

## 1. Introduction

This chapter presents an overview of the financial structure of the Coeur d'Alene Airport (COE or Airport), and the Airport's capital improvement plan (CIP). Finances drive the ability to plan, implement, and operate facilities and improvements. Quantifying the expense and revenue of facilities, operations, and properties identifies available funding and required financing.



The chapter is organized into the following sections.

- Operating Income and Expenses
- Airport Rates and Charges Analysis
- Capital improvement Plan

Operating income and expenses provides a baseline of the Airport's finances. Major sources of revenue and expense are identified. A rates and charges analysis compares COE to surrounding airports to provide management with the basis to adjust airport user fees to the market rate. The CIP is a planning document in which preferred airport improvement alternatives identified in **Chapter 4** are assigned cost estimates, and an order of implementation. The CIP assists in federal, state, and local grant applications, budget preparations, and improvement project timing.



## 2. Operating Income and Expenses

COE is owned and operated by Kootenai County, and funding is allocated for personnel, operating expenses, capital outlay, and debt service in the Kootenai County budget. The Airport is a revenue generating enterprise and offsets the County's financial commitment through income sources of usage fees, rentals and leases, fuel flowage tax, and utilities service. Income from these activities covers part of the Airport's annual operating expenses, which include staff salaries and benefits, and maintenance and improvements not covered by federal funding. 2007 to 2010 operating income and expenses at COE is presented in **Table 5-1**.

<b>Table 5-1: COE Operating Income and Expenses</b>				
<b>Description</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Income</b>				
Utilities	\$ 15,735	\$ 13,912	\$ 12,065	\$ 13,259
Fuel Flowage	\$ 43,293	\$ 23,420	\$ 38,884	\$ 33,499
Use Fees	\$ 4,526	\$ 3,239	\$ 7,627	\$ 8,179
Rents/Leases	\$ 342,565	\$ 362,628	\$ 352,633	\$ 415,052
Refunds/Reimbursements	\$ 1,151	\$ 40	\$ 84,088	\$ 334
Miscellaneous	\$ 44,420	\$ 47,080	\$ 77,274	\$ 47,752
<b>Total Income</b>	<b>\$ 451,690</b>	<b>\$ 450,319</b>	<b>\$ 572,571</b>	<b>\$ 518,075</b>
<b>Expenses</b>				
Office/Accounting/Admin	\$ 69,761	\$ 65,856	\$ 65,971	\$ 77,363
Maintenance/Improvements	\$ 167,615	\$ 196,247	\$ 267,623	\$ 210,043
Non-AIP Improvements	\$ 96,463	\$ 193,047	\$ 93,459	\$ 10,729
Salaries/Wages	\$ 324,901	\$ 344,581	\$ 348,871	\$ 342,777
Benefits	\$ 112,164	\$ 126,355	\$ 127,654	\$ 120,334
<b>Total Expenses</b>	<b>\$ 770,904</b>	<b>\$ 926,086</b>	<b>\$ 903,578</b>	<b>\$ 761,246</b>
<b>Operating Cash Flow</b>	<b>\$ (319,214)</b>	<b>\$ (475,767)</b>	<b>\$ (331,007)</b>	<b>\$ (243,171)</b>

Source: T-O Engineers

Rental and lease agreements generated 80 percent of the Airport's income in 2010 and are expected to remain a key source of income. Additional rental and lease income opportunities exist through continued development of hangars and property. The FAA approved aviation activity forecast suggests that aircraft operations at COE will grow at 2.4 percent annually, which is expected to increase usage fees and fuel flowage fees.

The introduction of scheduled commercial passenger airline service will likely create a new source of income at COE. Airline tickets include a passenger facility charge that is collected by the airlines, and distributed to airports that passengers depart from. After 10,000 annual passenger enplanements, the Airport will become eligible for an increase in FAA airport improvement program (AIP) funding, which can be used for airport improvement projects.



### 3. Airport Rates and Charges Analysis

Airport fees vary across airports nationwide. A competitive rate structure helps airports attract new business and retain existing users. Comparison between COE and regional airports considers facilities which may influence the rates and charges. Airport facilities, such as the presence of primary and crosswind runways, an instrument landing system, and a choice of fixed base operators (FBOs), may influence aircraft operator's choice of airport. These facilities cost money to operate; therefore, an airport may have rates and charges higher than surrounding airports to maintain and operate the facilities.

