

# Financial Implementation Plan

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## Introduction

### Financial Objectives

**Objectives for conducting the Financial Implementation Analysis included presenting a feasibility evaluation of the capital program and providing practical guidelines for matching an appropriate amount and timing of financial sources with the planned use of funds. These objectives also included evaluating the impact of funding the development on the financial condition and overall financial management of the Airport. The analysis also addresses the Airport's capability to service a future debt issue which is assumed to fund a portion of the development program.**

The capital program is planned for implementation in three phases of development including a short term period from 2000 through 2005 (Phase I), an intermediate term period from 2006 through 2010 (Phase II) and a long range period from 2011 through 2015 (Phase III). The analysis includes development of a detailed financial plan for Phase I and a summarized plan for Phases II and III.

The Financial Implementation Analysis is documented, summarized and evaluated in the sections that follow.

### Overall Approach

The overall approach for conducting the Financial Implementation Analysis included the following steps:

- Reviewing Airport documents related to recent historical financial results, internal financial statements, operating budgets and other financial information relevant for the analysis
  - Interviewing key Airport personnel to gain an understanding of the planned capital improvement program, recent operating and financial environment, relationships with Airport tenants and overall financial management philosophy
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- Reviewing the recent history of aviation traffic in relation to the forecast previously developed in the Master Plan
- Reviewing the Master Plan capital improvement project cost estimates and development schedule anticipated for the planning period and projecting the overall financial requirements for the program
- Determining and analyzing the sources and timing of capital funds available to meet the financial requirements for operating the Airport and financing the capital program
- Determining the amount and timing of debt issue requirements for the program
- Analyzing recent historical operations and maintenance expenses, determining the projected impact of planned capital improvements on operating expenses, developing operations and maintenance expense assumptions, reviewing and revising assumptions with Airport management and projecting future operations and maintenance costs for the planning period
- Analyzing recent historical revenue sources, reviewing the Airport's rates and charges methodology, determining the projected impact of planned capital improvements on operating revenues, developing revenue growth assumptions, reviewing and revising assumptions with Airport management and projecting future revenues for the planning period
- Completing results of the analysis in a Financial Plan Summary that evaluates the financial feasibility of the Master Plan capital improvement program

### **Project Cost Estimates and Development Schedule**

The Project Cost Estimates and Development Schedule is derived from previous results of the Master Plan. The program for capital expansion and improvement projects is projected for the Phase I planning period from fiscal year 2000 through 2005, for the Phase II planning period from fiscal year 2006 through 2010 and for the Phase III planning period from fiscal year 2011 through 2015. For each of these planning periods, Table G1 presents the capital improvement program for projects previously identified in the facilities requirements analysis. The estimated timing and costs of projects are presented in this Table along with the amounts and timing of the projected funding sources. As shown in Table G1, the total estimated cost of projects is \$92,101,000 in year 2000 dollars. The estimated costs for projects scheduled in 2000 are based on the Master Plan estimates. The estimated costs for

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projects scheduled during the period 2001 through 2015 are adjusted by an assumed 3.0% rate of annual construction inflation. The resulting total escalated costs are \$108,347,853. Exhibit G1 below presents a summary of the Table and provides a comparison of 2000 base year costs with escalated costs adjusted for inflation for each of the planning periods.

**Exhibit G1**

**SUMMARY OF 2000 BASE YEAR AND TOTAL ESCALATED COSTS FOR THE CAPITAL IMPROVEMENT PROGRAM**

*King County International Airport Master Plan*

	2000 Base Year Costs	Total Escalated Costs
Phase I Projects (2000-2005)	\$ 63,358,000	\$ 68,793,386
Phase II Projects (2006-2010)	10,243,000	12,785,166
Phase III Projects (2011-2015)	18,500,000	26,769,301
<b>Total Project Costs</b>	<b><u>\$ 92,101,000</u></b>	<b><u>\$ 108,347,853</u></b>

Source: Leibowitz AMC Analysis

**KING COUNTY INTERNATIONAL AIRPORT**  
Master Plan

Financial Implementation Analysis

Project Cost Estimates and Development Schedule  
For the Capital Improvement Program

Table G1  
15-Aug-00

Funding Sources Cash Flow and Capital Improvement Program	Funding Schedule							Total	Phase I (2006-10)	Phase II (2011-15)	Total Funding
	Phase I										
	2000	2001	2002	2003	2004	2005	2006				
Funding Sources Cash Flow	\$650,000	\$1,000,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$4,250,000	\$3,250,000	\$3,250,000	\$10,750,000
AIP Entitlement Grants (Passengers)	350,000	350,000	350,000	350,000	350,000	350,000	350,000	2,100,000	1,750,000	1,750,000	5,600,000
AIP Entitlement Grants (Cargo)	485,000	3,373,700	2,859,911	442,768	6,103,072	0	13,384,471	13,384,471	5,000,000	3,464,867	21,829,358
AIP Discretionary Grants	0	0	4,774,050	4,917,272	5,064,790	5,216,733	19,972,844	337,010	0	0	20,309,865
AIP Noise Grants	0	772,500	795,675	0	0	0	1,588,175	0	0	0	1,588,175
FAA Facilities & Equip Funds	0	1,188,208	1,586,110	1,228,652	8,276,405	0	12,278,375	0	0	0	32,144,021
Other Funding Sources	0	2,472,000	0	0	0	0	2,472,000	0	0	0	2,472,000
Private Third Party Financing	0	5,600,000	0	0	0	0	5,600,000	0	0	0	5,600,000
Debt	0	0	0	0	0	0	0	0	0	0	0
Less Debt Service	0	0	0	(573,367)	(573,367)	(573,367)	(1,720,100)	(2,866,833)	(2,866,833)	(7,453,766)	(7,453,766)
Cash Flow from Net Revenues	612,478	851,525	334,428	418,344	509,716	609,059	3,135,549	3,605,921	4,457,952	11,199,421	11,199,421
Funds Available Current Year	2,097,478	14,218,725	11,052,270	7,790,147	13,353,863	14,528,831	63,022,314	12,688,330	28,360,420	104,019,064	104,019,064
Beginning Cash Reserves	6,048,440	0	0	0	0	0	6,048,440	0	0	0	6,048,440
Funds Carried Over from Prior Year	0	4,283,918	2,889,843	1,513,887	686,624	660,120	278,367	0	0	0	0
Funds Used Current Year	(3,883,000)	(15,614,800)	(12,407,226)	(8,667,611)	(13,310,267)	(14,910,583)	(68,733,366)	(12,785,168)	(28,768,301)	(108,347,853)	(108,347,853)
Funds Carried Over to Next Year	\$4,263,918	\$2,868,943	\$1,513,887	\$638,524	\$660,120	\$278,367	\$278,367	\$0	\$0	\$0	\$1,720,651

Capital Improvement Program	Development Schedule and Project Cost Estimates Escalated for Inflation							Total Escalated Costs
	Phase I							
	2000	2001	2002	2003	2004	2005	2006	
Base Year Costs (2000 \$)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
A.1 Storm Water Permit	465,000	465,000	465,000	465,000	465,000	465,000	465,000	465,000
A.2 Construct New Steam Plant Access Road & Building Relocatin	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000
A.3 West Side Redevelopment Design	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
A.4 Terminal Building Remodel Design	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
A.5 Preparation of Pavement Management Program w/Pavement Strength Analysis	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
A.6 Preparation of Utility Improvement Plans (water, sanitary sewer, electric, storm sewer)	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000	1,650,000
A.7 Runway 13L/31R Resurfacing, Signs, and REILS	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
A.8 Pavement Rehabilitation - Miscellaneous	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
A.9 Install/Upgrade Fuel/Oil Separators	26,780	26,780	26,780	26,780	26,780	26,780	26,780	26,780
A.10 Stormwater Monitoring Stations (4 stations/5 year program)	4,944,000	4,944,000	4,944,000	4,944,000	4,944,000	4,944,000	4,944,000	4,944,000
A.11 West Side Development - Phase I (2 hanger/office structures, ramp, auto parking, utilities, etc.)	1,220,550	1,220,550	1,220,550	1,220,550	1,220,550	1,220,550	1,220,550	1,220,550
A.12 Museum of Flight Expansion and Hangar Relocation	4,635,000	4,635,000	4,635,000	4,635,000	4,635,000	4,635,000	4,635,000	4,635,000
A.13 Construct Taxiway A3	0	0	0	0	0	0	0	0
A.14 Terminal Building Remodel (Phase I - Old Building)	799,000	799,000	799,000	799,000	799,000	799,000	799,000	799,000
A.15 Air Cargo Facility Improvements	772,500	772,500	772,500	772,500	772,500	772,500	772,500	772,500
A.16 Pavement Rehab	3,193,000	3,193,000	3,193,000	3,193,000	3,193,000	3,193,000	3,193,000	3,193,000
A.17 Transponder Landing System	0	0	0	0	0	0	0	0
A.18 Construct Runway Shift, Implement Declared Distances, Improved Blast Pads (both ends of runway), Buffer Wall Relocation of Taxiway A11 and Construct Taxiway A3 (Phase I)	0	0	0	0	0	0	0	0

