8. Financial Feasibility

8.1. INTRODUCTION

Previously, in Chapter 7, *Implementation Plan*, the Greater Binghamton Airport (BGM or the Airport) compiled a long-term Airport Capital Improvement Program (CIP) that details the projects set forth on the Airport Layout Plan (ALP) to accommodate the forecast demand levels at the Airport over the next 20 years. This chapter presents the short- and mid-term (2021-2028) Airport Capital Improvement Plan (ACIP) of the Airport and analyzes the financial implications of carrying out the Federal Aviation Administration (FAA) approved projects associated with the Preferred Airport Development Alternative. The major components of this chapter are listed below:

- Short and Mid-Term ACIP Projects and Costs
- Sources of Funding and Project Eligibility
- Airport Financial Analysis
- Summary of Short-Term Capital Funding Needs

8.2. SHORT AND MID-TERM ACIP PROJECTS AND COSTS

The breakdown of funding represents an FAA share of 90 percent for eligible projects through the FAA Airport Improvement Program (AIP), and state and local shares each of five percent. To obtain FAA funding for these projects, the Sponsor must submit and/or update its five-year ACIP to the FAA on an annual basis. The annual ACIP update process is the FAA's mechanism for prioritizing its funding program on a state-wide basis and considers system-wide issues such as safety and capacity.

Projects identified in the ACIP for BGM during the short- and mid-term periods (2021-2022 and 2023-2028, respectively) are summarized in **Table 8-1**. The anticipated funding source breakdown is also indicated, showing estimated FAA, state, and local shares. These projects represent the highest priorities for the Airport over the 2021-2028 period.