2011 rates and charges at COE are included in **Table 5-2**.

<b>Table 5-2: 2011 COE Rates and Charges</b>				
<b>Item</b>	<b>Per Night</b>	<b>Per Month</b>	<b>Per Quarter</b>	<b>Per Year</b>
Tie-down Parking (7,500 pounds or less)	\$5	\$30	\$81	\$288
Ramp Parking (7,501-40,000 pounds)	\$40	\$240	\$648	\$2,304
Ramp Parking (40,001-80,000 pounds)	\$60	\$360	\$972	\$3,456
Ramp Parking (Greater than 80,000 pounds)	\$100	\$600	\$1,620	\$5,760
Aeronautical/Non-Aeronautical Lease	\$0.1685/ Square Foot (collected monthly)			

*Note: Rates subject to change.*

*Source: Airport Management*

Airport rates and charges do not include hangar rental rates of FBOs and third parties. The Airport waives the first night's fee with fuel purchase.

The rates and charges analysis surveyed airports near COE that provide similar facilities. These airports include Felts Field Airport (SFF) and Deer Park Airport (DEW) in Spokane County, Washington. These airports are exclusively general aviation, and offer instrument approach procedures.

State information comes from the Washington State Department of Transportation (WSDOT) Airport Information System, and the 2011 Rates. WSDOT averages include only airports that are exclusively GA, and do not include sea plane bases.

The rates and charges analysis is presented in **Table 5-3**.



Source	Land Lease		Tie-down	
	Aeronautical	Non-Aeronautical	Single-Engine	Multi-Engine
Unit of Measure	Per Square Foot	Per Square Foot	Per Month	Per Month
<b>Coeur d'Alene Airport<sup>1</sup></b>	<b>\$0.17</b>	<b>\$0.17</b>	<b>\$30</b>	<b>\$240</b>
Deer Park Airport (DEW) <sup>2</sup>	\$0.17	\$0.17	\$20	\$25
Felts Field Airport (SFF) <sup>2</sup>	\$0.19	\$0.25	FBO Managed	FBO Managed
WSDOT (GA Average) <sup>3</sup>	\$0.65	\$0.91	\$37	\$37

*Note: Values are rounded to nearest cent per square foot, and nearest dollar per month. Rates subject to change.*

*Sources: (1) Coeur d'Alene Airport management, (2) Airport management, (3) WSDOT, 2011.*

COE lease rates are split into more detailed categories than the reports from other airports and state departments of transportation. For analysis, the lease rate for “single-engine” corresponds to the tie-down rate for aircraft that weigh less than 7,500 pounds, and the lease rate for “multi-engine” corresponds to aircraft that weigh between 7,501 pounds and 40,000 pounds.

Rates and charges for land lease at COE are similar to other airports in the region. Lease rates from the WSDOT report are higher because some airports in the Puget Sound region charge more than \$3.00 per square foot, inflating the average. With these airports removed, the average aeronautical land lease rate in Washington is \$0.25 per square foot, and the average non-aeronautical land lease rate is \$0.34 cents per square foot.

Rates and charges analysis shows that some airports charge a higher price for non-aeronautical land lease than for aeronautical land lease. A reason for this is that non-aeronautical land leases are typically business and industrial properties that generate revenue for the lessee. Aeronautical land leases are generally associated with aircraft storage, such as hangars, which generally do not generate revenue for the lessee. Aeronautical uses may be businesses that provide services that market the Airport and attract users, such as maintenance facilities and FBOs.

It appears that COE may be able to raise non-aeronautical lease rates; however, COE has been successful in attracting key aerospace manufacturing, repair, and overhaul tenants. Industry at COE generates jobs in the surrounding communities, and rental and lease revenue for the Airport. Competitive land lease rates can be a marketing tool to attract additional businesses to the Airport, which may provide greater benefit than raising lease rates. It is recommended that COE adjust aeronautical and non-aeronautical lease fees as necessary to maintain market competitiveness.

