910,368.18	$15,625,101.00	$16,326,270.00	$17,028,583.44	$17,280,635.83	$18,216,106.33	$19,276,915.82
Total Expenditures (Operating Exp. + Capital Exp.)	$13,768,621.64	$10,565,277.33	$11,975,180.93	$13,098,550.04	$23,273,427.88	$10,347,828.76	$9,291,765.63	$27,275,097.15
Contributions to(from) Capital Improvement Fund	$2,432,813.05	$4,345,090.86	$3,649,920.07	$3,227,719.96	-$6,244,844.44	$6,932,807.07	$8,924,340.70	-$7,998,181.33
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$918,012.06	$5,263,102.92	$8,913,022.99	$12,140,742.96	$5,895,898.51	$12,828,705.59	$21,753,046.29	$13,754,864.96
ENPLANEMENTS	537,100	553,900	570,700	587,500	604,300	621,100	637,900	654,700

Table 5-6 Gallatin Airport Authority Budget Summary & Cash Flow Analysis (Continued)

	2025	2026	2027
INCOME			
Total Income	$11,929,236.38	$12,525,698.20	$13,151,983.11
EXPENSES			
Total Expenses	$9,681,118.44	$10,213,579.95	$10,775,326.85
OPERATING SURPLUS	$2,248,117.94	$2,312,118.25	$2,376,656.26
OTHER INCOME			
AIP Grants Entitlements	$3,700,000.00	$3,700,000.00	$3,700,000.00
AIP Grants Discretionary			
PFC Revenue	$2,605,420.00	$2,670,604.00	$2,735,788.00
PFC Bond Income			
CFC Income	$335,750.00	$344,150.00	$352,550.00
Car Condo Income	$250,000.00	$250,000.00	$250,000.00
Pavement Preservation Grant	$10,500.00	$10,500.00	$10,500.00
Interest Income	$687,743.25	$1,033,210.56	$1,389,232.28
Total Other Income	$7,589,413.25	$8,008,464.56	$8,438,070.28
CAPITAL EXPENDITURES			
PFC Reimbursable - Current			
PFC Bond Payback Principal & Interest	$0.00	$0.00	$0.00
PFC Reimbursable - New Projects	$0.00		
AIP Reimbursable - New Projects	$2,928,184.87	$3,200,148.55	
Non-AIP Reimbursable - New Projects	$0.00		
Total Capital Expenditures	$2,928,184.87	$3,200,148.55	$0.00
Total Income (Operating Income + Other Income)	$19,518,649.63	$20,534,162.76	$21,590,053.39
Total Expenditures (Operating Exp. + Capital Exp.)	$12,609,303.30	$13,413,728.50	$10,775,326.85
Contributions to(from) Capital Improvement Fund	$6,909,346.33	$7,120,434.27	$10,814,726.54
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$20,664,211.28	$27,784,645.55	$38,599,372.09
ENPLANEMENTS	671,500	688,300	705,100

