

AIRPORT FUNDS

Page No.	FUND #		
1	5160	Airport Operations	\$ 295,845
5	4300	FAA Non Primary Entitlement	\$ 600,000
6	4310	FAA Land Acquisition	\$ 2,874,559
7	4312	FAA Planning Grant	\$ 100,000
			<u>\$ 3,870,404</u>

AIRPORT ENTERPRISE FUND-operations

FUND: 5160-430-430310

PROJECTED REVENUE AND FUND SUMMARY

		ACTUAL FY08/09	BUDGET FY09/10	Estimated ACTUAL FY09/10	BUDGET FY10/11
<u>BEGINNING CASH</u>					
10100	Cash	\$73,713	\$57,785	\$57,785	\$61,481
10120	Cash: Reserve - Capital Improvements	\$30,000	\$35,000	\$35,000	\$35,000
10130	Cash: from land sales	\$137,322	\$115,470	\$115,470	\$115,470
		<u>\$241,035</u>	<u>\$208,255</u>	<u>\$208,255</u>	<u>\$211,951</u>
<u>REVENUES</u>					
343062	Commercial Fees	\$ 7,815	\$ 11,000	\$ 8,000	\$ 7,500
343063	Tie down fees	\$ 3,785	\$ 4,000	\$ 3,000	\$ 4,000
343069	Hangar Leases	\$ 12,210	\$ 12,000	\$ 9,500	\$ 12,000
343071	Hangar Site Leases	\$ 16,902	\$ 18,600	\$ 18,600	\$ 15,600
343101	FBO Lease - Red Eagle Aviation	\$ 16,464	\$ 16,500	\$ 16,464	\$ 16,545
343102	Ground Leases (Hilton)	\$ 10,419	\$ 10,450	\$ 10,732	\$ 11,054
343200	Utility Rebates	\$ -	\$ 3,000	\$ -	\$ 1,500
343620	Fuel Tax	\$ 4,778	\$ 6,000	\$ 5,000	\$ 6,000
371010	Investment Earnings	\$ 8,660	\$ 8,500	\$ 12,400	\$ 12,000
	change in A/R; comp abs.	\$ 1,122			
	Total Revenue	<u>\$ 82,155</u>	<u>\$ 90,050</u>	<u>\$ 83,696</u>	<u>\$ 86,199</u>
	Total Available	<u>\$323,190</u>	<u>\$298,305</u>	<u>\$291,951</u>	<u>\$298,150</u>
<u>EXPENDITURES</u>					
	Airport operations	\$104,009	\$90,050	\$80,000	\$79,543
	Construction/land acquisition	\$10,926	\$115,470	\$0	\$115,470
	Depreciation	\$75,912	\$86,602	\$86,600	\$100,832
	Total Expenses	<u>\$190,847</u>	<u>\$292,122</u>	<u>\$166,600</u>	<u>\$295,845</u>
	add back unfunded depreciation	\$75,912	\$86,602	\$86,602	\$100,832
<u>ENDING CASH</u>					
10100	Cash: Operating	\$57,785	\$57,785	\$61,481	\$63,137
10120	Cash: Reserve - Capital Improvements	\$35,000	\$35,000	\$35,000	\$40,000
10130	Cash: land sales	\$115,470	\$0	\$115,470	\$0
	Total Cash	<u>\$208,255</u>	<u>\$92,785</u>	<u>\$211,951</u>	<u>\$103,137</u>

\$5,000 designated annually to Reserve-Capital Improvements from operating cash.

AIRPORT ENTERPRISE FUND-operations

FUND: 5160-430-430310

EXPENSE SUMMARY

	ACTUAL FY07/08	ACTUAL FY08/09	BUDGET FY09/10	BUDGET FY10/11
Personal Services	\$ 38,334	\$ 61,030	\$ 42,500	\$ 42,656
Maintenance & Operations	\$ 69,413	\$ 42,979	\$ 47,550	\$ 36,887
Capital Improvements	\$ 67,164	\$ 10,926	\$ 115,470	\$ 115,470
Depreciation			\$ 86,602	\$ 100,832
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	\$ 174,911	\$ 114,935	\$ 292,122	\$ 295,845