Table G1  
15-Aug-00

**KING COUNTY INTERNATIONAL AIRPORT**  
Master Plan

Financial Implementation Analysis

Project Cost Estimates and Development Schedule  
For the Capital Improvement Program

Funding Sources Cash Flow and Capital Improvement Program	Funding Schedule						Total	Phase I (2000-03)	Phase II (2006-10)	Phase III (2011-15)	Total Funding
	2000	2001	2002	2003	2004	2005					
<b>Funding Sources Cash Flow</b>											
AIP Entitlement Grants (Passengers)	\$950,000	\$1,000,000	\$950,000	\$650,000	\$650,000	\$650,000	\$650,000	\$3,250,000	\$3,250,000	\$10,750,000	
AIP Entitlement Grants (Cargo)	350,000	350,000	350,000	350,000	350,000	350,000	350,000	1,750,000	1,750,000	5,600,000	
AIP Discretionary Grants	485,000	3,373,700	2,959,811	442,788	6,103,072	6,103,072	6,103,072	3,484,987	3,484,987	21,829,358	
AIP Noise Grants	0	0	4,774,050	4,917,272	5,064,780	5,216,733	19,972,844	337,010	0	20,309,855	
FAA Facilities & Equip Funds	0	772,500	785,675	0	0	0	1,558,175	0	0	1,558,175	
Other Funding Sources	0	0	1,188,208	1,685,110	1,228,652	8,276,406	12,279,375	1,560,232	18,304,414	32,144,021	
Private Third Party Financing	0	2,472,000	0	0	0	0	2,472,000	0	0	2,472,000	
Debt	0	5,600,000	0	0	0	0	5,600,000	0	0	5,600,000	
Less Debt Service	0	0	0	(573,367)	(673,367)	(673,367)	(1,720,100)	(2,896,833)	(2,896,833)	(7,453,766)	
Cash Flow from Net Revenues	612,478	851,525	334,428	418,344	509,718	608,058	3,135,849	3,805,921	4,457,852	11,199,421	
Funds Available Current Year	2,097,478	14,219,725	11,052,270	7,790,147	13,333,863	14,628,831	63,022,314	12,636,330	28,360,420	104,019,064	
Beginning Cash Reserves	6,049,440	0	0	0	0	0	6,049,440	0	0	6,049,440	
Funds Carried Over from Prior Year	0	4,263,918	2,869,843	1,513,887	636,524	890,120	0	278,367	128,532	0	
Funds Used Current Year	(3,893,000)	(15,614,800)	(12,407,226)	(8,667,511)	(13,310,267)	(14,610,583)	(68,793,369)	(12,765,166)	(26,799,301)	(108,947,855)	
Funds Carried Over to Next Year	\$4,263,918	\$2,869,843	\$1,513,887	\$636,524	\$890,120	\$778,367	\$778,367	\$179,532	\$1,720,651	\$1,720,651	
<b>Capital Improvement Program</b>											
	Base Year Costs (\$2000 \$)										
A.19 Terminal Building Remodel (Phase II - New Building)	1,120,000		1,188,208								1,188,208
A.20 Noise Remedy Program Implementation	5,000,000		5,304,500								5,304,500
A.21 Widen Taxiway B2	745,000		790,371								790,371
A.22 Construct Runway Shift, Implement Declared Distances, Improved Blast Pads (both ends of runway), Buffer Wall Relocation of Taxiway A11 & Construct Taxiway 58 (Phase II)	3,100,000		3,298,790								3,298,790
A.23 Transponder Landing System	750,000		795,975								795,975
A.24a Pavement Rehab	904,000		959,054								959,054
A.24b Helpad	76,000		80,628								80,628
A.25 Design & Construct Aircraft Deicing Station	610,000		557,281								557,281
A.26 Overlay Taxiway B	1,846,000		1,798,629								1,798,629
A.27 Noise Remedy Program Implementation	5,000,000		5,463,635								5,463,635
A.28 Pavement Rehab	776,000		847,956								847,956
A.29 Noise Remedy Program Implementation	5,000,000		5,627,544								5,627,544
A.30 Pavement Rehab	801,000		901,533								901,533
A.31 Runway 13R/31L Reconstruction	6,025,000		6,781,191								6,781,191
A.32 Construction of New Fuel Storage Facility	0		0								0
A.33 Removal of Fuel Storage Facility, Reclamation of Site and Buyout of Lease	1,000,000		1,159,274								1,159,274
A.34 Noise Remedy Program Implementation	5,000,000		5,796,370								5,796,370
A.35 West Side Development Phase II - Land Purchase and Apron	5,680,000		6,584,877								6,584,877
A.36 Design of New Maintenance Facility (including Snow Removal Equipment Building) & Demolition of Old Facility	379,000		439,365								439,365
A.37 Pavement Rehab	803,000		930,897								930,897
<b>Total Phase I Projects</b>	\$53,358,000	\$15,614,800	\$12,407,226	\$8,667,511	\$13,310,267	\$14,610,583	\$68,793,369	\$0	\$0	\$0	\$68,793,369

Table G1

15-Aug-00

**KING COUNTY INTERNATIONAL AIRPORT**  
Master Plan

Financial Implementation Analysis

Project Cost Estimates and Development Schedule  
For the Capital Improvement Program

