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**BFAC AIRPORT FINANCE SUBCOMMITTEE PROGRESS REPORT:  
PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS**

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April 26, 2014

## FINDINGS

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**The town could generate sufficient cash flow (over the next 5 years) from airport operations and properties to**

- pay debt service on \$5.1 to \$8.5 million of additional debt,
- with readily achievable revenue growth
- but without FAA funds and
- without any of the revenue enhancement currently being investigated by the SubCommittee
- but subject to the assumptions and caveats stated in the report.

## PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

### RESULTS: 4 SCENARIOS

Scenario #	1: Status Quo	2A	2B	3
<b>Helicopters (2016)</b>	100%	80%	50%	0%
<b>Mandatory Curfew</b>	-	11 PM to 7 AM	11 PM to 7 AM	7 PM to 7 AM
<b>Debt Capacity (\$MM)</b>	<b>\$8.5</b>	<b>\$7.0</b>	<b>\$5.1</b>	<b>\$6.4</b>
2014	\$4.5	\$4.5	\$4.35	\$4.5
2015	\$2.8	\$1.5	-	\$1.2
2017	\$1.2	\$1.0	\$0.8	\$0.7
<b>Ending Fund Balance 2018</b>	<b>\$1.33</b>	<b>\$1.3</b>	<b>\$1.26</b>	<b>\$1.27</b>
<b>Capital Expenditures (\$MM)</b>	<b>\$8.5</b>	<b>\$7.0</b>	<b>\$5.1</b>	<b>\$6.4</b>
<b>Planning &amp; Development (5 yrs)</b>	\$550,000	\$550,000	\$550,000	\$550,000
<b>Landing Fees</b>	+5%/yr			
<b>Cost savings</b>	None	None	None	<b>~\$500k+/yr</b>
<b>Litigation Costs</b>	<b>NONE ASSUMED</b>			

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# PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

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## DEBT CAPACITY

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Cash Flow from Operations bef. Debt Service (EBITDA)  $\geq$   
1.25 times Debt Service

Actual DSC in 2013 = 5.03

### Cash Flow from Operations (EBITDA)

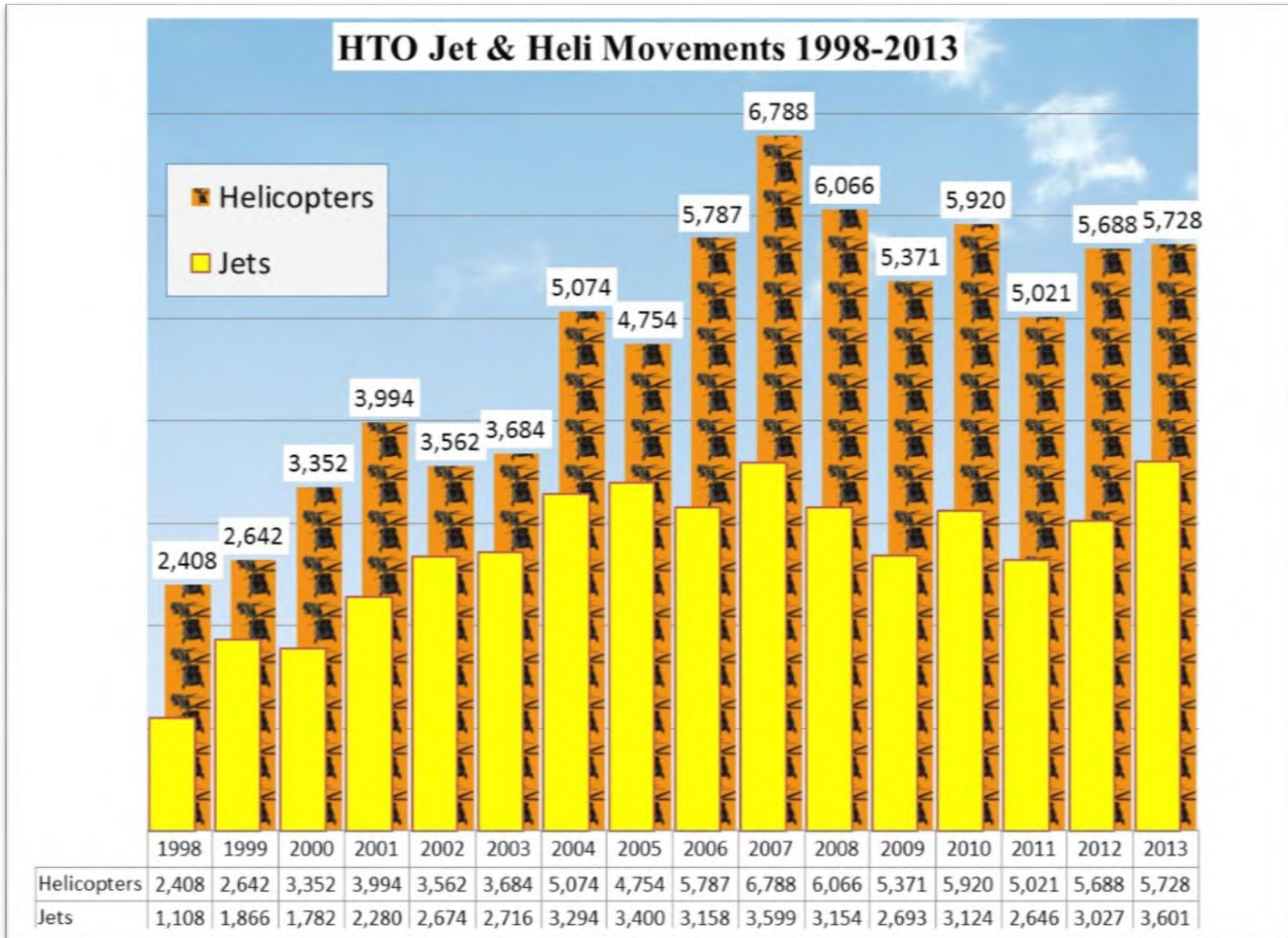
- Revenues minus Operating Expenditures excluding
  - Debt service
  - Planning & development
    - Consulting
    - Legal fees
  - Other Non-recurring or deferrable expenditures