PROGRAM DESCRIPTION

The goal of the Kalispell City Airport (S27) is to provide the safest possible environment for the conduct of aviation activities for the residents of the Flathead Valley and those visitors who fly into the valley for both business and pleasure. The Kalispell City Airport has completed the necessary environmental and planning criteria to be listed as a NPIAS (National Plan of Integrated Airport Systems) airport and is therefore eligible for federal funding through the AIP (Airport Improvement Program). Current eligible funding means that the FAA will fund up to 95% of certain eligible projects on the airport. These eligible cost include: runways, taxiways, parking ramps, fuel systems, snow removal equipment and buildings, security gates and fencing, lighting, and any projects that could be revenue generating for the airport, such as rental hangars. The City of Kalispell would be responsible for 5% of the federal project and 100% of any non-eligible projects. The Montana State Aeronautics Department has a grant and loan program available to help sponsor's pay for up to 50% of the cost of the sponsor's share of the federal grant. That would reduce the City's share of a federal project to 2.5%. The City of Kalispell would be eligible for these State grants and loans.

FY 2011 BUDGET GOALS

The goals for the coming year are to continue promoting further hangar development and business development on and around the airport; continue the planning and negotiations for the future upgrades and modernization of the airport; move forward with the available options to mitigate the KGEZ radio tower situation; and to conduct normal operations and maintenance on the airport. All hanger site leases have a 3% annual escalation clause. The ground lease with the Hilton Hotel has a 3% escalation clause. The FBO lease will increase by 2% during this budget year. There are tenants who have expressed a desire to lease and build new hangars as soon as they are certain the upgrade of the airport will take place. Annually, we meet with the Department of Revenue to update the tax rolls and make sure all airport improvements are properly listed.

AIRPORT ENTERPRISE FUND-operations

FUND: 5160-430-430310

FY 2011 AIRPORT OBJECTIVES

1. The Airport is ready to move forward with the mitigation of the KGEZ radio towers by working with the Bankruptcy Trustee to remove or reduce the height of the radio towers.
2. The cost associated with the mitigation of the radio towers is not known at this time, however, the costs associated with the removal of the hazard could be divided between federal dollars and the provisions of the Airport TIF that allows for the removal of this aviation hazard.
3. The Airport has non-primary entitlements (NPE) due from the FAA for FY's 2007 thru 2010 of approximately \$600,000. These funds will be released as soon as the tower mitigation is settled. These future revenues are shown in the **FAA - NON PRIMARY ENTITLEMENT fund (4300)**.
4. The Airport is prepared to submit two grants to the FAA for reimbursement as soon as the radio towers are mitigated. These two grants are discussed in the **FAA AIRPORT - LAND/CAPITAL ACQUISITION fund (4310)**.
5. The Airport has litigation pending in the District Court dealing with Diamond Air that should work its way through the Court this year. The City is waiting for this litigation to be completed before it opens the issue of whether this through-the-fence operator contaminated city property from an underground fuel tank.
6. The City has retained the aviation consulting firm of Stelling Engineers to advise the City on aviation matters. Their first major task will be to prepare an Environmental Assessment for the FAA.
7. The current FAA approved Airport Layout Plan (ALP) was signed on March 15, 2009. The City Council will be reviewing their options on the upgrade and modernization of the airport. If changes are made to the current ALP, as approved by the FAA, we will need to redraw the plan and go through the review process again before we can submit for reimbursement of funds from the FAA.
8. The Airport Advisory Council continues to be very active in advising the City Manager and the Airport Manager.
9. The Airport Safety Committee has been very active and has recommended several safety changes on the Airport. These recommendations have been implemented.
10. The Airport has almost \$1 million in deferred maintenance on the runway and taxiways that will need to be addressed very soon. The industry standard is to 'overlay' asphalt runways every 10 years and to 'fog seal' and re-stripe runways and taxiways every 5 years. This has been deferred pending a complete new runway and taxiway, however, the new taxiway and ramp area installed in 2005 are ready for fog sealing this year.