Funding Sources Cash Flow and Capital Improvement Program	Funding Schedule							Total	Phase III (2011-15)	Total Funding
	Phase I			Phase II (2006-10)			Total			
	2000	2001	2002	2003	2004	2005				
Funding Sources Cash Flow										
AIP Entitlement Grants (Passengers)	\$650,000	\$1,000,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$3,250,000	\$3,250,000	\$10,750,000
AIP Entitlement Grants (Cargo)	350,000	350,000	350,000	350,000	350,000	350,000	350,000	1,750,000	1,750,000	5,600,000
AIP Discretionary Grants	485,000	3,373,700	2,868,911	442,788	6,103,072	0	13,384,471	5,000,000	3,464,887	21,829,358
AIP Noise Grants	0	0	4,774,050	4,917,272	5,064,790	5,216,733	19,872,644	337,010	0	20,306,855
FAA Facilities & Equip Funds	0	772,500	766,875	0	0	0	1,568,175	0	0	1,568,175
Other Funding Sources	0	0	1,186,208	1,585,110	1,229,652	8,276,403	12,279,375	1,560,232	18,304,414	32,144,021
Private Third Party Financing	0	0	0	0	0	0	0	0	0	0
Debt	0	2,472,000	0	0	0	0	2,472,000	0	0	2,472,000
Less Debt Service	0	5,600,000	0	0	0	0	5,600,000	0	0	5,600,000
Cash Flow from Net Revenues	612,478	651,525	334,426	418,344	593,716	609,059	3,135,549	3,005,921	4,457,952	11,199,421
Funds Available Current Year	2,097,478	14,216,725	11,032,270	7,790,147	13,333,863	14,529,831	63,022,314	12,638,330	28,360,420	104,019,084
Beginning Cash Reserves	6,049,440	0	0	0	0	0	6,049,440	0	0	6,049,440
Funds Carried Over from Prior Year	0	4,263,918	2,868,843	1,513,887	888,524	660,120	0	276,387	128,632	0
Funds Used Current Year	(3,883,000)	(15,614,900)	(12,407,226)	(9,697,511)	(13,810,593)	(88,763,398)	(12,785,186)	(26,769,301)	(106,347,853)	0
Funds Carried Over to Next Year	\$1,263,618	\$2,869,843	\$1,613,857	\$638,524	\$960,120	\$278,367	\$0	\$129,632	\$1,720,651	\$1,720,651
<b>Capital Improvement Program</b>										
Base Year Costs (\$2000 \$)	2000	2001	2002	2003	2004	2005	Total	Phase II (2006-10)	Phase III (2011-15)	Total Escalated Costs
	\$350,000	\$175,000	\$300,000	\$1,000,000	\$5,000,000	\$750,000	\$350,000	\$0	\$0	\$0
<b>Phase II Projects</b>										
B.1 Airport Master Plan Update	\$350,000	0	0	0	0	0	0	\$436,865	0	\$436,865
B.2 Construct Snow Removal Equipment Building	818,000	0	0	0	0	0	0	1,021,016	0	1,021,016
B.3 ARFF Truck	175,000	0	0	0	0	0	0	218,432	0	218,432
B.4 Passenger Terminal Building and Parking Improvements	0	0	0	0	0	0	0	0	0	0
B.5 Air Cargo Facility Improvements	0	0	0	0	0	0	0	0	0	0
B.6 Part 150 Noise Remedy Update	300,000	0	0	0	0	0	0	374,456	0	374,456
B.7 Runway/Taxiway Electrical System Improvements	1,000,000	0	0	0	0	0	0	1,246,186	0	1,246,186
B.8 Security Improvements (Part 107)	1,500,000	0	0	0	0	0	0	1,872,278	0	1,872,278
B.9 Pavement Rehab Projects (\$1 mil/yr x 5 years)	5,000,000	0	0	0	0	0	0	6,240,928	0	6,240,928
B.10 General Aviation Hangar Construction (Infla and Redivpmnt)	0	0	0	0	0	0	0	0	0	0
B.11 Utility Improvements (\$150,000/yr)	750,000	0	0	0	0	0	0	936,139	0	936,139
B.12 West Side Development Phase III	0	0	0	0	0	0	0	0	0	0
B.13 Purchase ARFF Truck (1500 Oshkosh)	350,000	0	0	0	0	0	0	436,865	0	436,865
B.14 New Control Tower	0	0	0	0	0	0	0	0	0	0
<b>Total Phase II Projects</b>	\$10,243,000	\$0	\$0	\$0	\$0	\$0	\$0	\$12,785,186	\$0	\$12,785,186

KING COUNTY INTERNATIONAL AIRPORT  
Master Plan

Financial Implementation Analysis

Project Cost Estimates and Development Schedule  
For the Capital Improvement Program

Table G1

15-Aug-00

Funding Sources Cash Flow and Capital Improvement Program	Funding Schedules							Total	Phase III (2011-15)	Total Funding					
	Phase I			Phase II (2006-10)											
	2000	2001	2002	2003	2004	2005	2006								
Funding Sources Cash Flow	\$650,000	\$1,000,000	\$650,000	\$650,000	\$650,000	\$650,000	\$650,000	\$4,250,000	\$3,250,000	\$10,750,000					
AIP Entitlement Grants (Passengers)	350,000	350,000	350,000	350,000	350,000	350,000	350,000	2,100,000	1,750,000	5,600,000					
AIP Entitlement Grants (Cargo)	485,000	3,373,700	2,859,911	442,788	6,103,072	6,103,072	6,103,072	13,364,471	5,000,000	21,828,358					
AIP Discretionary Grants	0	0	4,774,050	4,817,272	5,094,790	5,216,733	19,972,844	337,010	0	20,308,855					
AIP Noise Grants	0	772,500	786,675	0	0	0	0	1,568,175	0	1,568,175					
FAA Facilities & Equip Funds	0	0	1,186,208	1,585,110	1,228,652	8,276,405	12,278,375	1,560,232	18,304,414	32,144,021					
Other Funding Sources	0	2,472,000	0	0	0	0	0	2,472,000	0	2,472,000					
Private Third Party Financing	0	5,600,000	0	0	0	0	0	5,600,000	0	5,600,000					
Debt	0	0	0	0	0	0	0	0	0	0					
Less Debt Service	0	0	0	(573,367)	(573,367)	(573,367)	(573,367)	(1,720,100)	(2,866,833)	(7,483,766)					
Cash Flow from Net Revenues	612,478	651,626	334,426	416,344	509,718	609,059	3,135,549	3,605,921	4,457,952	11,188,421					
Funds Available Current Year	2,097,478	14,218,725	11,052,270	7,790,147	13,333,969	14,328,931	63,022,314	12,636,330	28,360,420	104,018,064					
Beginning Cash Reserves	6,049,440	0	0	0	0	0	6,049,440	0	0	6,049,440					
Funds Carried Over from Prior Year	0	4,265,918	2,898,843	1,513,887	636,524	680,120	276,367	129,632	0	0					
Funds Used Current Year	(3,883,000)	(15,614,800)	(12,407,226)	(9,667,511)	(13,310,287)	(14,810,583)	(68,793,386)	(12,785,166)	(26,789,301)	(109,347,853)					
Funds Carried Over to Next Year	\$4,263,918	\$2,898,843	\$1,513,887	\$636,524	\$680,120	\$276,367	\$129,632	\$0	\$0	\$1,720,651					
<b>Development Schedule and Project Cost Estimates Escalated for Inflation</b>															
Capital Improvement Program	Phase I							Total	Phase II (2006-10)	Phase III (2011-15)	Total Escalated Costs				
	Phase I			Phase II (2006-10)											
	2000	2001	2002	2003	2004	2005	2006								
Base Year Costs (2000 \$)	\$5,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,234,946	\$0	\$0	\$7,234,946
C.1 Pavement Rehab Projects (\$1 mil/yr)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.2 Passenger Terminal Building and Parking Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.3 Air Cargo Facility Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.4 General Aviation Hangar Construction (Infl and Redupmt)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.5 Utility Improvements	2,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.6 ARFF Facility Improvements	1,500,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.7 Landing Aid Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.8 Cargo Facility Improvements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C.9 Land Acquisition	10,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Phase III Projects	\$18,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$26,789,301	\$26,789,301	\$26,789,301
Total All Projects	\$92,101,000	\$3,863,000	\$15,614,600	\$12,407,226	\$9,667,511	\$13,310,287	\$14,910,583	\$68,793,386	\$12,785,166	\$26,789,301	\$109,347,853	\$109,347,853	\$0	\$0	\$109,347,853

## **Sources and Uses of Capital Funding**

Funding sources for the capital improvement program depend on many factors, including Airport Improvement Program (AIP) project eligibility, the ultimate type and use of facilities to be developed, debt capacity of the Airport, the availability of other financing sources and the priorities for scheduling project completion. For planning purposes, assumptions were made related to the funding source of each capital improvement.

### **Sources of Capital Funding**

**AIP Entitlement Grants.** The Airport Improvement Program, re-authorized in 2000, provides passenger and cargo entitlement grants for eligible Airport projects. Entitlement funding that airports receive is based on a formula using the airport's passenger enplanements and cargo weight which is reported two years prior to the current grant year with a minimum amount for primary commercial service airports of \$650,000 in 2000 and \$1,000,000 per year beginning in fiscal 2001, if at least \$3.2 billion is appropriated to AIP by Congress. The FAA evaluates airport grant requests using a published priority ranking system that is weighted toward safety, airfield pavement and airfield capacity projects although other non-airfield projects, such as terminal buildings and main access/entrance roads, are also eligible. Within the entitlement amount granted, up to 90% of eligible project costs are funded with the remaining 10% provided from other non-federal, local airport sources.