### Debt Service on New & Existing Bonds

- **\$5.1 MM to \$8.5 MM of New Bonds for capital expenditures.**
  - 2% interest if issued in 2014
  - 3% interest if issued in 2015-18
- \$1.087 million of **Existing Bonds** (2009-11)

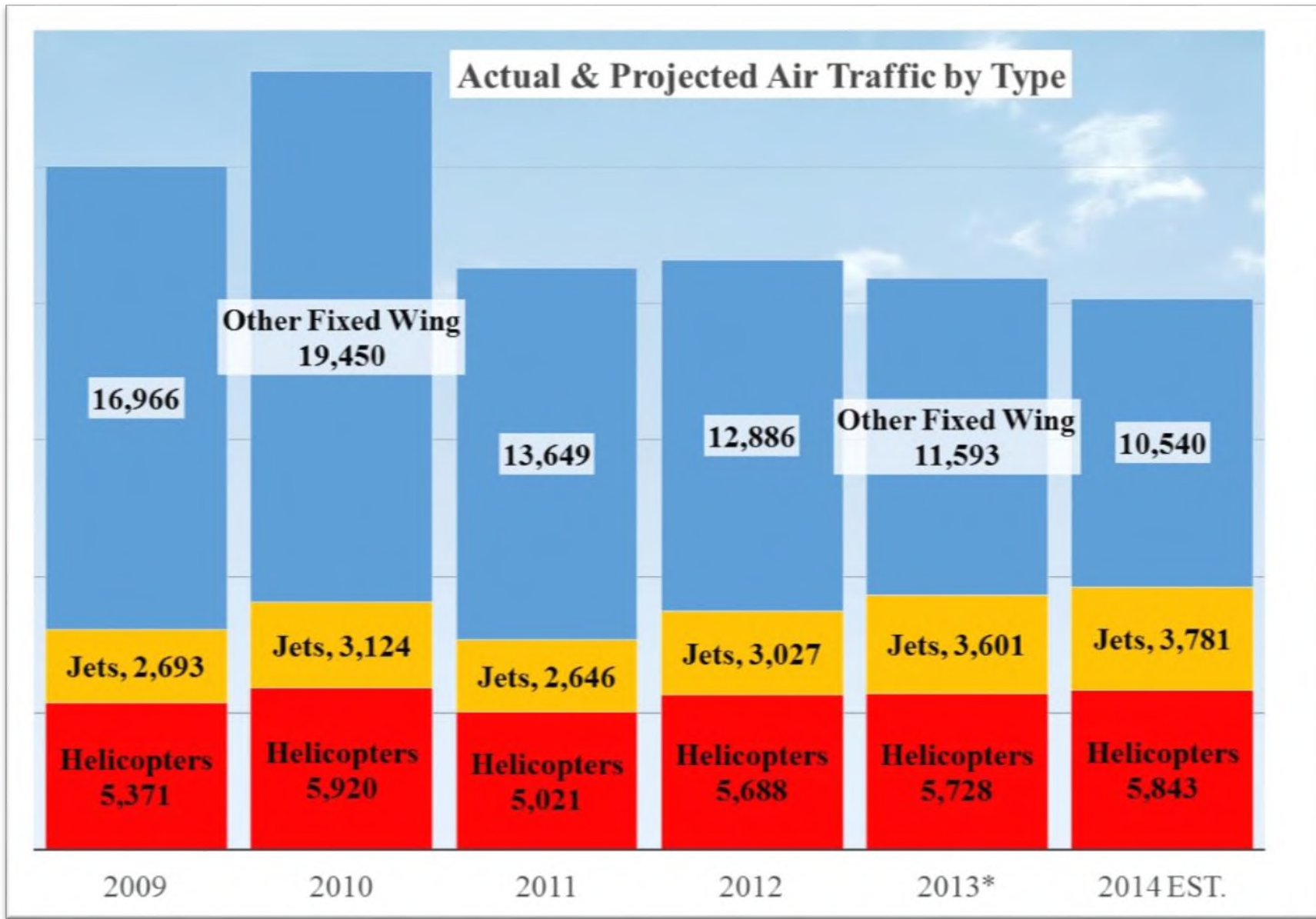
# PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

