

AIRPORT OPERATIONS

GENERAL INFORMATION:

The Muscatine Municipal Airport provides a non-commercial facility for use by the entire community. Because the Airport is heavily utilized by private companies and individuals, this facility assists in generating additional business and promotes industrial and commercial growth in the City. The facility includes a terminal building, four (4) corporate hangars, twenty (20) T-hangars, a maintenance building, and a community hangar that can store approximately fifteen (15) to twenty (20) small airplanes. The Airport has a 5,500 foot main runway and a 4,000 foot crosswind runway.

The Airport property consists of approximately 680 acres; however, only 394 acres are used for the aviation operation. The remaining 286 acres are leased for farming purposes with the income assisting in the support of the Airport operation.

The facility is operated through a contractual agreement by the Airport Manager who oversees the general operation of the facility. The City also has a Fixed Base Operator (FBO) who provides various business functions and services to the users of the Airport. The FBO provides airplane maintenance, charter services and flight training in addition to the sale of airplanes, gasoline and other general services required by the aviation industry. The current contract is with Carver Aero Inc. for both the Airport Management and FBO activities. These contracts run through June 30, 2015. The amount paid to Carver Aero for airport management fees for both 2011/2012 and 2012/2013 is \$45,000. Carver Aero, as fixed base operator (FBO), will make payments to the City of \$9,900 in both 2011/2012 and 2012/2013.

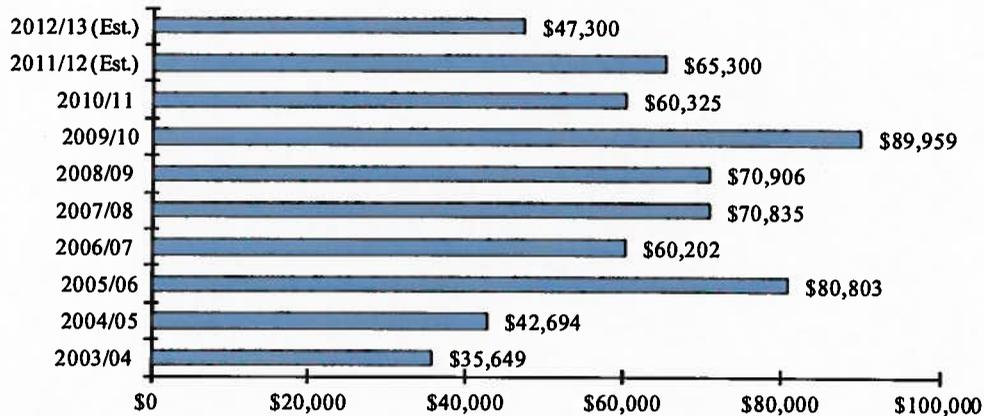
The City has completed a variety of improvements at the Municipal Airport in recent years. These improvements have been made in conjunction with the receipt of Federal Aviation Administration (FAA) or State grants. In 2006/2007 the city completed land acquisitions and related improvements for the building restriction line as well as the pavement rehabilitation of Runway 6/24. In 2008/2009 construction of a parallel taxiway for the crosswind runway was completed and new snow removal equipment was purchased. A snow removal tractor was purchased in 2010. These projects received 95% FAA funding with a 5% local match. Construction of a hangar access road was completed in 2011 with 85% State funding and a local match of 15%. Currently in progress are the Runway Lighting Repair Project which will receive 95% FAA and 5% local funding and the Airport Hangar Repair Project which will receive 85% State and 15% local funding.

The City completed construction of the new airport terminal building in 2004. This project was financed from tax increment revenue bonds. Incremental taxes from the Southend TIF area fund the annual principal and interest requirements on this issue.