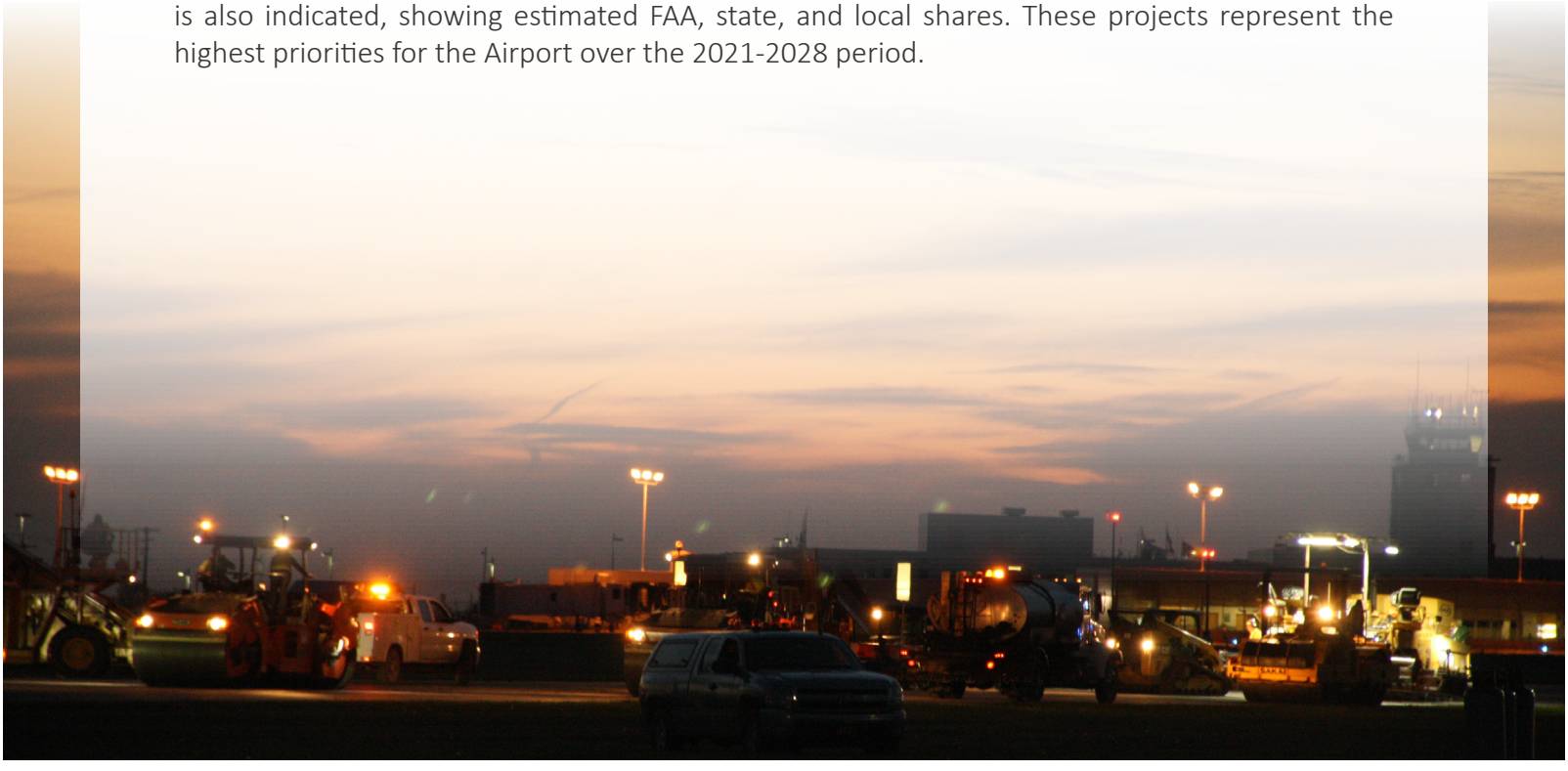

Table 8-1 : Short and Mid-Term Capital Project and Costs (Thousands)

Project	Total Cost	FAA	State	Local
Short Term: (2021-2022)				
Runway 16 EMAS – Design	$500	$450	$25	$25
Install (Relocate) Airport Lighting Vault – Design	$200	$180	$10	$10
Install Wind Cone – Design	$10	$9	$1	$1
Reconstruct Taxiway Lighting– Design	$75	$68	$4	$4
Rehabilitate Taxiway– Design	$395	$356	$20	$20
Install (Relocate) Airport Lighting Vault – Construction	$2,550	$2,295	$128	$128
Reconstruct Airfield Guidance Signs– Design	$30	$27	$2	$2
Install Wind Cone – Construction	$100	$90	$5	$5
Total	$3,860	$3,474	$193	$193
Phase II: (2023-2028)				
Runway 16 EMAS – Construction Phase I	$7,425	$6,683	$371	$371
Reconstruct Taxiway Lighting– Construction	$833	$750	$41.5	$41.5
Rehabilitate Taxiway – Construction	$4,384	$3,946	$219	$219
Reconstruct Airfield Guidance Signs – Construction	$333	$300	$16.5	$16.5
Runway 16 EMAS – Construction Phase II	$3,000	$2,700	$150	$150
Acquire Snow Removal Equipment – MTE (replacement)	$951	$856	$47.5	$47.5
Replace Passenger Boarding Bridge – Design & Construction	$1,450	$1,305	$72.5	$72.5
ARFF Building Rehabilitation – Design & Construction	$2,000	$1,800	$100	$100
Install REILs Runway 10	$104	$94	$5	$5
Acquire Land in Runway 34 RPZs	$840	$756	$42	$42
Total	$21,320	$19,190	$1,065	$1,065
Short & Mid-Term Project Costs	$25,180	$22,664	$1,258	$1,258

Source: McFarland Johnson, 2021.

As shown in **Table 8-1**, the estimated local match for approved projects in the ACIP through 2022 is $193,000 and an additional $1.258 million through 2028. This represents an average annual local/sponsor funding need for capital projects of about $157,250 annually for the 2021-2028 period.

8.2. SOURCES OF FUNDING AND PROJECT ELIGIBILITY

To cover project costs as well as the local share, BGM has several ways in which to fund projects. They are summarized in the following sections.

8.2.1. FAA Grant Funding

For public use airports like BGM, the FAA AIP provides up to 90 percent funding for public, non-

revenue generating elements of the Airport such as runways, taxiways, aprons, and lighting, as well as necessary planning and environmental studies. The remaining 10 percent is typically split between state and local entities. AIP funding is further broken down as follows:

- **Entitlement Funds:** The Airport receives AIP entitlement funding based on the number of annual passenger enplanements.
- **Discretionary Funds:** The AIP provides for discretionary funding based on a national prioritization system. The highest priority for discretionary funding is given to projects that provide for safety, security, reconstruction, capacity, and standards. Discretionary funding is competitive and BGM competes for these funds nationally as well as with regional airports.