## 15 YEAR TREND IN JET & HELICOPTER TRAFFIC



# PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

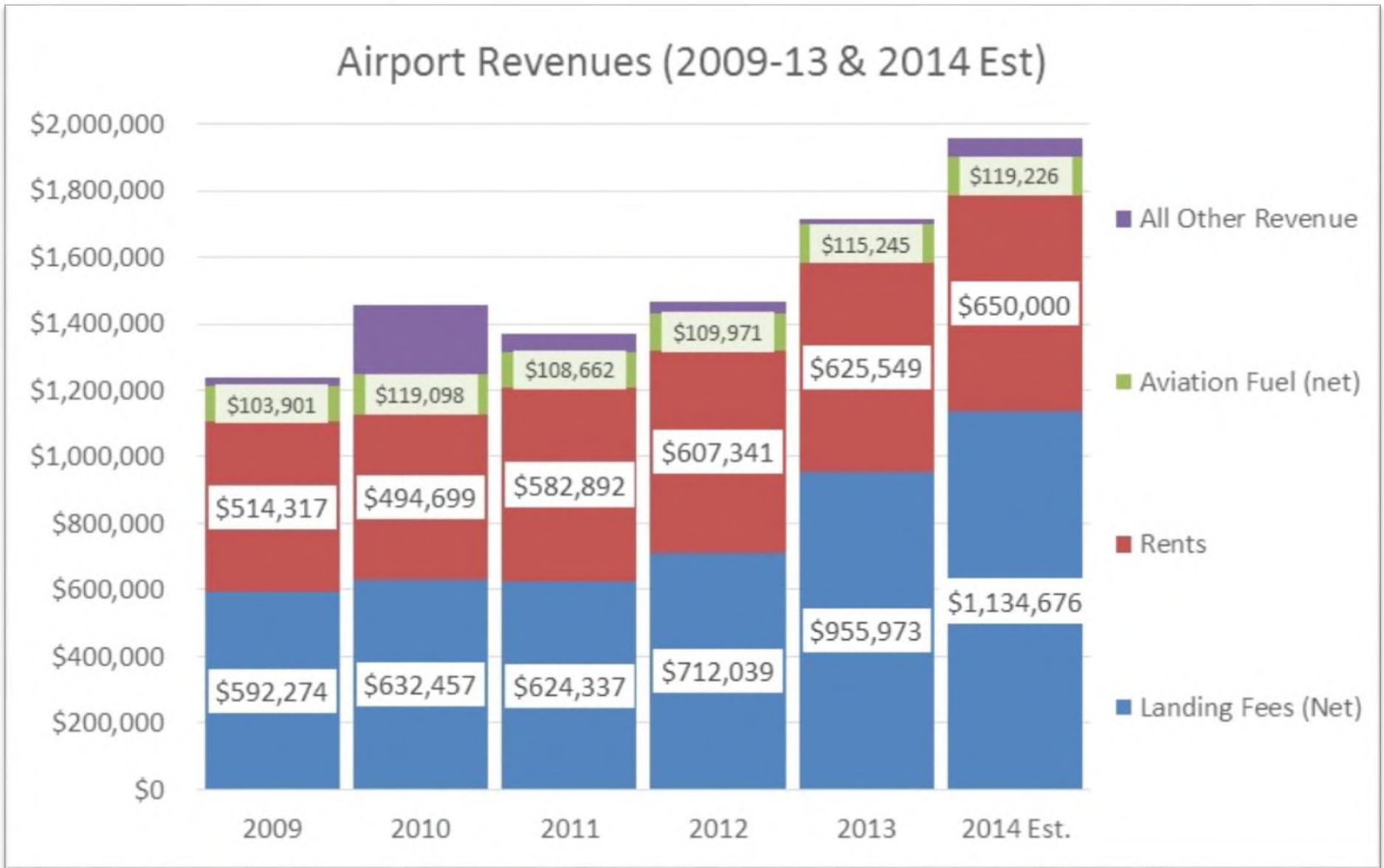