AIRPORT ENTERPRISE FUND-operations

FUND: 5160-430-430310

EXPENSE DETAIL

	ACTUAL FY07/08	ACTUAL FY08/09	BUDGET FY09/10	BUDGET FY10/11
PERSONAL SERVICES: fte's	0.50	0.75	0.50	0.50
110 Salaries	\$ 32,398	\$ 52,408	\$ 33,797	\$ 33,801
121 Seasonal salary	\$ 147	\$ 1,274	\$ 3,267	\$ 3,267
153 Health Insurance	\$ 3,713	\$ 4,061	\$ 3,030	\$ 3,182
155 Retirement	\$ 2,076	\$ 3,287	\$ 2,406	\$ 2,406
Total Personal Services	\$ 38,334	\$ 61,030	\$ 42,500	\$ 42,656
Maintenance & Operations:				
210 Office Supplies, printing, postage	\$ 650	\$ 549	\$ 300	\$ 300
218 Non capital equipment	\$ 3,039	\$ 189	\$ 1,000	\$ 750
335 Dues and Registration	\$ 260	\$ 156	\$ 250	\$ 150
341 Electricity	\$ 1,257	\$ 1,372	\$ 1,500	\$ 1,500
345 Telephone/ cell/ internet	\$ 1,208	\$ 991	\$ 1,000	\$ 1,000
353 Contract Service (FAA Reimb.)	\$ 15,200	\$ -	\$ -	\$ -
354 Contract Services - Labor/materials	\$ 13,518	\$ 4,509	\$ 7,500	\$ 4,500
355 Contract Services - Mowing	\$ 3,419	\$ 869	\$ 2,000	\$ 1,000
356 Contract Services - Snow Removal	\$ 3,972	\$ 6,945	\$ 5,000	\$ 5,000
360 Repair & Maintenance	\$ 5,973	\$ 3,967	\$ 4,000	\$ 3,000
362 Equipment Maintenance	\$ 655	\$ 56	\$ 1,000	\$ 1,000
367 Maintenance - Grounds	\$ 680	\$ 3,415	\$ 2,000	\$ 2,000
373 School & Travel	\$ 1,584	\$ 1,045	\$ 2,000	\$ 1,750
380 Signage	\$ 219	\$ 8	\$ 500	\$ 300
390 Equipment Rental	\$ 730	\$ 1,570	\$ 1,500	\$ 1,500
510 Property & Liability Ins.	\$ 5,854	\$ 6,918	\$ 6,870	\$ 6,000
522 Administrative Transfer	\$ 4,289	\$ 7,610	\$ 8,130	\$ 4,465
528 Data Processing	\$ 1,906	\$ 2,810	\$ 3,000	\$ 2,672
0 Capital Reserve funded	\$ 5,000	\$ -	\$ -	\$ -
Total Maintenance & Operations	\$ 69,413	\$ 42,979	\$ 47,550	\$ 36,887
Capital Improvements:				
951 Red Eagle Aviation	\$ 10,926	\$ 10,926		
950 Construction Projects/land acquisition (includes 5% FAA Grant match)	\$ 56,238	\$ -	\$ 115,470	\$ 115,470
	\$ 67,164	\$ 10,926	\$ 115,470	\$ 115,470
820 Depreciation (unfunded)	\$ 99,375	\$ 75,912	\$ 86,602	\$ 100,832
Total Airport	\$ 174,911	\$ 190,847	\$ 292,122	\$ 295,845

FAA-NON PRIMARY ENTITLEMENT FUND

FUND: 4300-430-430310

PROJECTED REVENUE AND FUND SUMMARY

	BUDGET FY08/09	BUDGET FY09/10	Estimated ACTUAL FY09/10	BUDGET FY10/11
<u>BEGINNING CASH</u>				
10100 Cash	\$0	\$0	\$0	\$0
<u>REVENUES</u>				
331129 Non Primary Entitlement due for FY07 thru FY10	\$600,000	\$600,000	\$0	\$600,000
Total Available	\$600,000	\$600,000	\$0	\$600,000
<u>EXPENDITURES</u>				
354 Tower Mitigation or Capital Improvements	\$600,000	\$600,000	\$0	\$600,000
Total Expenses	\$600,000	\$600,000	\$0	\$600,000
<u>ENDING CASH</u>				
10100 Cash: Operating	\$0	\$0	\$0	\$0
Total Cash	\$0	\$0	\$0	\$0

PROGRAM DESCRIPTION

All NIPAS airports are authorized up to \$150,000 per year in Non-Primary Entitlement (NPE) funds from the FAA. These funds are limited to FAA approved projects. The City will be obligated to pay 5% of each project. These projects are submitted annually to the FAA for approval. The amounts in this budget represent the past 4 years of entitlements. An airport can only accumulate four years worth of entitlements before they start losing those entitlements. There is a provision in the rules whereby an airport can allocate their funds to another NIPAS airport in exchange for a reciprocating agreement to return the funds from their allocation at a future date. We have taken advantage of this provision so we will not lose funds.