Rates for single-engine tie-down at COE are within ten dollars of other airports in the region, and WSDOT averages. Multi-engine tie-down rates at COE exceed those of the airports surveyed, and the WSDOT average. Reasons for this include the availability of hangars at COE. Most multi-engine based aircraft rent hangars instead of using the ramp, so the rate at COE is targeted towards transient aircraft. Many airports surveyed do not have as much hangar development as COE, and offer less expensive ramp tie-downs to attract multi-engine aircraft.



#### 4. Capital Improvement Plan

The CIP for the Airport begins in 2012 and ends in 2033. The CIP is not intended to be a prescriptive plan that requires investment in a specific year, but instead the CIP will help the Airport determine whether the benefit of a project at the time of implementation is equal to or better than the cost. Certain improvement projects will be needed when the Airport sees certain levels of activity, such as the passenger terminal building and the Runway End 05 extension. It is recommended that the CIP be revised as needs and circumstances require.

The CIP is an investment of 104 million dollars over the 21-year span. Cost estimates include a three percent annual rate of inflation. Potential funding sources for the first five years are identified, and funding is expected to come from federal, state, and local sources, including revenue generated by the Airport. Funding beyond five years is unidentified, and potential sources should be identified as project implementation approaches. A summary of CIP funding sources is shown in **Table 5-4**.

<b>Table 5-4: CIP Funding Sources</b>		
<b>Funding Source 2012-2017</b>	<b>Amount</b>	<b>Percent of Five Year Total</b>
FAA Entitlement	\$945,000	7%
FAA Discretionary	\$7,575,000	53%
State of Idaho Apportionment	\$4,500,000	31%
Local Match	\$1,280,000	9%
<b>Funding Source 2018-2032</b>	<b>Amount</b>	<b>Percent of Five Year Total</b>
Unidentified	\$90,000,000	N/A

*Numbers are rounded.*

*Source: T-O Engineers*

Airport improvement projects identified in **Chapter 4** are phased over the 21-year CIP. Highest priority is given to those with the greatest need and projects that must be completed prior to the implementation of subsequent projects. Project phasing is grouped into three periods: near-term projects are expected to occur in the next five years, mid-term projects are expected to occur within five to ten years, and long-term projects are expected to occur after ten years.

The following section includes a brief project description of the near-term and mid-term projects, and cost estimate from the CIP. Potential funding sources for each project are located on the CIP.



## 4.1 Near-term Projects

Near-term projects are expected to occur between 2012 and 2016. Near-term projects include pavement maintenance, construction, and a wildlife hazard assessment.

### 4.1.1 2012

Two projects are planned for 2012: Runway 01-19 rehabilitation and Taxiway D south rehabilitation. Existing asphalt on Runway 01-19 is deteriorating, showing transverse and alligator cracking. The rehabilitation project will include a mill and overlay of the entire runway. Edge drains will be installed, as will electrical counterpoise, new runway shoulders, and pavement markings. Project cost estimate is \$2.3 million.

Taxiway D asphalt is deteriorating with transverse and alligator cracking. The project will extend from Runway End 01 threshold to intersection of Taxiway D and Runway 05-23, including edge drain installation, counterpoise installation, and pavement markings. Project cost estimate is \$700,000.

### 4.1.2 2013

One project is planned for 2013: pavement seal for aircraft design group (ADG) III area. The ADG III area includes Runway 05-23, the Southside apron, and taxiways and aprons on the Northside. The pavement seal project will apply seal coat and new pavement markings to asphalt surfaces. Project cost estimate is \$1 million.

### 4.1.3 2014

Two projects are planned for 2014: a wildlife hazard assessment and the extension of Taxiway F south of Runway 05-23. The FAA requires Part 139 airports to conduct and prepare Wildlife Hazard Assessments and Wildlife Hazard Management Plan. Project cost estimate is \$50,000.

Taxiway F will be extended west to the Runway End 05, including a taxiway turnout, pavement markings, signage, access road, and utility extension and relocation. Project cost estimate is \$2.6 million.