## AIR TRAFFIC BY TYPE – LAST 5 YEARS





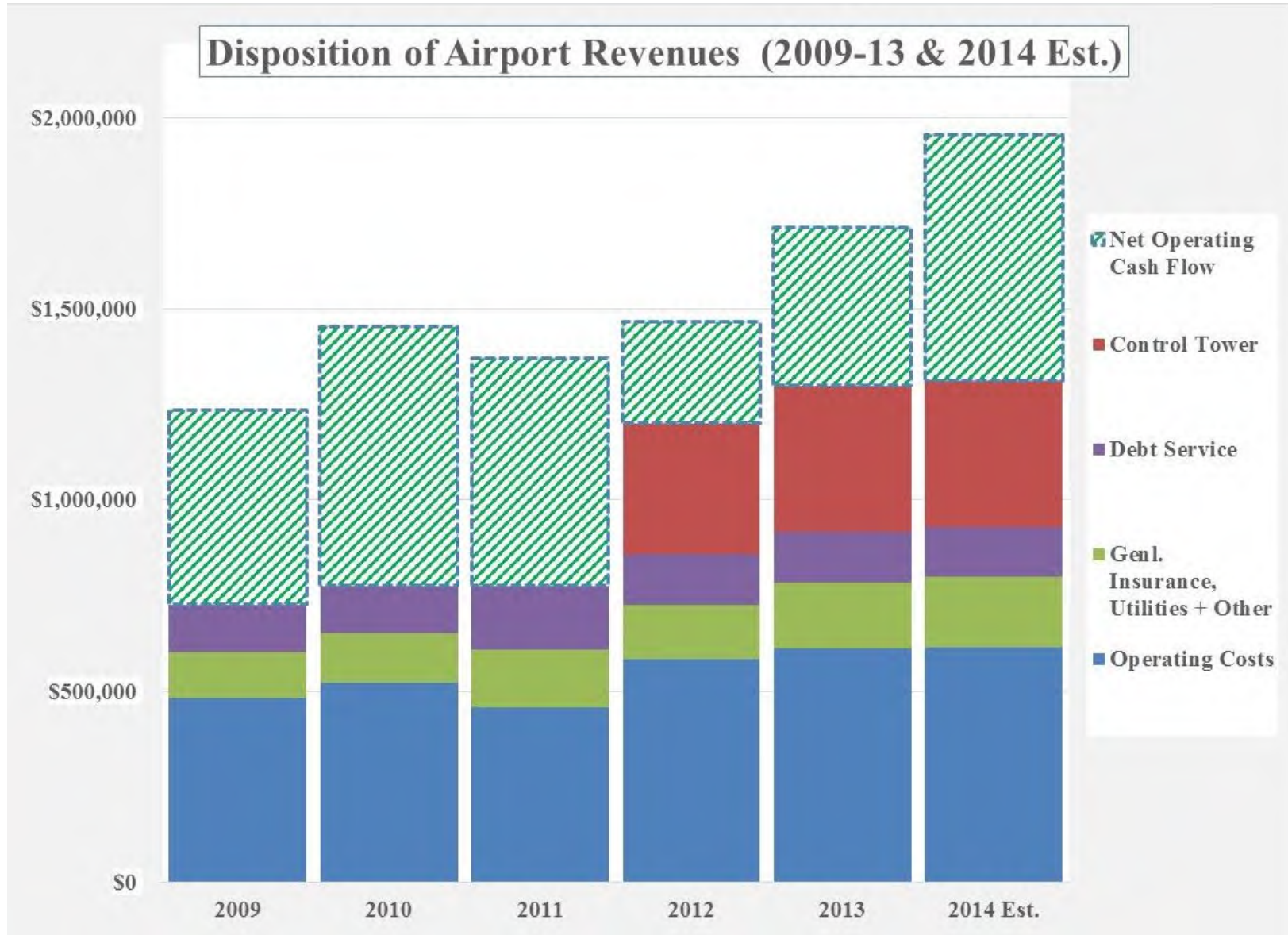
# PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