The FAA has indicated that the Airport should assume a \$650,000 passenger entitlement grant in 2000, \$1 million in 2001 and \$650,000 per year thereafter. This is a conservative assumption since it currently appears that Congress intends to fund AIP at the \$3.2 billion level for the foreseeable future. The FAA also indicated that the Airport should assume a cargo entitlement of \$350,000 per year throughout the planning period. Entitlement funds were primarily used to fund high priority airfield projects in the Master Plan capital program.

**AIP Discretionary Grants.** The FAA also provides discretionary grants (on a 90%/10% basis), over and above entitlement funding, to airports for projects that have a high federal priority for enhancing safety, security and capacity of the airport and would be difficult to fund otherwise. The amounts of individual grants vary, can be significant in comparison to entitlements and are awarded at the FAA's total discretion. Discretionary grant applications are evaluated based on need, the FAA's project priority ranking system and the FAA's assessment of a project's significance within the national airport and airway system.

The FAA has indicated the runway shift project is likely to be supported with



discretionary grants due to the high priority of these projects. In addition, the FAA indicated that the Airport could expect to receive approximately \$1 million per year in discretionary funding throughout the planning period. However, it should be noted that these funds are not guaranteed and if they are not provided, these projects will most likely be delayed due to a lack of available funding from other sources. The financial plan assumes that these discretionary funds will be provided and used for various airfield projects.

**AIP Noise Grants.** Within AIP, the FAA also provides grants for noise planning and mitigation projects on a 90% funding /10% local match basis. The Master Plan capital program includes several such projects. It was assumed that the Airport would receive AIP noise grants for full implementation of its noise remedy program.

**FAA Facilities & Equipment Funds.** Within the FAA's budget appropriation, funding is available in the Facilities and Equipment (F&E) Fund to purchase navigational aids and air safety-related technical equipment for use at commercial service airports in the national airport system. F&E funds are provided on a discretionary basis by the FAA. This source of funding was assumed for the transponder landing system, control tower and other landing aid improvements.

**Private Third Party Financing.** Many airports use private third party financing when the planned improvements will be primarily used by a private business or other organization. Such projects are not ordinarily eligible for federal funding. Projects of this kind typically include hangars, FBO facilities, fuel storage, air cargo facilities, exclusive aircraft parking aprons, industrial development areas, non-aviation commercial areas and various other projects. In recent years, the private sector has become more involved in airport development. There are varying degrees of private sector involvement potential. Some Wall Street experts argue that new private capital will come from a large, and previously untapped (at least for infrastructure), pool of equity investors who are interested in somewhat higher-risk projects than the buyers of municipal bonds. This source of funding was assumed for part of the west side development, flight museum expansion, air cargo facility improvements, the new fuel storage facility, general aviation hangars and the passenger terminal and parking improvements.

**Debt Financing.** Debt financing is required for the capital program during the short term planning period (2000-2005). General obligation bonds that are backed by airport revenue might be utilized, but the amounts will be limited. Since other types of revenue bonds issued by the Airport would be serviced through net revenues, the issue amount will also be limited. Based on projected net revenues, it was assumed that approximately \$6.8 million in debt could be issued. With debt issue costs, capitalized interest and reserve requirements, an issue of this size would result in \$5.6

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million available for the capital program. It was assumed that debt funding would be used for a portion of the phase 1 west side development and for part of the terminal building remodel.

**Cash Reserves/Airport Net Revenues.** At the beginning of fiscal 2000, the Airport accumulated approximately \$6 million in cash reserves that will be needed for capital expenditures. Additionally, with the existing rate structure, net revenues are projected to range between \$300,000 and \$900,000 during the planning period. These funds were assumed to be used for the 10% local match requirements as well as for the storm water permit, new steam plant road and building relocation, fuel/oil separators, west side development design, terminal building remodel design and construction and other projects.

**Other Funding Sources.** After consideration of the all the traditional funding sources available to the Airport, including its cash reserves, net revenues and debt capacity, significant funding shortfalls still remain. About \$12.3 million is needed in Phase I, \$1.6 million in Phase II and \$18.3 million in Phase III. This "funding source" provides an estimate of the funding shortfall and indicates that additional financial support will be necessary from non-traditional sources for those projects that were assumed to be financed with "other funding sources". These projects included phase 2 of the terminal building remodel, a portion of the pavement rehab projects, phase 2 of the west side development, utility improvements, land acquisition and several other projects. If additional funding cannot be obtained for these projects, they may have to be delayed until funding can be obtained.

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## Uses of Capital Funding

Table G2 lists each of the Master Plan projects, their estimated costs (escalated annually for inflation) and the assumed funding sources and amounts. It was assumed that airfield projects would be funded with AIP entitlement and discretionary grants to the extent funding was available (up to 90%) with the 10% local match provided by Airport cash reserves/net revenues. Airfield projects that could not be funded with AIP grants were funded with Airport cash reserves or other funding sources. Noise mitigation projects were funded with AIP noise grants (up to 90%) and cash reserves for the 10% local match. Phase 1 of the West Side Development was funded 50% with private third party financing and 50% with debt. Navigation aides were assumed to be funded with FAA facilities and equipment funds. Phase 1 of the terminal building remodel was funded with debt and cash reserves. Due to a significant shortfall in funding availability for several projects from traditional sources, "other funding sources" was identified as the funding mechanism.

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**KING COUNTY INTERNATIONAL AIRPORT  
Master Plan**

