Chautauqua County Airports

Economic Impact Analysis & Feasibility Study

Final Technical Report

Prepared for:

County of Chautauqua New York

Prepared by:

R.A. Wiedemann & Associates, Inc.
AVIATION CONSULTANTS

In Association with:

C&S COMPANIES®

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P.O. Box 621 ● Georgetown, KY 40324
(502) 535-6570 ● FAX (502) 535-5314

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Chautauqua County Airports
Economic Impact Analysis and Feasibility Study

1. INTRODUCTION

THE PURPOSE OF THIS STUDY IS TO examine methods available to reduce and eliminate the County's subsidy to their two airports. Currently, the County spends roughly $1 million per year in subsidy costs. With shrinking tax revenues this burden must be eliminated. Generally, there are two ways to reduce the County's subsidy: increase revenues or cut costs. This study focuses on both sides (revenue enhancement and cost cutting) and does not eliminate drastic measures from consideration.

1.1 Understanding & Key Issues

Our understanding of the Chautauqua County Airports situation involves the County's desire to cut its costs in funding and support of the two facilities. Both Jamestown and Dunkirk are losing money and depending upon how costs are allocated, each airport has a portion of the deficit. Ultimately, the County would like to see financial self-sufficiency in the long term and thus will need to review its policies set for Airport development, air service retention, and business attraction. Additionally, the Airport must keep its existing clientele at each airport and examine the costs and alternatives for future operation of the facilities.

Key issues that are recognized by the Economic Impact Analysis and Feasibility Study at the outset include the following:

- ***Management Time Allocation:*** There is some question over whether the Manager of Airports and Parks has enough time allocated to actually manage the Airports. Currently, the Airport Manager is also the Manager of Parks for Chautauqua County, spending only two-thirds of his time on Airport matters. The part time status of the Manager of Airports and Parks is considered a weakness. Added operational demands do not permit the Manager to perform necessary marketing functions. This is not a critique of the Manager's personal performance (which is generally regarded as being very good) it is entirely a question of constraints due to time and other job requirements.

- ***Operating Losses:*** Both Airports struggle with net operating losses.

- ***Weak Economy:*** The local area economy is lagging, therefore it is not driving business and use of the Airports. The weakened national economy has also had an adverse effect on both facilities.

- ***Airline Service:*** Air carrier service at Jamestown has not performed well and has not had connectivity with other airlines at the Pittsburgh hub. The poor performance has hurt the brand of the Jamestown Airport with regard to airline service. Also, there is inadequate availability of information about flight schedules, weather, flight changes. Online booking has been hit and miss. There was a need to see improvement and 90 percent schedule reliability before committing marketing money to promoting the service. Flights must be easily accessible via the Internet, Expedia, Travelocity, Priceline, etc.

- ***Inadequate Runway Length:*** The current runway length at Jamestown of 5,299 is considered insufficient for certain types of air traffic that are most desired such as regional passenger jets, large corporate jets, and larger cargo operations. As weather conditions change, especially in freezing conditions with lake effect snow, larger, heavier aircraft require additional runway length for safe operations. Weight considerations for these aircraft include fuel, passenger, and cargo loads. Due to topographical challenges, the additional 700 feet needed to get to 6,000 feet is projected to cost nearly $30 million.

- ***Inadequate Telecom Infrastructure:*** There is inadequate telecom infrastructure available to connect to the Internet and provide WiFi to the Jamestown Airport. This is a weakness for attracting other businesses to the Airport.

- ***Need for Improved Ground Transportation:*** There is not a stable ground transportation service between the Airport and area destinations.

- ***Branding/Marketing:*** Part of the weakness of the brand is the perception that the Airport has seen better days and that it is a "has-been," The current air service is deemed unreliable. It is also recognized that operational issues with the commercial service must be ironed out prior to marketing the Airport.

- ***Lack of Hangars:*** There is a need for large heated corporate hangar space at the Dunkirk Airport.

- ***Additional Funding:*** Depressed area economic status may open outside funding opportunities for the Airports.

- ***Airport Branding:*** There is an opportunity to better communicate Airport's achievements, contributions, and milestones via an effective community outreach program. The brand and image can be improved in terms of logo and signage. As new infrastructure and services are added, efforts must be made to expand the brand.

- ***Development Opportunities:*** Both Airports have acreage, utilities, and infrastructure to accommodate aviation and non-aviation related development.

- ***Industrial/Economic Development:*** Better integration between the Airports and the local Industrial/Economic Development Agencies will allow for better promotion of the Airports.
- ***Business Aviation Growth:*** Business aviation is forecast to grow faster than any other aviation segment in the near term future. Business aircraft constitute a stable growth

segment of general aviation that would be ideal marketing objectives for the Airports. The Airports have an opportunity to increase based and transient customers.