8.2.2. New York State Aviation Grant Program Funding

The New York Department of Transportation (NYSDOT) share for federally funded projects at the Airport is five percent. According to NYSDOT, the Aviation Capital Grant Program is open to public-use airports which are listed in the current State Airport System Plan (SASP) in categories 1 through 4. Eligible program activities include, but are not limited to the construction, reconstruction, improvement, reconditioning, and preservation of capital facilities; pavement maintenance/management projects; purchase of airport equipment (equipment acquired must be operated and stored on airport property); purchase and installation of navigational aids; and projects which address safety issues at the Airport.

8.2.3. Local Funding Options

The local share for federally funded projects at BGM is five percent. BGM has several options to fund their local share, which are summarized in this section.

Passenger Facility Charges (PFC)

With oversight from the FAA, BGM has the authority to impose PFCs up to $4.50 for each passenger enplaning at the Airport. PFCs are collected by the air carriers on behalf of the Airport and are remitted monthly. BGM has been utilizing PFCs since 1993, with a current program in place through May 1, 2028, at the current FAA-approved level of $4.50 per enplanement. Collections for all approved PFC applications at the Airport total $10,697,845.

PFCs can be utilized on projects that are considered AIP eligible, as well as for additional improvements to the passenger terminal. A summary of eligible uses of PFC revenues include:

- All or part of the allowable cost of an FAA approved project,
- Debt service and financing costs associated with bond issuance; and,
- Combined with AIP and Aviation Capital Grants on eligible projects as the local match to reach 100 percent funding.

To be considered eligible for PFC funding, projects must meet certain criteria and address one or more of the following:

- Preserve or enhance safety, security, or capacity of the national air transportation system,
- Reduce noise or mitigate noise impacts resulting from an airport; and,
- Present opportunities to enhance competition between or among air carriers.

To fund new projects added to the ACIP from this Master Plan, the existing PFC program at the Airport can be amended or extended by following the FAA application projects.

Airport Operating Revenues and/or General Funds

BGM has the option to utilize any operating surplus income or contributions from general funds to fund airport improvements. Depending upon the financial performance of the Airport, and general fund levels for its sponsors, such funding may not be available consistently. Therefore, funding projects through BGM operating revenues or general funds are likely most appropriate to bridge gaps in federal, state, and PFC revenue for eligible projects, or for projects that are not eligible for grant funding.

Private Funding

For BGM, there are several projects identified in Phase III of the ACIP (2029-2038) that are most appropriately funded by private interests, such as South Apron hangar development. These types of projects are most appropriate for private funding because airports are not often positioned to spend limited public resources on facilities required by private operators.

However, in some instances project funding can be mobilized more quickly by partnering with private interests to advocate for state tax incentives or job creation tax credits if the projects are of a substantial scale and scope. In this way, BGM can partner with private interests to broker development deals that will benefit the Airport over the long term by increasing operations, utilization of other on-airport maintenance providers, and fuel sales. In these instances, local funding might be appropriate for land acquisition, extension of utilities, or landside access.

Public Financing Program or Bonding

For large projects that are not eligible for federal funding but may have widespread local public impact and interest, airports frequently utilize federal financing programs or capital market bonds to finance long-term construction projects.

The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides credit assistance for up to 33 percent of the eligible cost of qualified projects of regional or national significance. This funding source can be used in the event that private funding for projects is not available. There are three types of credit assistance offered through the program. A summary of these assistance types is as follows:

- Secured (Direct) Loan: Offers flexible repayment terms for a maximum term of 35 years following project completion.

- Loan Guarantee: Provides federally backed guarantees of a borrower's repayments to a non-Federal lender.

- **Standby Line of Credit:** Represents a contingent Federal loan as a secondary source of funding during the first ten years of project operations after the project completion.