CURRENT TRENDS AND ISSUES:

The Airport Operation was established as an Enterprise Fund in order to segregate revenues and expenditures of the operation and as a result of efforts to generate additional revenues for this facility. As revenues from the Airport are less than expenditures for the operation, a General Fund subsidy is required annually to balance the budget. A history of the General Fund Airport subsidies is shown in the following chart:

General Fund Airport Subsidies



The 2011/2012 revised estimate subsidy is under the budgeted amount by \$2,000 due to changes in both revenues and expenditures. Revised estimate expenditures are projected to be \$4,800 higher than budgeted primarily due to the addition of \$9,300 for runway blowup repairs. Reductions in other areas of the budget offset a portion of this increase. Revised estimate revenues are \$6,800 higher than the original budget amount since 70% of the cost of the runway blowup repairs were funded from a State grant (\$6,500).

Early in 2012 the lease for the farm land surrounding the airport was re-negotiated which will generate \$34,000 in annual farm lease revenue. In prior years, both the farm income and the related property, drainage, and island levee taxes were pro-rated between the Airport and the Water Pollution Control (WPC) fund. The 2012/2013 budget is based on crediting 100% of the farm income and charging 100% of the farm-related expenses to the Airport fund. This is the primary reason for the decrease in the General Fund Airport subsidy for 2012/2013.

Airport expenditures for 2012/2013 are \$8,000 (7.3%) higher than the original 2011/2012 budget primarily due to a capital outlay allocation of \$6,300 for cleaning, sealing, and repainting the former HNI hangar and the increase in property, drainage, and island levee taxes due to no longer allocating this cost between the Airport and the WPC funds. The Airport revenues budgeted for 2012/2013 are \$28,000 higher than the budget for 2011/2012 primarily due to the increase in farm lease revenue. These changes in revenues and expenditures will result in a General Fund subsidy for 2012/2013 of \$47,300 which is \$20,000 (29.7%) lower than the original 2011/2012 budgeted amount.

The 2012/2013 budget continues funding in the amount of \$16,000 for outside consulting services to assist the city with airport operational and planning requirements.

GOAL STATEMENT:

To provide safe and efficient aviation facilities and services to the community which will promote the commercial and industrial growth and stability of the City, and provide for the needs of the recreational and leisure activities involving aviation.

PERFORMANCE MEASURES:

	Actual 2008/2009	Actual 2009/2010	Actual 2010/2011	Estimated 2011/2012	Estimated 2012/2013
T-Hangars Maintained	20	20	20	20	20
Hangar Spaces Rented	20	20	20	20	20
Airport Advisory Meetings	8	9	10	10	10
Hangar Rentals	\$19,622	\$19,976	\$19,399	\$22,000	\$22,000
FBO Lease	\$8,700	\$8,700	\$8,800	\$9,900	\$9,900
Gallons of Fuel Dispensed by FBO	106,566	57,841	71,234	83,300	90,000
Fuel Commission (\$0.03/gallon)	\$3,197	\$1,735	\$2,137	\$2,500	\$2,700
Farm Lease Revenue	\$6,632	\$6,636	\$6,639	\$6,500	\$34,000
General Fund Subsidy	\$70,906	\$89,959	\$60,325	\$65,300	\$47,300

RECENT ACCOMPLISHMENTS:

An agreement was made with the Muscatine County Sheriff to utilize prisoner labor to clear the airport perimeter fence line of brush and tree growth that is causing damage. This arrangement eliminated the need for a \$22,000 expenditure that was originally estimated by the city's engineer for the airport.

The Community Development Director was able to negotiate with HNI to pay for the paving around their hangar at the airport and obtain additional funding through a grant amendment with the State of Iowa Division of Aviation that allowed the city to pay for the completion of the Hangar Access Road.

A State grant was secured to repair a blow up on the taxiway cross-over to the primary runway at the airport. The funds provided 70% of the cost for making the necessary repairs.

Negotiations were completed for a new agricultural lease for the airport farm ground that was presented and approved by the City Council in January, 2012.

Staff prepared an updated Storm Water Prevention Plan (SWPP) for the airport property that was approved following an inspection by the Iowa Department of Natural Resources (IDNR).

Staff completed coordination with the Iowa National Guard and Army Reserve for the construction of the Joint Armed Forces Center located on 19 acres of real estate in the southeast corner of the airport property. The \$8 million facility is now in use.