**Financial Implementation Analysis**

**Capital Funding Sources**

Table G2

15-Aug-00

Capital Improvement Projects	Total Escalated Costs	AIP Entitlement (Pass)	AIP Entitlement (Cargo)	AIP Discretionary Funding	AIP Noise Funding	Total AIP Funding	FAA FAE Funds	Private Third Party Financing	Debt Financing	Other Funding Sources	Cash Reserves/Airport Net Revenue	Total Funding
<b>Phase I Projects (2005-2008)</b>												
A.1 Storm Water Permit	\$200,000					\$0					200,000	\$200,000
A.2 Construct New Steam Plant Access Road & Building Relocate	485,000					0					485,000	485,000
A.3 West Side Redevelopment Design	180,000					0					180,000	180,000
A.4 Terminal Building Remedial Design	500,000					0					500,000	500,000
A.5 Preparation of Pavement Management Program w/Pavement Strength Analysis	60,000					0					60,000	60,000
A.6 Preparation of Utility Improvement Plans (water, sanitary sewer, electric, storm sewer)	200,000					0					200,000	200,000
A.7 Runway 13L/31R Resurfacing, Signs, and REILS	1,650,000	850,000	350,000	485,000		1,485,000					165,000	1,650,000
A.8 Pavement Rehabilitation - Miscellaneous	88,000					0					88,000	88,000
A.9 Install/Upgrade Fuel/Oil Separators	500,000					0					500,000	500,000
A.10 Stormwater Monitoring Stations (4 stations/5 year program)	28,780					0					28,780	28,780
A.11 West Side Development - Phase I (2 hangar/office structures, ramp, auto parking, utilities, etc.)	4,844,000					0		2,472,000	2,472,000			4,844,000
A.12 Museum of Flight Expansion and Hangar Relocation	0					0		XXX				0
A.13 Construct Taxiway A3	1,220,550	598,495		600,000		1,088,495			3,128,000		122,055	1,220,550
A.14 Terminal Building Remodel (Phase I - Old Building)	4,635,000					0					1,507,000	4,635,000
A.15 Air Cargo Facility Improvements	0					0					0	0
A.16 Pavement Rehab	822,870	390,673	350,000			740,673					82,287	822,870
A.17 Transponder Landing System	772,500					0	772,500					772,500
A.18 Construct Runway Shift, Implement Declared Distances, Improved Blast Pads (both ends of runway), Buffer Wall Relocation of Taxiway A11 and Construct Taxiway A3 (Phase I)	3,193,000			2,873,700		2,873,700					319,300	3,193,000
A.19 Terminal Building Remodel (Phase II - New Building)	1,188,208					0				1,188,208		1,188,208
A.20 Noise Remedy Program Implementation	5,304,500					4,774,050					530,450	5,304,500
A.21 Widened Taxiway B2	780,371	381,333	350,000			711,333					79,037	780,371
A.22 Construct Runway Shift, Implement Declared Distances, Relocation of Taxiway A11 & Construct Taxiway B8 (Phase II)	3,288,780			2,959,911		2,959,911					328,870	3,288,780
A.23 Improved Blast Pads (both ends of runway), Buffer Wall	795,675					863,148					85,905	795,675
A.24 Transponder Landing System	959,054	863,148				863,148					8,063	959,054
A.24 Pavement Rehab	80,828	72,566				72,566						80,828
A.24 Helpad							795,675					795,675
A.25 Design & Construct Aircraft Deicing Station	557,291					0				557,291		557,291
A.26 Overlay Taxiway B	1,798,829	825,977	350,000	442,788		1,618,768				179,863		1,798,829
A.27 Noise Remedy Program Implementation	5,463,635					4,917,272					546,364	5,463,635
A.28 Pavement Rehab	847,956					0				847,956		847,956
A.29 Noise Remedy Program Implementation	5,827,544					5,064,790					562,754	5,827,544
A.30 Pavement Rehab	901,533					350,000				551,533		901,533
A.31 Runway 13R/31L Reconstruction	6,781,191			6,103,072		6,103,072				678,119		6,781,191
A.32 Construction of New Fuel Storage Facility	0					0						0
A.33 Removal of Fuel Storage Facility, Reclamation of Site and Buyout of Lease	1,159,274					0				1,159,274		1,159,274
A.34 Noise Remedy Program Implementation	5,796,370					5,216,733					579,637	5,796,370
A.35 West Side Development Phase II - Land Purchase and Apron	6,584,677					0				6,584,677		6,584,677
A.36 Design of New Maintenance Facility (Including Snow Removal Equipment Building) & Demolition of Old Facility	439,385					0				439,385		439,385
A.37 Pavement Rehab	930,897	487,807	350,000			837,807				85,090		930,897
<b>Total Phase I Projects</b>	<b>\$88,793,386</b>	<b>\$4,250,000</b>	<b>\$2,100,000</b>	<b>\$13,984,471</b>	<b>\$19,872,844</b>	<b>\$38,687,315</b>	<b>\$1,598,175</b>	<b>\$2,472,000</b>	<b>\$5,600,000</b>	<b>\$12,279,375</b>	<b>\$7,186,521</b>	<b>\$88,793,386</b>

KING COUNTY INTERNATIONAL AIRPORT  
Master Plan

Financial Implementation Analysis  
Capital Funding Sources

Table G2  
15-AUG-00

	Total Escalated Costs	AIP Entitlement (Pax)	AIP Entitlement (Cargo)	AIP Discretionary Funding	AIP Noise Funding	Total AIP Funding	FAA F&E Funds	Private Third Party Financing	Debt Financing	Other Funding Sources	Cash Reserves/Airport Net Revenue	Total Funding
<b>Capital Improvement Projects</b>												
<b>Phase I Projects (2006-2010)</b>												
B.1 Airport Master Plan Update	\$436,865	\$393,178		788,390		\$393,178					\$436,865	\$436,865
B.2 Construct Snow Removal Equipment Building	1,021,018					788,390					232,628	1,021,018
B.3 ARFF Truck	218,432					0		XXX			218,432	218,432
B.4 Passenger Terminal Building and Parking Improvements	0					0		XXX			0	0
B.5 Air Cargo Facility Improvements	0					0		XXX			0	0
B.6 Part 156 Noise Remedy Update	374,456				337,010	337,010					37,446	374,456
B.7 Runway/Taxiway Electrical System Improvements	1,248,188			1,123,367		1,123,367					124,819	1,248,188
B.8 Security Improvements (Part 107)	1,872,278			1,685,051		1,685,051					187,228	1,872,278
B.9 Pavement Rehab Projects (\$1 mill/yr x 5 years)	6,240,928	2,483,843	1,750,000	1,403,182		5,616,835		XXX		824,093		6,240,928
B.10 General Aviation Hangar Construction (Infill and RedVpmt)	0					0						0
B.11 Utility Improvements (\$150,000/yr)	936,138					0				936,139		936,138
B.12 West Side Development Phase III	436,865	393,178				0		XXX				436,865
B.13 Purchase ARFF Truck (1500 Oshkosh)	0					0						0
B.14 New Control Tower	0					0	XXX					0
<b>Total Phase I Projects</b>	<b>\$12,785,168</b>	<b>\$3,250,000</b>	<b>\$1,750,000</b>	<b>\$5,000,000</b>	<b>\$337,010</b>	<b>\$10,337,010</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,560,232</b>	<b>\$887,923</b>	<b>\$12,785,168</b>
<b>Phase II Projects (2011-2016)</b>												
C.1 Pavement Rehab Projects (\$1 mill/yr)	\$7,234,846	\$3,250,000	\$1,750,000	\$1,511,452		\$6,611,452		XXX		\$723,495		\$7,234,846
C.2 Passenger Terminal Building and Parking Improvements	0					0		XXX				0
C.3 Air Cargo Facility Improvements	0					0		XXX				0
C.4 General Aviation Hangar Construction (Infill and RedVpmt)	2,893,979			1,953,436		1,953,436				2,893,979		2,893,979
C.5 Utility Improvements	2,170,484					0				217,048		2,170,484
C.6 ARFF Facility Improvements	0					0						0
C.7 Landing Aid Improvements	0					0	XXX					0
C.8 Cargo Facility Improvements	0					0						0
C.9 Land Acquisition	14,469,893					0		XXX		14,469,893		14,469,893
<b>Total Phase II Projects</b>	<b>\$26,769,301</b>	<b>\$3,250,000</b>	<b>\$1,750,000</b>	<b>\$3,464,887</b>	<b>\$0</b>	<b>\$9,464,887</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,304,414</b>	<b>\$0</b>	<b>\$26,769,301</b>
<b>Total All Projects</b>	<b>\$108,347,853</b>	<b>\$10,750,000</b>	<b>\$5,600,000</b>	<b>\$21,828,358</b>	<b>\$20,308,855</b>	<b>\$58,488,213</b>	<b>\$1,568,176</b>	<b>\$2,472,000</b>	<b>\$5,800,000</b>	<b>\$32,144,021</b>	<b>\$8,074,445</b>	<b>\$108,347,853</b>

The funding projection assumes that revenue bonds totaling about \$6.8 million would need to be issued in 2001 to provide \$5.6 million in debt funding requirements for projects during the short term planning period. The amount and timing of the debt issue was established to partially match the funding requirements for the assumed project development schedule and was limited by the Airport's capability to service the resulting debt amount. The actual amount and timing of the projected debt issue will vary from the assumptions to reflect future financial market conditions, to minimize total debt issuance costs and interest expenses and to reflect other practical considerations for issuing debt. The bond sizing calculation and debt service schedule for the assumed debt issue is presented in Table G3. The following assumptions were applied for the new debt issue:

- Interest rate - 7.5%
- Level debt service payments
- Investment earnings rate on capitalized interest, construction fund and debt service reserve fund balances - 6.0%
- Term - 25 years
- Debt issuance costs - 2.0% of the funding requirement
- Project construction/capitalized interest period - 18 months
- Debt Service Reserve Fund requirements - maximum annual debt service for the outstanding bonds