There are four basic types of municipal bonds typically available to BGM: General Obligation (GO) bonds, general airport revenue bonds (GARB), PFC-backed bonds, and special facility bonds. A summary of these bonds is as follows:

- **GO Bonds:** Supported by the overall tax base of the issuing entity (the airport sponsor), GO bonds often carry the lowest interest rate.

- **GARB:** Repaid by the revenues generated by the airport, or other revenues as defined in the bond indenture, GARBs are the most common form of airport debt.

- **PFC-Backed Bonds:** Either stand-alone or "double-barrel", PFC-backed bonds are backed solely by PFC revenues or by PFC revenues and other airport revenues generated by rentals, fees, and charges. General airport revenues can be pledged as a backup if enplanement activity decreases, and PFC revenues do not meet the obligation.

- **Special Facility Bonds:** Special facility bonds are used to construct a terminal or facility for a named airline and are backed by lease payments which are structured to cover debt service to the bonds.

8.3. AIRPORT FINANCIAL ANALYSIS

This section describes and summarizes the analysis performed to estimate the impacts of pursuing the Preferred Airport Development Alternative on the Airport's short-term financial performance. The analysis considers the most pertinent financial and operational aspects of the BGM operation that will affect the implementation of the ACIP over the long term, and are described and summarized in the following sections:

- Rates and Charges Schedule and Other Fees
- Historical Operating Revenues & Expenses
- Forecast of Baseline Airport Operating Financial Performance
- Future Operating Financial Performance

The analysis concludes with forecasts of future financial performance under two scenarios: a baseline condition and the anticipated financial impacts of the Preferred Airport Development Alternative. The baseline scenario forecast assumes that no changes are made, and no new projects are pursued. The baseline scenario forecast is sometimes referred to as a "do nothing" scenario and serves as a basis of comparison for the Preferred Airport Development Alternative scenario.

8.3.1. Rates and Charges Scheduled and Other Fees

Aeronautical operators at BGM are obligated to pay to the Airport a variety of charges and fees associated with their activities. Charges and fees are based on rates established by the Airport but can be the subject of negotiation with operators. Rates and charges of fees at airports can vary, but often consist of the following:

- Rent for terminal, hangars, parking, and building facilities
- Rent for undeveloped land
- Aircraft landing fees, parking/ramp, and tie-down fees
- Commissions on fuel flowage, operating revenues, aircraft managed/brokered/sales

Published 2021 fees for BGM include a fuel flowage fee for aircraft, landing and apron parking fees for aircraft that vary based on aircraft size, short and long-term auto parking fees, T-hangar rentals, and fees associated for security badging. BGM also has fees for terminal space leasing and ground rental rates for undeveloped land.

A summary of operating revenues from facility rents and tenant fees for the 2017-2019 period and budgeted for 2021 is presented in Table 8-2.

Table 8-2: Summary of Revenues from Facility Rents & User Fees

Facility Rents & Tenant Fees[1/]	2017	2018	2019	2021 Budget
Landing Fee Revenues	$123,179	$119,212	$128,189	$125,000
Parking Concession Revenues	$370,112	$356,612	$352,215	$361,333
Hangar, Facility & Ground Rentals	$464,448	$368,034	$359,517	$391,033
Terminal Rental & Other Terminal Revenue	$540,069	$460,863	$464,163	$457,656
Concession Fee Revenues	$454,347	$453,001	$426,567	$443,050
Consolidated Facilities Charge	$142,266	$156,924	$133,403	$113,000
Total Facility Rents & Tenant Fees	**$2,094,421**	**$1,914,647**	**$1,864,053**	**$1,891,072**
Total Operating Revenues	$2,251,898	$2,160,789	$2,097,099	$1,918,572
Percentage of Total Operating Revenues	93%	89%	89%	99%

Source: BGM airport management, 2020.
[1/] Not including Passenger Facility Charges

As indicated, revenues generated by these facilities at BGM and tenant business activity that drive fees represent nearly 90-100 percent of the Airport's operating revenues. These revenue streams are critical to the long-term financial performance of the Airport, especially as it relates to the sponsor's ability to self-fund or finance the short-term and long-term CIP projects.