The Airport Layout Plan has been updated by department staff. Aerial plotting clearly defined the areas being utilized for agricultural and was helpful during negotiations for the farm lease modifications. The information was also presented to the Muscatine County Assessor in an effort to clearly define the area(s) within the airport property that are subject to property taxes.

OBJECTIVES TO BE ACCOMPLISHED IN 2012/2013:

- * To obtain funding to clear and grub approximately 29 acres of unwanted growth in the northeast corner of the airport adjacent to Highway 61.
- * To obtain funding for airfield pavement maintenance.
- * To obtain funding to replace the aging AWOS (Aviation Weather System) at the airport during the spring of 2013.
- * To continue the wildlife mitigation program in an effort to keep the animal population on the airport property under control and avoid further damage to airport infrastructure.
- * To initiate a regular program of spraying the perimeter fence with a sterilizer to prevent unwanted vegetation from compromising the fence.
- * To continue a dialogue with the Airport Advisory Commission regarding future improvements and the potential for a community event to educate the community and promote this asset.
- * To continue to serve as the staff representative on the Airport Advisory Commission.

Airport Operations

Fund Statement

	<u>Actual 2009/2010</u>	<u>Actual 2010/2011</u>	<u>Budget 2011/2012</u>	<u>Revised Estimate 2011/2012</u>	<u>Budget 2012/2013</u>
Beginning Balance, July 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenues					
Fixed Base Operator Fee	\$ 8,700	\$ 8,800	\$ 8,700	\$ 9,900	\$ 9,900
Hangar Rentals	19,976	19,399	23,000	22,000	22,000
Reimbursement of Costs	600	858	1,100	900	900
Farm Leases	6,636	6,639	6,700	6,500	34,000
Gasoline Commission	1,735	2,137	2,000	2,500	2,700
State Grant	11,400	0	0	6,500	0
Transfers In					
General Fund Subsidy	<u>89,959</u>	<u>60,325</u>	<u>67,300</u>	<u>65,300</u>	<u>47,300</u>
Total Revenues	<u>\$ 139,006</u>	<u>\$ 98,158</u>	<u>\$ 108,800</u>	<u>\$ 113,600</u>	<u>\$ 116,800</u>
Funds Available	\$ 139,006	\$ 98,158	\$ 108,800	\$ 113,600	\$ 116,800
Expenditures	<u>139,006</u>	<u>98,158</u>	<u>108,800</u>	<u>113,600</u>	<u>116,800</u>
Ending Balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Increase (Decrease) in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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Function:
Business Type

Department:
Community Development

Activity:
Airport Operations

	Actual 2009/2010	Actual 2010/2011	Budget 2011/2012	Revised Estimate 2011/2012	Budget 2012/2013	Percent Change
Expenditure Summary						
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -	
Commodities	3,332	3,323	3,700	3,700	3,600	-2.70%
Contractual Services	103,463	87,135	97,200	92,700	98,800	1.65%
Capital Outlay	24,711	-	-	9,300	6,300	
Transfers	<u>7,500</u>	<u>7,700</u>	<u>7,900</u>	<u>7,900</u>	<u>8,100</u>	2.53%
Total Expenditures	<u>\$ 139,006</u>	<u>\$ 98,158</u>	<u>\$ 108,800</u>	<u>\$ 113,600</u>	<u>\$ 116,800</u>	7.35%
Funding Sources						
Airport Revenues	\$ 49,047	\$ 37,833	\$ 41,500	\$ 48,300	\$ 69,500	67.47%
General Fund Operating Subsidy	<u>89,959</u>	<u>60,325</u>	<u>67,300</u>	<u>65,300</u>	<u>47,300</u>	-29.72%
Total Funding Sources	<u>\$ 139,006</u>	<u>\$ 98,158</u>	<u>\$ 108,800</u>	<u>\$ 113,600</u>	<u>\$ 116,800</u>	7.35%

Capital Outlay			
<i>Item</i>	<i>Quantity</i>	<i>Replacement</i>	<i>Amount</i>
Pressure Wash, Seal, and Repaint Hangar			<u>\$ 6,300</u>