- ***Flying Club:*** The Airports have a good potential to develop or host flying clubs to attract enthusiasts from the region.

- ***Airport Events:*** The Airports could easily host special events to attract non-aviators to the Airports such as car shows, 5K runs, radio controlled aircraft events, school and scouting group outings, etc.

- ***Wind Turbines:*** The construction of wind turbines in the general vicinity of the Dunkirk Airport have the effect of increasing Airport operating minimums during low visibility weather conditions. This can reduce the amount of the important business aviation traffic that is needed for revenue production.

1.2 Desired End Products

The desired end products delivered as a result of this Economic Impact Analysis and Feasibility Study include the following:

- Detail current and potential future airport/community value and economic impact of the each airport.
- Retention and expansion strategies for existing companies and tenants.
- Explore new business opportunities including development/use of available airport lands along with new branding or marketing requirements. This would include out-of-the box thinking for landside developable airport properties and the feasibility of solar panel development.
- Identify current business practices, lease policy, and maintenance methods that may be subject to improvement.
- Identify any operational or staffing issues that may be improved.
- Identify needed Airport amenities and/or services.
- Discuss capital investment options.
- Present financial pro formas for each of the strategic options.
- Provide step by step procedures, processes, and implementation actions needed for each strategic option.
- Show any physical or land use changes graphically, including any potential land releases, runway closures, hangar development, taxiways or other landside area changes.
- Processes and procedures needed for interaction with FAA and NYSDOT on any recommended plan actions requiring their approval or consent.

The Study will examine the expansion of the revenue base beyond the existing aviation and any non-aviation land leases, hangar leases, fuel sales, and other existing revenues.

1.3 Report Outline

In order to address the issues described above and to produce the desired end products, this report has been organized to include the following sections:

- ***Section 1*** - Introduction
- ***Section 2*** - Operational Structure, Accounting, & Operating Practices
- ***Section 3*** - Economic Impact Assessment - Airport Community Value
- ***Section 4*** - Baseline Financial Forecasts
- ***Section 5*** - Strategic Options
- ***Section 6*** - Recommendations/Implementation Plan
- ***Appendix A*** - SWOT Analysis
- ***Appendix B*** – Airport Sponsor Grant Assurances
- ***Appendix C*** - Airport Grant History

2. OPERATIONAL STRUCTURE, ACCOUNTING, & OPERATING PRACTICES

A SUMMARY OF THE CHAUTAUQUA COUNTY AIRPORTS staffing levels, job responsibilities, reporting hierarchy, and decision making processes are described in this section, along with an analysis of additional labor force metrics based on comparisons with other airports within the immediate and greater service area. However, there was no audit of job performance of Airport employees. Instead, a comparison was made of a variety of labor influencing factors at 15 airports in the region. Comparative factors included in this analysis included items such as:

- Airport Size in Acres
- Number of Based Aircraft
- Primary Runway Length
- Mowing/Snow Removal Operations
- Number of Airport Employees

In our survey of airports, we attempted to determine whether or not airport employees conducted snow removal and mowing operations or if that is performed by other municipal staff to accomplish. We also inquired about the fuel concession operation, whether it was manned by airport employees or by a Fixed Base Operator. In addition to these metrics, an attempt was made to address the responsibilities of airport employees by function. The resulting metrics from this analysis present general measures such as the number-of-employees-per-acre, the number-of-employees-per-based-aircraft, and so on. This analysis should give Airport Management comparative data concerning the number of employees that are required for various sizes of airports.

2.1 Management Structure

Chautauqua County-Dunkirk and Jamestown airports are owned and operated by Chautauqua County. The County is governed by a 19-member Board of Legislators. Serving as the head of County government is the County Executive. The County Executive is independently elected to perform specific executive functions. The Board of Legislators retains legislative and funding authority.

There are six standing committees of the Board of Legislators, one of which is the Public Facilities Committee that is concerned with operation of both County airports. Both County airports are situated within the Public Facilities Department, along with six other related departments: Parks; Transportation; Engineering; Buildings and Grounds; CARTS; and Landfill. Both Jamestown and Dunkirk airports are led by the Manager of Airports and Parks. Figure 2-1 illustrates the organizational structure of the Airports Division at Chautauqua County.

As shown in Figure 2-1, the Manager of Airports and Parks oversees a Supervisor, three full-time Maintenance Technicians, and one part-time Administrative Worker at the Jamestown Airport and one full-time Maintenance Technician and one part-time Seasonal Laborer at the Dunkirk Airport, for a total of four full-time and two part-time personnel. In addition a total of three seasonal workers are used for snow plowing at both airports.