As described in Chapter 2, *Inventory*, there are three conventional hangars at BGM, as well as an old aircraft maintenance building and two, ten-unit T-hangars. All hangars are owned and operated by the County. Hangar 1 houses Evolution Jets, an aircraft charter company, and the other two hangars are leased by FirstAIR, which is BGM's Fixed Base Operator (FBO).

8.3.2. Historical Operating Revenues and Expenses

Recent historical revenue and expense statements for BGM were provided by Airport Management for the 2017-2019 period. This information gives some indication of trends that can be useful for forecasting future financial performance. Table 8-3 shows audited operating revenues and expenses and compound annual growth rate (CAGR) for the period.

Table 8-3: Historical Operating Revenues & Expenses

Category	2017	2018	2019	CAGR
OPERATING REVENUES				
Landing Fee Revenues	$123,179	$119,212	$128,189	2.0%
Parking Concession Revenues	$370,112	$356,612	$352,215	-2.4%
Hangar, Facility & Ground Rentals	$464,448	$368,034	$359,517	-12.0%
Terminal Rental & Other Terminal Revenue	$540,069	$460,863	$464,163	-7.3%
Concession Fee Revenues	$454,347	$453,001	$426,567	-3.1%
Miscellaneous	$59,760	$82,582	$25,541	-34.6%
PFC Revenues	$97,717	$163,560	$207,505	45.7%
Consolidated Facilities Charge	$142,266	$156,924	$133,403	-3.2%
Total	**$2,251,898**	**$2,160,789**	**$2,097,099**	**-3.5%**
OPERATING EXPENSES				
Personal Services	$936,447	$956,782	$906,241	-1.6%
Contractual Services	$1,698,896	$2,203,782	$2,001,997	8.6%
Employee Benefits	$820,419	-$81,345	$561,820	-17.2%
Depreciation	$5,255,123	$5,264,821	$4,285,334	-9.7%
Total	**$8,710,885**	**$8,344,040**	**$7,755,392**	**-5.6%**
Net Operating Income/(Deficit)	**($6,458,987)**	**($6,183,251)**	**($5,658,293)**	**-6.4%**
Net Operating Performance Before Depreciation	**($1,203,864)**	**($918,430)**	**($1,372,959)**	**6.8%**

Source: BGM airport management, 2020.

As shown in **Table 8-3**, operating revenues at BGM have decreased nearly $154,500 over the 3-year period, which is an average annual rate of -3.5 percent. Operating expenses have also decreased, but at a steeper rate of -5.6 percent annually for a total savings of about $169,100 during the same period (before the depreciation expense). Over the 2017-2019 period, BGM has operated at an annual deficit of between $918,000 and $1.4 million before depreciation.

During the peak year of air service at BGM (2013, before American Airlines and United Airlines ceased operations), revenues surpassed $3.3 million and expenses before depreciation were about $4 million. This helped BGM achieve net operating deficit at about 50 percent of current levels.

PFC Revenues

The PFC program at BGM, summarized in **Table 8-4**, shows an overall negative net PFC collection of nearly $670,000 over the four-year time period with an average deficit of nearly $167,000 annually. Of these costs, approximately $16,000 annually accounts for administrative expenses while the rest are capital projects. Any remaining balance of PFC revenues at year end positions BGM to continue implementation of the ACIP. Pursuant to *Title 14 Code of Federal Regulations, Part 158*, any excess PFC revenues must be used for approved projects or to retire outstanding

PFC-financed bonds and follow a plan for expending these funds on a schedule approved by the FAA Airports Office Administrator.

Table 8-4: Summary of PFC Collections & Expenditures

Category	Total 2015-2018	Average Annual 2015-2018
Collections		
PFCs	$861,413	$215,353
Interest Income	$624	$156
Total	**$862,037**	**$215,509**
Expenditures		
Disbursements	($1,529,408)	($382,352)
Total	**($1,529,408)**	**($382,352)**
Net PFC Collections	**($667,371)**	**($166,843)**

Source: BGM airport management, 2015-2018.

8.3.3. Forecast of Baseline Airport Operating Financial Performance

The baseline forecast for future revenues and expenses at BGM represents a scenario that assumes all current operating conditions remain the same. While this may be somewhat unrealistic, it does present a benchmark to compare against anticipated impacts of recommended alternatives. The baseline forecasts do not consider improvements to the Airport's financial performance that may occur through the implementation of the preferred development plan or other economic shifts that could alter recent trends. The baseline forecast is for operating revenues and expenses during the 2023-2028 period.