SEE NARRATIVE - FUND 5160 AIRPORT ENTERPRISE FUND

FAA AIRPORT - LAND/CAPITAL ACQUISITION

FUND: 4310-430-430310

PROJECTED REVENUE AND FUND SUMMARY

	BUDGET FY08/09	BUDGET FY09/10	Estimated ACTUAL FY09/10	BUDGET FY10/11
<u>BEGINNING CASH</u>				
10100 Cash	\$0	\$0	\$0	\$0
<u>REVENUES</u>				
331128 FAA GRANT REIMBURSEMENT, N end surfacing (Phase 1)		\$1,381,804	\$0	\$1,381,804
331129 FAA GRANT REIMBURSEMENT, Land acquisition	\$1,330,000	\$1,492,755	\$0	\$1,492,755
Total Available	\$1,330,000	\$2,874,559	\$0	\$2,874,559
<u>EXPENDITURES</u>				
940 Capital Improvements		\$1,381,804	\$0	\$1,381,804
950 Land Acquisition	\$1,330,000	\$1,492,755	\$0	\$1,492,755
Total Expenses	\$1,330,000	\$2,874,559	\$0	\$2,874,559
<u>ENDING CASH</u>				
10100 Cash: Operating	\$0	\$0	\$0	\$0
Total Cash	\$0	\$0	\$0	\$0

BUDGET HIGHLIGHTS

These two grants are eligible for FAA reimbursement. Reimbursement for land acquisitions (331129) is expected once the tower mitigation is completed. Reimbursement for the North End Phase I (331128) project will be submitted during the construction phase of the airport upgrade. The City's 5% match has already been paid on these projects. All land acquisitions will come before the City Council for approval.

FAA AIRPORT - PLANNING GRANT

FUND: 4312-430-430310

PROJECTED REVENUE AND FUND SUMMARY

	BUDGET FY10/11
<u>BEGINNING CASH</u>	
10100 Cash	\$0
<u>REVENUES</u>	
331128 FAA Planning Grant	\$100,000
Total Available	\$100,000
<u>EXPENDITURES</u>	
940 Capital Improvements	\$100,000
Total Expenses	\$100,000
<u>ENDING CASH</u>	
10100 Cash: Operating	\$0
Total Cash	\$0

BUDGET HIGHLIGHTS

The Consulting Engineers will prepare a Master Plan Update to review and amend planning information prepared for the original Airport Master Plan completed in 1999. This Grant will cover 95% of the cost of the Kalispell City Airport Master Plan Update which is intended to provide for future airport development that will meet aviation demands in a feasible financial manner. The Consulting Engineers will prepare the master plan update in accordance with current FAA Circulars. The purpose of the update is to determine the type of airport facilities that are appropriate for the Kalispell City Airport at this time based on current forecast aircraft activity and how the present airport can be modified to provide the required service and meet FAA standards. The Master Plan Update will provide a graphic and written presentation of future development and land uses. It will also establish implementation schedules, technical plan justifications, and future planning processes; and it will incorporate input from the public sector, local pilots, and address concerns of state and federal agencies.

**CITY OF KALISPELL
CITY COUNCIL WORK SESSION AGENDA
JUNE 7, 2010 – 5:30 P.M.
CITY HALL COUNCIL CHAMBERS
201 FIRST AVENUE EAST**

**** THERE WILL BE A REGULAR MEETING
IMMEDIATELY FOLLOWING THIS WORK SESSION ****

CALL TO ORDER

DISCUSSION ITEMS

1. 2010/2011 Budget
 - Planning & Building
 - Community & Economic Development
 - Airport

PUBLIC COMMENT

MAYOR/COUNCIL/CITY MANAGER COMMENTS

ADJOURNMENT

Reasonable accommodations will be made to enable individuals with disabilities to attend this meeting. Please notify the City Clerk at 758-7756.