**KING COUNTY INTERNATIONAL AIRPORT  
Master Plan**

BFIMP.123

Table G3

**Financial Implementation Analysis**

**Bond Sizing Calculation and Debt Service Schedule**

15-Aug-00

**Bond Sizing Calculation**

Interest Rate:	7.50%
Investment Earnings Rate on Fund Balances:	6.00%
Amortization Period:	25 Years
Debt Issue Date:	01-Jan-01
Average In Service Date:	01-Jul-02
Construction Period:	1.50 Years
First Debt Service Payment Date:	01-Jan-03
 Construction Funding Requirement	 \$5,600,000
Less Interest Earnings on the Average Balance of Construction Fund During Construction Period	 (251,310)
Capitalized Debt Issue Costs (2.0% of Funding Requirement)	112,000
Capitalized Interest Requirement During the Construction Period	762,819
Less Interest Earnings on the Average Balance of Capitalized Interest During the Construction Period	 (34,233)
Debt Service Reserve Fund (DSR) Requirements (Maximum Annual Debt Service)	 609,964
 Total Debt Funding Requirement	 <u>\$6,799,241</u>

**Debt Service Schedule**

Pmnt Nmbr	Fiscal Year	Beginning Principal Balance	Annual Debt Service Payment	Less Interest Earnings On DSR	Net Debt Service	Interest Expense	Principal Payment	Ending Principal Balance
-	2001	\$6,799,241	\$0	0	\$0	0	0	\$6,799,241
1	2002	6,799,241	0	0	0	0	0	6,799,241
2	2003	6,799,241	609,964	(36,598)	573,367	509,943	100,021	6,699,220
3	2004	6,699,220	609,964	(36,598)	573,367	502,441	107,523	6,591,697
4	2005	6,591,697	609,964	(36,598)	573,367	494,377	115,587	6,476,109
5	2006	6,476,109	609,964	(36,598)	573,367	485,708	124,256	6,351,853
6	2007	6,351,853	609,964	(36,598)	573,367	476,389	133,575	6,218,278
7	2008	6,218,278	609,964	(36,598)	573,367	466,371	143,594	6,074,684
8	2009	6,074,684	609,964	(36,598)	573,367	455,601	154,363	5,920,321
9	2010	5,920,321	609,964	(36,598)	573,367	444,024	165,940	5,754,380
10	2011	5,754,380	609,964	(36,598)	573,367	431,579	178,386	5,575,994
11	2012	5,575,994	609,964	(36,598)	573,367	418,200	191,765	5,384,230
12	2013	5,384,230	609,964	(36,598)	573,367	403,817	206,147	5,178,082
13	2014	5,178,082	609,964	(36,598)	573,367	388,356	221,608	4,956,474
14	2015	4,956,474	609,964	(36,598)	573,367	371,736	238,229	4,718,245
15	2016	4,718,245	609,964	(36,598)	573,367	353,868	256,096	4,462,149
16	2017	4,462,149	609,964	(36,598)	573,367	334,681	275,303	4,186,846
17	2018	4,186,846	609,964	(36,598)	573,367	314,013	295,951	3,890,895
18	2019	3,890,895	609,964	(36,598)	573,367	291,817	318,147	3,572,747
19	2020	3,572,747	609,964	(36,598)	573,367	267,956	342,008	3,230,739
20	2021	3,230,739	609,964	(36,598)	573,367	242,305	367,659	2,863,080
21	2022	2,863,080	609,964	(36,598)	573,367	214,731	395,234	2,467,846
22	2023	2,467,846	609,964	(36,598)	573,367	185,088	424,876	2,042,970
23	2024	2,042,970	609,964	(36,598)	573,367	153,223	456,742	1,586,228
24	2025	1,586,228	609,964	(36,598)	573,367	118,967	490,997	1,095,231
25	2026	1,095,231	609,964	(36,598)	573,367	82,142	527,822	567,409
26	2027	567,409	609,964	(36,598)	573,367	42,556	567,409	(0)

A summary of the sources of capital funding by type and uses of capital funding by Master Plan Phase is presented in Exhibit G2 below:

Exhibit G2

**SUMMARY OF SOURCES AND USES OF CAPITAL FUNDING FOR THE  
CAPITAL IMPROVEMENT PROGRAM**

*King County International Airport Master Plan*

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Sources of Capital Funding:

AIP Passenger Entitlement Grants	\$ 10,750,000
AIP Cargo Entitlement Grants	5,600,000
AIP Discretionary Grants	21,829,358
AIP Noise Grants	20,309,855
FAA Facilities & Equipment Funds	1,568,175
Private Third Party Financing	2,472,000
Debt Financing	5,600,000
Other Funding Sources	32,144,021
Cash Reserves/Airport Net Revenue	8,074,445
Total Sources of Capital Funding	<u>\$ 108,347,853</u>

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Uses of Capital Funding:

Phase I Projects	\$ 68,793,386
Phase II Projects	12,785,166
Phase III Projects	26,769,301
Total Uses of Capital Funding	<u>\$ 108,347,853</u>

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Source: Leibowitz AMC analysis

**Projected Operations and Maintenance Expenses**

Operations and Maintenance Expense projections for the Phase I (2000-2005), Phase II (2006-2010) and Phase III (2011-2015) planning periods are based on a review of historical trends, the anticipated impacts of inflation, aviation traffic increases, facility improvements, the recent experience of other similar airports and the specific assumptions listed below.

Table G4 provides a review of historical and projected Operations and Maintenance Expenses for the period 1998 through 2015. Expenses are summarized into accounting sections that include Administration, Maintenance, International Trade,

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Aviation Education and Engineering. Each section is further divided into accounts for salaries & wages, personal benefits, supplies, services and other charges, intra-governmental services, current expense services, capital outlay, contingencies and contra-expenditures. Table G4 presents actual expenses for 1998 and 1999, estimated expenses for 2000, budgeted expenses for 2001 and projected expenses for the period 2002 through 2015. An annual operations growth rate of 2.0% was assumed for all expenses beginning in 2002.

As shown in the Table, Operations and Maintenance Expenses are expected to grow from \$9,131,076 estimated for 2000 to \$12,008,574 projected for 2005 with a total of \$66,420,995 for the Phase I planning period. During the five year Phase II planning period, expenses are projected to total \$63,742,962. During the five year Phase III planning period, expenses are projected to total \$70,377,381.