Assumptions used in developing the baseline forecast include the following:

- **Source of Base Year Financial Data**: The baseline forecast utilizes BGM audited financial statements for the 2017-2019 period, and budget for 2021. Audited financial statements are used to identify trends regarding growth or decline in revenues and cost centers. The baseline forecast utilizes these trends to project financial performance from the 2021[1] budget, which is considered the base year for the forecast represents the Airport's best estimate for that year.

- **Baseline Forecast Rates of Growth:** As a rule, baseline financial forecasts are crafted with a more conservative outlook on revenues than on expenses. This is because operating revenues from landing fees and passenger parking are variable - driven by regional and national markets for scheduled passenger service. Despite this variability on the revenue side of the ledger, BGM must sustain operations and a facility in good condition, with a

[1] Audited financials for 2020 were not published at the time of this writing (June 2021), and due to the impacts of the COVID-19 global pandemic on aviation industry were deemed an outlier in terms of forecasting utility.

level of staffing, equipment, and readiness that can respond to changes in the passenger market.

Based on this forecast principle, the following growth rates were applied to the 2021 budget to forecast financial performance for the 2023-2038 period:

- Revenues: Revenue categories that declined between 2017-2019 and are budgeted for decreases in 2021 are forecasted to remain relatively flat for the 2023-2028 period, kept at a minimal one (1) percent annual increase. Additionally, any revenue category that was budgeted to decrease in 2021 is also held at a one percent annual growth rate for the period. This is a conservative approach to offset some portion of anticipated operating cost increases, which are described below.

  Three revenue categories experienced decline during the 2017-2019 period but are budgeted to increase in 2021. These are revenues from Parking Concessions (2.6 percent), Hangars, Facility, and Ground rentals (8.8 percent), and Concession Fees (3.9 percent). Revenues from these sources are forecasted to grow by the rate of inflation[2] through 2028.
- Expenses: Expenses at BGM have been managed closely, with costs associated with Personal Services and Employee Benefits showing steady annual decreases during the 2017-2019 period. Contractual Services costs increased during this period. The Airport's 2021 budget indicates a sharp decline of more than 46 percent in costs associated with Contractual Services, and some cost-cutting associated with Employee Benefits while Personal Services expenses are forecast to increase. Growth rates used to forecast expenses at BGM in the baseline scenario range from 3-5 percent, for an overall average annual growth rate of four (4) percent.

Drawing on these assumptions a baseline forecast of Airport financial performance through 2028 is detailed in Table 8-5.

Table 8-5: Baseline Forecast of Airport Operating Financial Performance

Category	2023	2024	2025	2026	2027	2028
OPERATING REVENUES						
Landing Fee Revenues	$127,513	$128,788	$130,076	$131,376	$132,690	$134,017
Parking Concession Revenues	$380,138	$389,904	$399,922	$410,196	$420,735	$431,544
Hangar, Facility & Ground	$411,384	$421,953	$432,794	$443,913	$455,318	$467,016
Terminal Rental & Other	$466,855	$471,523	$476,239	$481,001	$485,811	$490,669
Concession Fee Revenues	$466,108	$478,083	$490,366	$502,964	$515,886	$529,140
Miscellaneous	$12,751	$12,879	$13,008	$13,138	$13,269	$13,402
PFC Revenues	$15,302	$15,455	$15,609	$15,765	$15,923	$16,082
Consolidated Facilities Charge	$115,271	$116,424	$117,588	$118,764	$119,952	$121,151
Total Revenues	**$1,995,321**	**$2,035,009**	**$2,075,600**	**$2,117,117**	**$2,159,583**	**$2,203,021**

[2] Rate of inflation was calculated based upon U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for the 2020-2021 period.