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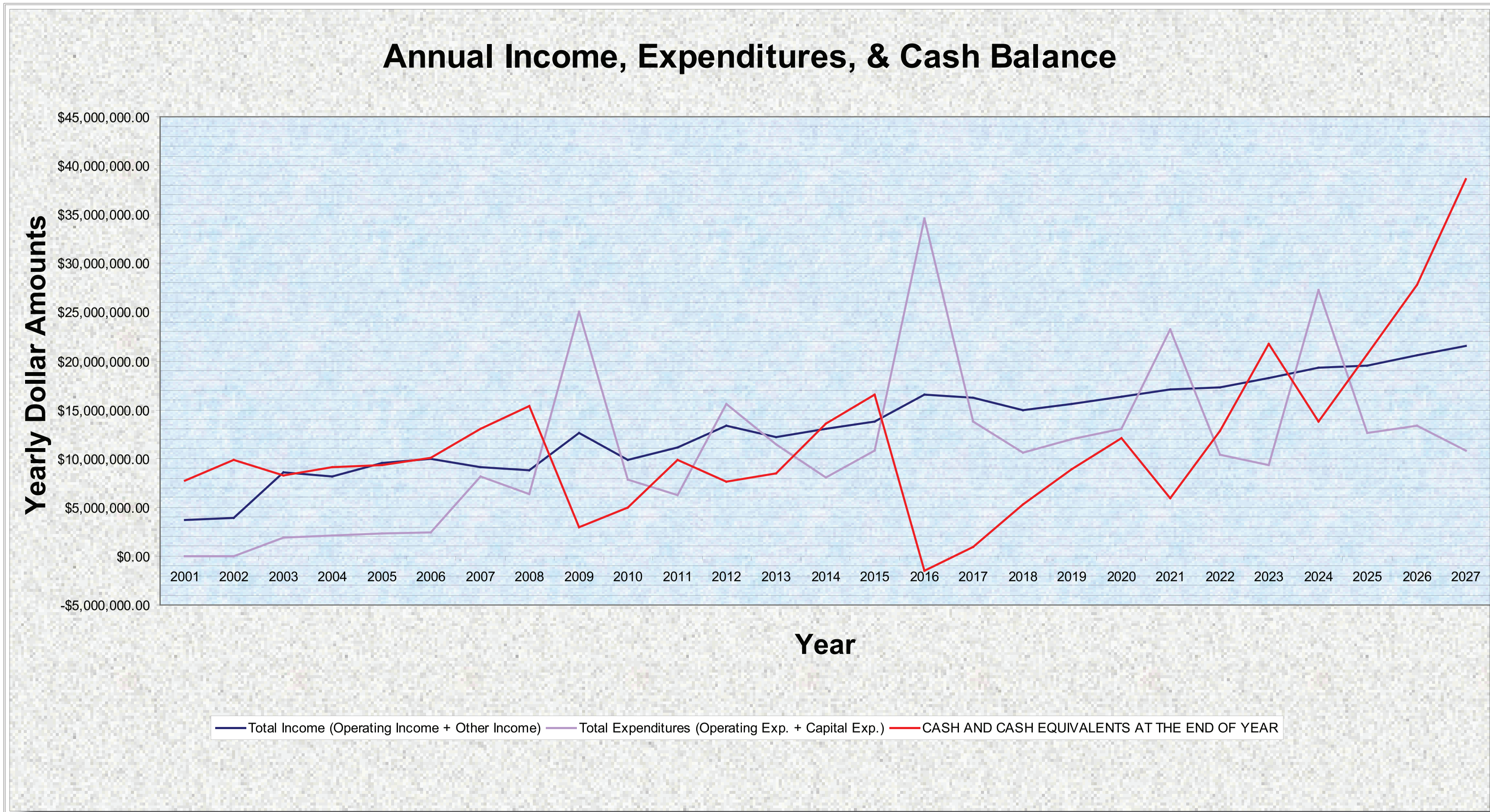
Figure 5-6 Annual Income, Expenditures, & Cash Balance - Terminal Scheme B - Option 1 - Phase 1



Conclusion

The most important element of the master planning process is the application of basic economic, financial, and management rational to each development item so that the feasibility of implementation can be assured. Terminal expansion is the most pressing need currently facing Gallatin Field. Although the ultimate plan for the terminal layout is expected to cost over 62 million dollars plus access roads and a parking garage, a phased development of the project is financially feasible.

The financial plan demonstrates that, if the terminal development is phased, the projects could be completed maximizing the use of AIP, PFC, CFC, and local funds without issuing revenue bonds. The ultimate terminal, if properly planned, can be constructed as passenger usage increases requiring the need for additional space.

Scheme B – Option 1, Phase 1 is recommended because it reduced the cost of O & M expenses of a large development and reduced the cost to the Airlines serving the Airport.

The initial phase will increase the terminal size by 80%, improving many of the deficiencies identified in Chapter 4. Proper planning of the phased development will allow the Authority to expand to the recommended ultimate Scheme B alternative as passenger usage increases. If the forecasts projected in Chapter 2 are slower than estimated then future terminal expansion beyond Phase I can be delayed until the need is observed. If forecast enplanements occur faster than projected, a revenue bond issue can be completed to develop additional space sooner than expected. This financial plan provides the Authority with the maximum flexibility in providing necessary improvements to the airport as needed. The following is a summary of the phased development concept.

Table 5-7 Phased Development Concept Summary

DEFICIENCY	CURRENT	PHASE 1	ULTIMATE
Passenger Screening	2 Lanes	3 Lanes	Up to 6
Gates	5	7	9
Loading Bridges	4	6	8
Airline Operations	4	4-6	6-8
Baggage Claims	2	3	4 - 6
Rental Car/Ground	5-6	6	6-8
Square Footage	79,000	143,320*	244,500
Cost		$18,000,000	Additional $22 Mil

* Excludes 27,300 S.F. Rental Car Parking