Table G4  
15-Aug-00

**KING COUNTY INTERNATIONAL AIRPORT  
Master Plan**

**Financial Implementation Analysis  
Historical and Projected Operations & Maintenance Expenses**

BF:IMP-123

Operations & Maintenance Expenses	Historical		Phase I					Total	Phase II 2006-10	Phase III 2011-15
	Actual 1998	Actual 1999	Estimated 2000	Budgeted 2001	2002	2003	2004			
<b>Administration Section:</b>										
Salaries & Wages	\$759,976	\$791,053	\$746,931	\$827,901	\$848,458	\$965,388	\$984,696	\$1,004,390	\$5,576,765	\$5,331,423
Personal Benefits	183,880	247,235	234,554	285,964	291,683	287,517	303,467	309,537	1,722,722	1,643,058
Supplies	43,432	85,291	50,770	52,115	53,157	54,220	55,305	56,411	321,978	289,488
Services & Other Charges	248,377	388,277	514,475	716,686	731,030	745,651	760,584	775,775	4,244,190	4,117,908
Intra-governmental Service	54,206	70,578	72,843	60,361	61,968	62,800	64,056	65,337	388,764	346,815
Current Expense Services	677,764	717,157	941,884	1,029,889	1,050,487	1,071,497	1,092,926	1,114,785	6,301,468	5,917,413
Capital Outlay	37,832	127,489	46,010	140,352	143,159	148,022	148,943	151,922	776,407	808,418
Contingencies	207,286	1,644,881	1,530,166	2,626,791	2,676,307	2,731,873	2,786,510	2,842,241	15,194,888	15,086,957
Contra Expenditures	0	0	0	(444,046)	0	0	0	0	(444,046)	0
<b>Total Administration Section</b>	<b>2,212,743</b>	<b>4,071,759</b>	<b>4,137,433</b>	<b>5,395,023</b>	<b>5,955,860</b>	<b>6,074,967</b>	<b>6,196,467</b>	<b>6,320,396</b>	<b>34,080,137</b>	<b>33,549,427</b>
Annual Growth		84.0%	1.6%	30.4%	10.4%	2.0%	2.0%	2.0%	8.8%	2.0%
<b>Maintenance Section:</b>										
Salaries & Wages	804,888	1,074,024	1,574,667	1,258,478	1,283,848	1,309,321	1,335,507	1,362,217	8,123,837	7,230,813
Personal Benefits	266,521	304,198	394,845	388,416	406,384	414,512	422,802	431,258	2,468,218	2,289,171
Supplies	285,767	287,563	360,300	364,214	371,498	378,928	386,507	394,237	2,255,684	2,092,657
Services & Other Charges	802,609	1,345,578	1,911,607	2,041,527	2,082,358	2,124,005	2,166,485	2,209,814	12,536,795	11,729,963
Current Expense Services	17,799	13,120	29,500	28,044	29,625	30,217	30,822	31,438	180,646	166,878
Capital Outlay	78,467	76,486	195,050	224,423	234,011	238,692	243,466	248,335	1,388,977	1,316,191
<b>Total Maintenance Section</b>	<b>2,346,171</b>	<b>3,110,909</b>	<b>4,465,969</b>	<b>4,321,102</b>	<b>4,407,524</b>	<b>4,495,675</b>	<b>4,585,588</b>	<b>4,677,300</b>	<b>26,953,157</b>	<b>24,827,673</b>
Annual Growth		32.6%	43.6%	-3.2%	2.0%	2.0%	2.0%	2.0%	0.9%	2.0%
<b>International Trade Section:</b>										
Salaries & Wages	0	116,742	58,490	120,881	123,309	125,775	128,290	130,856	687,612	694,601
Supplies	6,471	3,284	0	0	0	0	0	0	0	0
Services & Other Charges	36,894	13,403	36,916	49,740	50,735	51,749	52,794	53,840	295,765	285,780
Other Expenses	0	19,937	28,600	17,925	18,285	18,650	19,023	19,404	121,888	102,987
<b>Total International Trade Section</b>	<b>43,365</b>	<b>153,376</b>	<b>124,006</b>	<b>189,557</b>	<b>192,328</b>	<b>196,175</b>	<b>200,098</b>	<b>204,100</b>	<b>1,105,264</b>	<b>1,083,368</b>
Annual Growth		253.7%	-19.1%	52.1%	2.0%	2.0%	2.0%	2.0%	10.5%	2.0%
<b>Aviation Education Section:</b>										
Salaries & Wages	5,727	114,607	122,106	184,039	187,720	191,474	195,304	199,210	1,079,852	1,057,428
Supplies	(2,880)	7,932	0	0	0	0	0	0	0	0
Services & Other Charges	624	26,167	186,682	175,200	176,664	180,197	183,801	187,477	1,069,902	985,152
Other Expenses	17	25,757	113,000	116,973	119,312	121,899	124,193	126,615	721,732	672,090
<b>Total Aviation Education Section</b>	<b>3,468</b>	<b>174,463</b>	<b>403,668</b>	<b>474,212</b>	<b>483,696</b>	<b>493,370</b>	<b>503,238</b>	<b>513,302</b>	<b>2,871,486</b>	<b>2,724,671</b>
Annual Growth		4901.6%	131.4%	17.5%	2.0%	2.0%	2.0%	2.0%	4.9%	2.0%
<b>Engineering Section:</b>										
Salaries & Wages	0	0	0	197,238	201,183	205,206	209,311	213,497	1,026,434	1,133,267
Supplies	0	0	0	0	0	0	0	0	0	0
Services & Other Charges	0	0	0	69,140	70,523	71,933	73,372	74,839	359,807	387,256
Capital Outlay	0	0	0	4,748	4,843	4,940	5,039	5,139	24,709	27,280
<b>Total Engineering Section</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>271,126</b>	<b>276,549</b>	<b>282,079</b>	<b>287,721</b>	<b>293,476</b>	<b>1,410,951</b>	<b>1,557,803</b>
Annual Growth				2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
<b>Total O&amp;M Expenses</b>	<b>\$4,605,767</b>	<b>\$7,510,507</b>	<b>\$9,131,076</b>	<b>\$10,650,020</b>	<b>\$11,315,947</b>	<b>\$11,542,266</b>	<b>\$11,773,112</b>	<b>\$12,008,574</b>	<b>\$66,420,895</b>	<b>\$63,742,982</b>
Annual Growth		63.1%	21.6%	16.6%	6.3%	2.0%	2.0%	2.0%	5.6%	2.0%

## **Projected Revenues**

Revenue projections for the Phase I (2000-2005), Phase II (2006-2010) and Phase III (2011-2015) planning periods are based on a review of historical trends, the anticipated impacts of inflation, aviation traffic increases, the recent experience of other similar airports and the specific assumptions listed below.

Table G5 provides a review of historical and projected revenues for the period 1998 through 2015. Revenues are summarized into operating and non-operating categories. Individual revenue sources are listed within each category. The Table presents actual revenues for 1998 and 1999, estimated revenues for 2000, budgeted revenues for 2001 and projected revenues for the period 2002 through 2015. An annual operations growth rate of 2.0% was assumed for all revenues beginning in 2002. In addition, those revenues which were directly affected by aviation traffic growth also included a traffic growth rate. Landing fees, fuel flowage fees and aircraft transient parking fees were assumed to grow at the same annual rate as the Master Plan aircraft operations forecast in addition to inflation. Aircraft parking fees were assumed to grow at the same annual rate as the Master Plan based aircraft forecast in addition to inflation.

As shown in Table G5, revenues are expected to grow from \$9,743,554 estimated for 2000 to \$12,617,633 projected for 2005 with a total of \$69,556,544 for the Phase I planning period. During the five year Phase II planning period, revenues are projected to total \$67,348,884. During the five year Phase III planning period, revenues are projected to total \$74,835,333.

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**KING COUNTY INTERNATIONAL AIRPORT  
Master Plan**

Table G5

15-Aug-00

**Financial Implementation Analysis**

**Historical and Projected Revenues**

Revenues	Historical		Phase I					Total	Phase II 2006-10	Phase III 2011-15
	Actual 1998	Actual 1999	Estimated 2000	Budgeted		Projected				
				2001	2002	2003	2004			
<b>Operating Revenues:</b>										
Airport Service Fees	\$1,219,835	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Landing Fees	60,076	301,678	320,000	323,200	343,871	365,865	389,265	414,162	2,156,364	2,659,031
Fuel Flowage Fees	158,542	1,033,415	1,176,000	1,533,415	1,631,490	1,735,839	1,846,861	1,964,984	9,888,588	12,615,709
Ground Handling Fees	0	222	0	0	0	0	0	0	0	0
Short Term Space Rent	37,962	0	0	0	0	0	0	0	0	0
Long Term Space Rent	6,891,590	5,530,127	6,394,219	7,711,896	7,886,134	8,023,457	8,183,926	8,347,604	44,310,093	48,921,823
Utilities Reimbursement	184,196	156,256	218,000	157,000	160,140	163,343	166,610	169,942	1,035,034	995,960
Aircraft Parking	80,394	416,982	491,975	576,443	591,068	606,064	621,441	637,207	3,524,198	3,902,785
Aircraft Transient Parking	8,190	40,267	47,000	47,470	50,506	53,736	57,173	60,830	316,716	336,519
Concession Fees	55,449	28,057	0	0	30,800	30,800	31,212	31,836	123,648	168,991
Other Rents and Charges	32,228	21,415	0	0	21,000	21,420	21,848	22,285	86,554	118,293
Interfund Rent	221,246	378,516	271,635	196,121	200,043	204,044	208,125	212,288	1,292,257	1,244,132
Other Miscellaneous Revenues	20,578	46,766	5,000	6,000	6,120	6,242	6,367	6,495	36,224	34,474
<b>Total Operating Revenues</b>	<b>8,970,284</b>	<b>7,953,681</b>	<b>8,923,829</b>	<b>10,551,545</b>	<b>10,900,373</b>	<b>11,210,610</b>	<b>11,532,828</b>	<b>11,867,633</b>	<b>64,986,819</b>	<b>63,598,884</b>
Annual Growth	-	-11.3%	12.2%	18.2%	3.3%	2.8%	2.9%	2.9%	5.9%	2.3%
<b>Non-Operating Revenues:</b>										
Current Expense Transfer	137,500	73,686	70,725	0	0	0	0	0	70,725	0
Other Income	0	47,927	100,000	100,000	100,000	100,000	100,000	100,000	600,000	500,000
Interest Income	894,299	836,741	649,000	650,000	650,000	650,000	650,000	650,000	3,899,000	3,250,000
<b>Total Non-Operating Revenues</b>	<b>1,031,799</b>	<b>958,354</b>	<b>819,725</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>750,000</b>	<b>4,569,725</b>	<b>3,750,000</b>
Annual Growth	-	-7.1%	-14.5%	0.0%	0.0%	0.0%	0.0%	0.0%	-1.8%	0.0%
<b>Total Revenues</b>	<b>\$10,002,083</b>	<b>\$8,912,035</b>	<b>\$9,743,554</b>	<b>\$11,301,545</b>	<b>\$11,650,373</b>	<b>\$11,960,610</b>	<b>\$12,282,828</b>	<b>\$12,617,633</b>	<b>\$69,556,544</b>	<b>\$67,348,884</b>
Annual Growth	-	-10.9%	9.3%	16.0%	3.1%	2.7%	2.7%	2.7%	5.3%	2.2%