Category	2023	2024	2025	2026	2027	2028
OPERATING EXPENSES						
Personal Services	$1,156,364	$1,191,055	$1,226,787	$1,263,590	$1,301,498	$1,340,543
Contractual Services	$1,182,708	$1,241,843	$1,303,936	$1,369,132	$1,437,589	$1,509,468
Employee Benefits	$544,387	$566,162	$588,809	$612,361	$636,855	$662,330
Depreciation	N/A	N/A	N/A	N/A	N/A	N/A
Total Expenses	**$2,883,459**	**$2,999,060**	**$3,119,531**	**$3,245,083**	**$3,375,942**	**$3,512,341**
Net Operating Deficit	**($888,138)**	**($964,052)**	**($1,043,931)**	**($1,127,966)**	**($1,216,359)**	**($1,309,320)**

Source: McFarland Johnson analysis, 2021.

As shown in Table 8-6, operating revenues might be anticipated to grow from approximately $2.0 million 2023 to more than $2.2 million by 2028 under baseline conditions where no significant change occurs. During the same period, baseline operating expenses are forecast to increase from about $2.9 million to $3.5 million in 2028. A summary of the baseline operating forecast is presented in Table 8-6.

Table 8-6: Baseline Net Operating Income/(Deficit) Summary

Year	Total Operating Revenues	Total Operating Expenses	Net Operating Deficit
2023	$1,995,321	$2,883,459	($888,138)
2024	$2,035,009	$2,999,060	($964,052)
2025	$2,075,600	$3,119,531	($1,043,931)
2026	$2,117,117	$3,245,083	($1,127,966)
2027	$2,159,583	$3,375,942	($1,216,359)
2028	$2,203,021	$3,512,341	($1,309,320)

Source: McFarland Johnson analysis, 2021.

This forecast represents a cumulative net operating deficit of about $6.5 million for the period.

8.3.4. Future Operating Financial Performance

The future financial performance of BGM depends upon the recovery timeline of domestic and international passenger market demand from the global COVID-19 pandemic. Chapter 3, *Aviation Forecasts*, considers existing levels of air service and passenger enplanements to represent the minimum core market for the Airport. The baseline financial forecast presented in Table 8-5 represents an estimate of financial performance under this minimum scenario. However, the forecast summarized in Chapter 3 indicates growth passenger enplanements and general aviation (GA) itinerant operations that can improve the financial performance of the Airport if that growth can be captured barring any major economic events, such as the coronavirus pandemic.

As indicated in the Chapter 3, *Aviation Forecasts*, passenger enplanements are shown to grow at an average rate of nearly four (4) percent annually, and general aviation itinerant operations at a rate of almost five (5) percent annually through 2032. Increased activity in these areas at BGM will have impacts on the financial performance of the airport in certain revenue streams. Table 8-7 lists the primary revenue streams that will be impacted by growth in passenger enplanements and

itinerant GA operations. These revenue streams are not the only areas where increases in activity will show improved revenue performance.

Table 8-7: Forecasted Activity Growth Impacts on Revenue Streams

Aviation Segment Activity	Primary Impact Revenue Stream
Passenger Enplanements	Passenger Parking Concession Revenues
	Concession Fee Revenues
	PFC Revenues
GA Itinerant Operations	Landing Fee Revenues
	Concession Fee Revenues
	Fuel Flowage Fee Revenues

Source: McFarland Johnson Analysis, 2021.

While the baseline forecast described in this chapter shows growth rates between 1.0 and 2.6 percent, annual increases in enplanements of nearly four (4) percent and GA itinerant operations of nearly five (5) percent annually can be expected to improve financial performance of the Airport over baseline levels. To estimate the impacts of these increases in the financial performance of BGM, higher growth rates were selected to reflect the increase in activity in these areas. **Table 8-8** compares baseline and future growth rates.

Table 8-8: Improved Financial Performance Growth Rates

Primary Impact Revenue Stream	Baseline Growth Rate	Improved Growth Rate
Landing Fee Revenues	1.0%	4.5%
Passenger Parking Concession Revenues	2.6%	3.5%
Concession Fee Revenues	2.6%	4.0%
PFC Revenues	1.0%	3.5%

Source: McFarland Johnson analysis, 2021.

Importantly, the *actual* financial impact of increased enplanements and itinerant GA operations will be based on operating agreements with existing or new airlines, revenues from increased passenger vehicles at the airport, *and* charging full rates for landing and other concessionary fees rather than waiving them for bulk fuel purchases. However, charging full rates and charges is not always feasible, as negotiations with operators to win their commitment to the airport and capture their activity require certain short term or spot reductions and allowances.