## BASIS FOR FINANCIAL PROJECTIONS: REVENUES



# PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

## BASIS FOR FINANCIAL PROJECTIONS: OPERATING EXPENDITURES & CASH FLOW





## PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

### SUBCONTRACT & OUTSIDE PROFESSIONAL EXPENDITURES

<u>Subcontractors + Outside Professionals</u>	<u>Cat.</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 Bdgt</u>
'ROBINSON AVIATION	Op				\$411,752	\$421,372	\$383,300
EXELIS INC. + RANNOCH CORP.	Op	\$43,914	\$45,670		\$98,698	\$103,632	\$120,000
'GROTELL CONSULTING	Op				\$12,500	\$15,000	\$15,000
<b>Operating Expense Totals</b>		<b>\$43,914</b>	<b>\$45,670</b>	<b>\$0</b>	<b>\$522,950</b>	<b>\$540,004</b>	<b>\$518,300</b>
STEVEN M. MEZYNIESKI (Snow Removal)	Maint	\$55,690	\$48,651	\$99,400	\$14,800	\$61,000	\$75,000
Pavement Management	Maint						\$35,000
'DELALIO COAL & STONE	Maint		\$22,703				
'RICHARD SPERBER LANDSCAPI__	Maint					\$7,865	\$8,000
Fuel Farm Maintenance	Maint						\$4,000
'SIMPLEX GRINNELL	Maint	\$1,350	\$1,350	\$1,178	\$1,458	\$2,380	\$1,450
'APPOLLO FIRESAFETY CO II	Maint	\$285	\$285	\$1,070	\$820		\$1,100
'BELLRINGER COMMUNICATIONS__	Maint			\$1,240			\$1,000
'POTOMAC AVIATION TECHNOLO__	Maint		\$250	\$250	\$250	\$250	\$250
All Other Maintenance	Maint	\$14,392	\$15,460	\$16,006	\$34,963	\$7,815	\$0
<b>Maintenance Totals</b>		<b>\$71,717</b>	<b>\$88,698</b>	<b>\$119,144</b>	<b>\$52,291</b>	<b>\$79,310</b>	<b>\$125,800</b>
DY CONSULTING + 'SAVIK & MURRAY	P&D		\$36,893	\$36,395	\$171,675	\$371,637	
'KAPLAN KIRSCH & ROCKWELL __	P&D	\$16,068	\$12,215	\$118,814	\$205,413	\$155,851	
2014 Budget for Outside Professional	P&D						\$100,000
'VECTOR AIRPORT SYSTEMS __	P&D				\$61,015		
'YOUNG ENVIRONMENTAL SCIEN__	P&D	\$99,983	\$85,634	\$19,066			
'WEST RAC CONTRACTING CORP__	P&D				\$146,821		
GILMARTIN & BREGMAN + FARRELL FRITZ	P&D			\$52,663	\$47,644	\$36,653	
'FINE ARTS & SCIENCES	P&D			\$3,601			
'VERIZON OF NEW YORK	P&D				\$21,645		
<b>Planning &amp; Development Totals</b>		<b>\$116,051</b>	<b>\$134,741</b>	<b>\$230,538</b>	<b>\$654,214</b>	<b>\$564,141</b>	<b>\$100,000</b>
<b>Grand Totals</b>		<b>\$231,682</b>	<b>\$269,109</b>	<b>\$349,683</b>	<b>\$1,229,454</b>	<b>\$1,183,455</b>	<b>\$744,100</b>

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# PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

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## SCENARIO # 1: ASSUMPTIONS

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### **Air Traffic, Revenues & Expenditures grow at same rates as 2009-13**

- Helicopters +2.0%/yr
- Jets +5.0%/yr
- Other Fixed Wing -9.1%/yr
- Landing Fees increase 5%/yr
- Rental Income increases 3.3%/yr
- Fuel Flowage Fees remain at \$0.15/gal.
- Employee Benefits increase 8.4%/yr
- All other expenditures increase 3%/yr

**No new sources of revenue**

**No FAA funding**

**No litigation expenditures**

**15 Year General Obligation Bonds**

- 2% interest if issued in 2014
- 3% interest if issued in 2015-18

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# PRELIMINARY AIRPORT DEBT CAPACITY ANALYSIS

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## PRELIMINARY: ISSUES TO BE RESOLVED

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### Appropriate Level of Fund Balances

### Level of Capital Expenditures & Maintenance

### Revenue Enhancement Opportunities

- Increased fuel flowage fees
- Paid parking.
- Lease renewals at fair market value.
- Landing Fees, exemptions, etc.
- New hangars.
- 15 vacant lots along Industrial Road (30 acres)
- Parcel north of the airport designated for airport-related uses.
- Possible Solar Farm