### 4.1.4 2015

One project is planned for 2015: reconstruct the Eastside apron. It is expected that in 2015 the existing asphalt will be near end of its design life, and full-depth reconstruction is anticipated. Project cost estimate is \$1.2 million.

### 4.1.5 2016

One project is planned for 2016: shift Taxiway A 15 feet west to meet FAA design standards for aircraft design group II. Project cost estimate is \$3.9 million.

### 4.1.6 2017

There is one project planned for 2017: construct new Taxiway P, to be located west of the Empire Hangar on Taxiway N. This new taxiway construction will promote hangar developments on Northside and includes pavement markings, access roads and utility extensions. Project cost estimate is \$2.5 million.



## 4.2 Mid-term Projects

Mid-term projects are expected to occur between 2018 and 2022. Mid-term projects include pavement rehabilitation, an environmental assessment, land acquisition, and construction.

### 4.2.1 2018

There are two projects planned for 2018: pavement seal of ADG I and II areas, and Taxiway D north rehabilitation. Pavement seal of ADG I and II areas will include pavement areas not included in the 2013 ADG III pavement seal project. This will include Runway 01-19, the southern half of Taxiway D, and connecting taxiways and taxilanes on the Southside. The pavement seal of ADG I and II area will include new pavement markings. Project cost estimate is \$500,000.

The Taxiway D north rehabilitation will include full-depth reconstruction. New Taxiway D will tie in with the ARRF station, and extend north for Northside hangar development. Project cost estimate is \$1.1 million.

### 4.2.2 2019

One project is planned for 2019: an environmental assessment (EA) to assess the impact of decoupling Runway Ends 19 and 23. The EA will evaluate areas of impact per the requirements of the National Environmental Policy Act (NEPA). Project cost estimate is \$400,000.

### 4.2.3 2020

Two projects are planned for 2020: land acquisition for the decoupling of Runway Ends 19 and 23, and the installation of a security fence on the north and west property boundaries. Property and easement acquisition process will begin after completion of the EA. It is estimated that 110 acres will be purchased from private landowners north and east of the Runway End 23. Property acquisition and easement process will require appraisals, review appraisals, negotiations, purchase agreements, and avigation easements. Project cost estimate is \$4.3 million.

A security fence will be installed along north and west property boundaries. The fenced area will include new land acquisitions from the decoupling project. The fenced area will extend along the north property line to Huetter Road, continue south along Huetter Road following the property line, and then run east to tie in with existing security fence, located west of wastewater treatment plant. The project will include pedestrian gates and automated vehicle gates. Project cost estimate is \$1.4 million.



#### 4.2.4 2021

One project is planned for 2021: the decoupling of Runway Ends 19 and 23. Once the EA and land acquisition are complete, work will begin to prepare the site for the runway extensions. Runway Ends 19 and 23 will be extended to separate the two thresholds. Construction will require new connecting taxiways, relocating access roads, runway lighting, signs, and other navigation aids. Project cost estimate is \$6.7 million.

#### 4.2.5 2022

Two projects are planned for 2022: a mill and overlay of Runway 05-23, and an Airport Master Plan update. It is anticipated that Runway 05-23 will begin to develop transverse and alligator cracking by 2021. A mill and overlay project will prolong the life of Runway 05-23 without requiring full-depth construction and extended closure. The mill and overlay project will include new shouldering and pavement markings. Project cost estimate is \$4 million.

The FAA recommends that airports update their master plans every ten years. COE will be due for a master plan update in 2022. Project cost estimate is \$700,000.

### 4.3 Long-Term Projects

Long-term projects are expected to occur between 2023 and 2033. Long-term projects include passenger terminal building and apron construction, taxiway and apron rehabilitation and overlay property acquisition, and environmental assessment and construction projects related to the extension of Runway End 05. Even though funding sources are not identified, it is expected that these projects will continue to be eligible for, and compete well for, federal funding, state apportionment, and local match.

The CIP is included in **Table 5-5**.