Table 8-9 presents forecast of improvements to operating financial performance at BGM if growth in passenger demand and increased itinerant GA activity is captured.

Table 8-9: Improved Forecast of Airport Operating Financial Performance

Category	2023	2024	2025	2026	2027	2028
OPERATING REVENUES						
Landing Fee Revenues	$137,512	$144,230	$151,277	$158,667	$166,419	$174,549
Parking Concession Revenues	$389,322	$404,120	$419,480	$435,423	$451,973	$469,152
Hangar, Facility & Ground	$411,384	$421,953	$432,794	$443,913	$455,318	$467,016
Terminal Rental & Other	$466,855	$471,523	$476,239	$481,001	$485,811	$490,669

Category	2023	2024	2025	2026	2027	2028
Concession Fee Revenues	$482,370	$503,321	$525,180	$547,990	$571,790	$596,624
Miscellaneous	$12,751	$12,879	$13,008	$13,138	$13,269	$13,402
PFC Revenues	$16,162	$16,776	$17,414	$18,076	$18,763	$19,476
Consolidated Facilities	$115,271	$116,424	$117,588	$118,764	$119,952	$121,151
Total	**$2,031,628**	**$2,091,226**	**$2,152,979**	**$2,216,972**	**$2,283,294**	**$2,352,038**
Baseline Total Revenues	**$1,995,321**	**$2,035,009**	**$2,075,600**	**$2,117,117**	**$2,159,583**	**$2,203,021**
Improvement over Baseline	**$36,307**	**$56,217**	**$77,378**	**$99,854**	**$123,711**	**$149,017**

Source: McFarland Johnson analysis, 2021.

Improved revenues over baseline forecast amounts to a cumulative gain of about $542,500 for the period, growing from $36,300 in 2023 to nearly $150,000 in 2028.

Another example of activity that will improve the Airport's bottom line is the recent location of Evolution Jets to a new base at BGM. Evolution Jets chose Binghamton as an East Coast base of operations and signed a rental agreement that will produce about $84,000 annually in gross rent for a conventional hangar. The initial agreement is through 2023 but includes options for three (3) five-year renewals under the same terms.

The forecast of financial performance at BGM assumes facility improvement projects are completed that position the Airport to capture this demand, and benefit via rent payments, fuel purchases, and landing fees.

8.4. SUMMARY OF SHORT-TERM CAPITAL FUNDING NEEDS

The Airport's ability to fund the local match of AIP funded projects in the short-term, five-year period is about $193,000 through 2022, which grows to about $1.26 million through the mid-term period (2028).

To position the Airport for implementation of the ACIP beyond 2022, Airport revenue generation strategies should aim to produce operating income of a level that can afford reserving income annually for the remainder of Phase II projects. The average annual funding required for the combined Phase I and II projects through 2028 is approximately $157,250.

If the Airport captures forecasted levels of activity growth described here, improved financial performance could produce income that can close this local funding gap. Together, improved enplanement activity, itinerant GA operations, and rent from Evolution Jets represent a potential increase to annual revenues of more than $185,000, not including revenues from fuel flowage fees for Evolution Jet's annual fuel needs.

The analysis presented in this chapter illustrates that despite recent net operating deficits, modest forecasted levels of growth in enplanements and general aviation activity should improve the financial footing at BGM and the feasibility for implementing the ACIP program. While funding the local share of the ACIP program is achievable, doing so will require that Airport leadership continue to exercise fiduciary responsibility in managing operating expenses, and continue attraction and

retention efforts to preserve revenue streams that can maintain positive impacts to the Airport's bottom line.

Finally, the Airport should anticipate that steady growth in passenger activity will enable PFC collections to contribute to the local match of projects. Therefore, it will be important to monitor the existing approved PFC program and collections and evaluate PFC performance annually to determine the need to amend the existing PFC program or pursue new applications to position the Airport well to implement long-term ACIP projects. Additionally, the Airport should consider and use other appropriate and available funding sources described at the beginning of this chapter to supplement federal and local funds for the ACIP program where needed.