## **Financial Plan Summary**

Table G6 provides the Financial Plan Summary for the Master Plan Financial Implementation Analysis. The Table includes revenues, operations & maintenance expenses, total capital program expenditures, total capital funding sources and the cash flow that results from all financial transactions. During Phase I, net revenues range from a low of \$334,426 projected for 2002 to a high of \$651,525 budgeted for 2001 with a total of \$3,135,549 during the period. Net revenues are projected to total \$3,605,921 during Phase II and \$4,457,952 during Phase III. Due to the significance of the capital program, ending cash balances are projected to drop below the Airport's desired minimum of \$2 million for each year of the planning period. Lower priority projects in the capital program will need to be delayed or canceled in order to achieve and maintain the desired minimum cash balance.

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**KING COUNTY INTERNATIONAL AIRPORT  
Master Plan**

Table G6  
15-Aug-00

**Financial Implementation Analysis**

**Financial Plan Summary**

Revenues, Expenses, Capital and Cash Flow	Phase I						Total	Phase II 2006-10	Phase III 2011-15
	Estimated 2000	Budgeted 2001	Projected						
			2002	2003	2004	2005			
<b>Revenues</b>									
Operating	\$8,923,829	\$10,551,545	\$10,900,373	\$11,210,610	\$11,532,828	\$11,867,633	\$64,986,819	\$71,085,333	
Non-Operating	819,725	750,000	750,000	750,000	750,000	750,000	4,569,725	3,750,000	
<b>Total Revenues</b>	<b>\$9,743,554</b>	<b>\$11,301,545</b>	<b>\$11,650,373</b>	<b>\$11,960,610</b>	<b>\$12,282,828</b>	<b>\$12,617,633</b>	<b>\$69,556,544</b>	<b>\$74,835,333</b>	
<b>Operations &amp; Maintenance Expenses</b>									
Administration	\$4,137,433	\$5,395,023	\$5,955,850	\$6,074,967	\$8,198,467	\$6,320,398	\$34,080,137	\$33,549,427	
Maintenance	4,465,969	4,321,102	4,407,524	4,495,675	4,585,588	4,677,300	26,953,157	24,827,673	
International Trade	124,006	188,557	192,328	196,175	200,098	204,100	1,105,264	1,083,388	
Aviation Education	403,668	474,212	483,696	493,370	503,238	513,302	2,871,486	2,724,671	
Engineering	0	271,126	276,549	282,079	287,721	293,476	1,410,951	1,557,803	
<b>Total Operations &amp; Maintenance Expenses</b>	<b>9,131,076</b>	<b>10,650,020</b>	<b>11,315,947</b>	<b>11,542,266</b>	<b>11,773,112</b>	<b>12,008,574</b>	<b>66,420,995</b>	<b>63,742,962</b>	
<b>Net Revenues</b>	<b>\$612,478</b>	<b>\$661,525</b>	<b>\$334,426</b>	<b>\$418,344</b>	<b>\$509,716</b>	<b>\$609,059</b>	<b>\$3,135,549</b>	<b>\$4,457,952</b>	
<b>Beginning Cash Balance</b>	<b>6,049,440</b>	<b>4,263,918</b>	<b>2,868,843</b>	<b>1,513,887</b>	<b>636,524</b>	<b>660,120</b>	<b>6,049,440</b>	<b>278,367</b>	
<b>Total Airport Funds Available For Capital Expenditures</b>	<b>\$6,661,918</b>	<b>\$4,915,443</b>	<b>\$3,203,269</b>	<b>\$1,932,231</b>	<b>\$1,146,241</b>	<b>\$1,269,179</b>	<b>\$9,184,989</b>	<b>\$3,884,289</b>	
<b>Other Capital Funding Sources:</b>	<b>1,485,000</b>	<b>13,568,200</b>	<b>10,717,844</b>	<b>7,371,803</b>	<b>12,824,147</b>	<b>13,919,771</b>	<b>59,886,765</b>	<b>9,030,409</b>	
<b>Total Funds Available for Capital Expenditures</b>	<b>8,146,918</b>	<b>18,483,643</b>	<b>13,921,113</b>	<b>9,304,035</b>	<b>13,970,387</b>	<b>15,188,951</b>	<b>69,071,754</b>	<b>28,489,952</b>	
<b>Capital Improvement Program Expenditures</b>	<b>3,883,000</b>	<b>15,614,800</b>	<b>12,407,226</b>	<b>8,667,511</b>	<b>13,310,267</b>	<b>14,910,583</b>	<b>68,793,386</b>	<b>26,769,301</b>	
<b>Ending Cash Balance</b>	<b>\$4,263,918</b>	<b>\$2,868,843</b>	<b>\$1,513,887</b>	<b>\$636,524</b>	<b>\$660,120</b>	<b>\$278,367</b>	<b>\$278,367</b>	<b>\$1,720,651</b>	

## **Financial Implementation Conclusions**

In previous sections of this chapter, Table G1 provided a practical approach for scheduling Master Plan capital project expenditures to match the availability of capital financing. Table G2 provided a practical approach for matching specific capital funding sources with each of the planned projects.

Based on the results of the Financial Implementation Analysis and the projection assumptions which support the analysis, implementation of the Master Plan capital improvement program capital projects is financially limited, but still possible. The method presented for matching capital project expenditures with the sources and availability of capital funds results in adequate, though not ideal, funding for Airport operations. Additionally, to fully implement the capital program, it was necessary to use a funding source designated as "other funding sources". This "source" indicated a funding shortfall from traditional capital funding sources. If these other funding sources cannot be obtained, then lower priority projects in the capital program will need to be selected for delayed implementation or cancellation until traditional or other sources become available.

Achievement of the Master Plan forecast passenger enplanements, aircraft operations and based aircraft are key elements of the Financial Implementation Analysis. Actual aviation traffic may temporarily vary from the projected levels of activity without a significant adverse impact on the Master Plan capital improvement program. If decreased traffic levels occur, implementation of all of the proposed capital projects may not be financially feasible. It should also be noted, however, that if the forecast activity levels are not met, then a number of the planned capital improvements may not be necessary and the requirements for capital funding will be reduced.

Additionally, the financial projections provided in this analysis are based on assumptions provided by, or made in concurrence with, Airport management as described in this report. The projections reflect Airport management's judgement, based on present circumstances. Some of the assumptions used to develop the projections will not be realized, and unanticipated events and circumstances could occur. Therefore, there are likely to be differences between the projected and actual results, and those differences could be material.

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