Table 5-5: Capital Improvement Plan												
Year	Project	Estimated Cost	Funding Percentage					Funding Source				
			State Apportion.	FAA Entitlement	FAA Discretionary	Local Match	Unidentified	State Apportion.	FAA Entitlement	FAA Discretionary	Local Match	Unidentified
2012	Runway 01-19 Rehabilitation	\$2,300,000	32%	6%	56%	5%	0%	\$750,000	\$150,000	\$1,285,000	\$115,000	\$0
	Taxiway D South Rehabilitation	\$700,000	0%	0%	95%	5%	0%	\$0	\$0	\$665,000	\$35,000	\$0
2013	Seal Design Group III Area	\$1,000,000	74%	15%	1%	10%	0%	\$750,000	\$150,000	\$9,000	\$101,000	\$0
2014	Wildlife Assessment	\$50,000	0%	90%	0%	10%	0%	\$0	\$45,000	\$0	\$5,000	\$0
	Extend Taxiway F	\$2,600,000	29%	4%	57%	10%	0%	\$750,000	\$105,000	\$1,485,000	\$260,000	\$0
2015	Reconstruct GA Apron	\$1,200,000	63%	13%	25%	10%	0%	\$750,000	\$150,000	\$180,000	\$120,000	\$0
2016	Shift Taxiway A	\$3,900,000	19%	4%	67%	10%	0%	\$750,000	\$150,000	\$2,601,000	\$389,000	\$0
2017	Construct Taxiway P	\$2,500,000	30%	6%	54%	10%	0%	\$750,000	\$150,000	\$1,350,000	\$250,000	\$0
2018	Seal Design Group I and Design Group II Areas	\$500,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$500,000
	Taxiway D North Rehabilitation	\$1,100,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$1,100,000
2019	Environmental Assessment—Runway Ends 19 and 23 Decouple	\$400,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$400,000
2020	Land Acquisition for Runway Ends 19 and 23 Decouple	\$4,300,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$4,300,000
	Northside Security Fence	\$1,400,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$1,400,000
2021	Decouple Runway Ends 19 and 23	\$6,700,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$6,700,000
2022	Mill and Overlay Runway 5-23	\$4,000,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$4,000,000
	Master Plan Update	\$700,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$700,000
2023	Construct Passenger Terminal Apron	\$13,000,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$13,000,000
	Construct Passenger Terminal Building	\$7,100,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$7,100,000
2024	Construct Administrative and Equipment Building	\$4,400,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$4,400,000
	Demolish Existing Administrative Building	\$200,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$200,000
	Extend Taxiway D	\$300,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$300,000
2025	Mill and Overlay Taxiways D-0 – D-5	\$1,100,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$1,100,000
2026	Mill and Overlay Southside Apron	\$400,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$400,000
2027	Mill and Overlay Taxiway A	\$1,500,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$1,500,000
2028	Mill and Overlay Taxiway N and Taxiway N Apron	\$3,800,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$3,800,000
2029	Construct Infield Taxiways	\$6,600,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$6,600,000
2030	Taxilane Development to Southeast Hangars	\$4,000,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$4,000,000
2031	Environmental Assessment—Runway End 05 Extension	\$400,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$400,000
2032	Land Acquisition for Runway End 05 Extension	\$18,500,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$18,500,000
2033	Runway End 05 Extension	\$9,600,000	0%	0%	0%	0%	100%	\$0	\$0	\$0	\$0	\$9,600,000

Source: T-O Engineers



## 5. Summary

The CIP allocates funding sources for improvement projects and operating expenses through 2033. The CIP includes expectations and forecasts such as the availability of funding, and the level of aviation activity at COE. It is recommended that the Airport update the CIP annually to reflect changes in project need and funding availability.

COE has had success in attracting key aerospace tenants to the Airport, which have provided benefit to the Airport's revenues, and benefit to the local economy. **Chapter 4** identifies the Northside as a key area for continued commercial and industrial development, which may further increase rental and lease revenues, and provide direct, indirect, and induced economic benefits to the region.

Airport improvement projects enhance airfield safety, efficiency, and user convenience. Projects identified will provide airport users with new, improved, and rehabilitated facilities. The CIP is intended to be a flexible document, and it is expected that project priority will change. The CIP can be used as a tool, in conjunction with the Master Plan, to help acquire funding, and demonstrate improvement project feasibility.