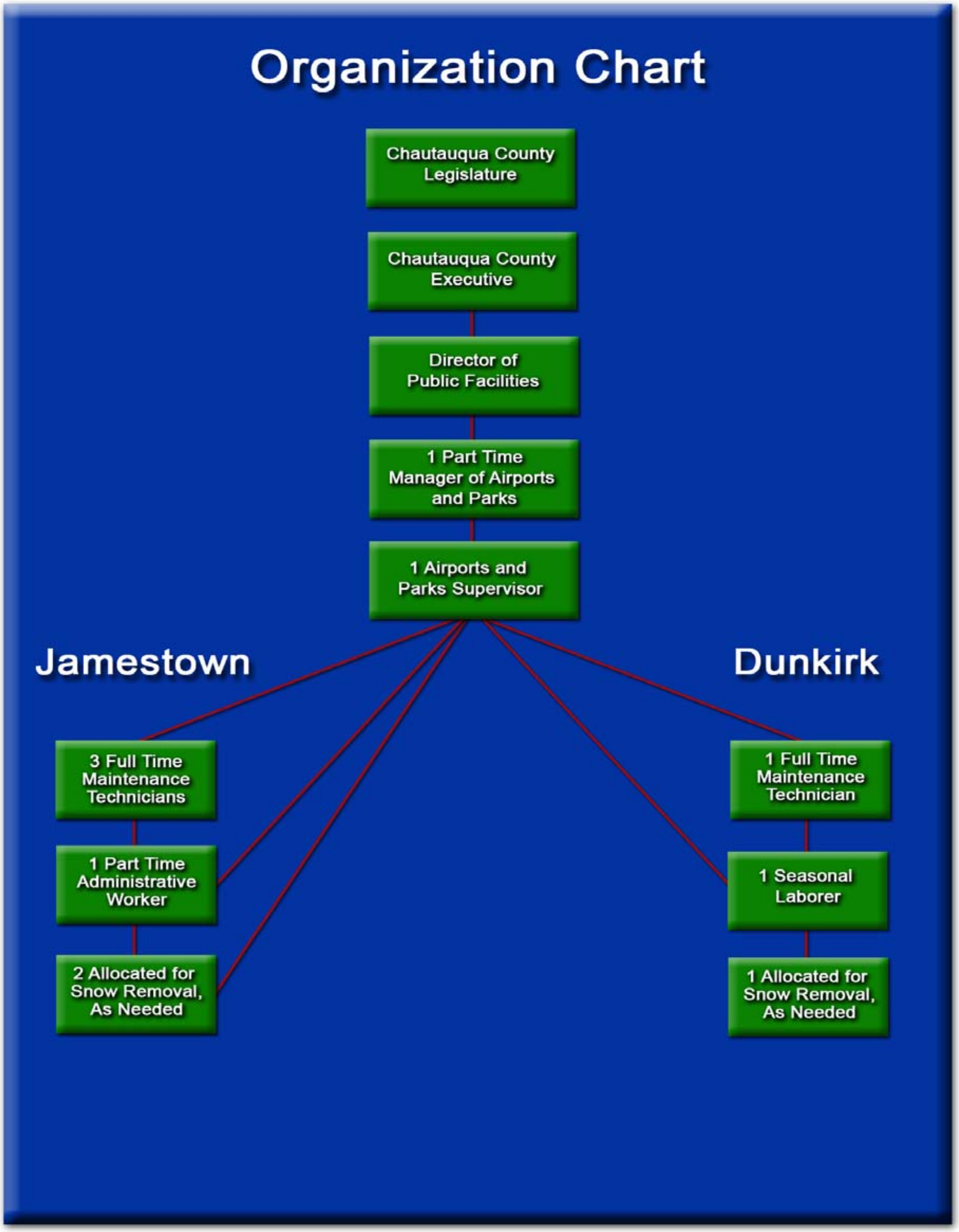


Figure 2-1 - ***Airport Organizational Chart***

As indicated in Figure 2-1, the Manager of Airports and Parks position has direct accountability for both County airports to the Director of Public Facilities, who in turn is responsible for both airports and all County roads, bridges, buildings, and grounds, as well as transportation engineering for these areas.

Administratively, the Director of Public Facilities oversees all staff and coordinates with Board of Legislators and/or the County Executive on matters of long-range capital development, human resources/staffing, and funding options under the County's general fund. The Manager of Airports and Parks must be proficient in all areas of the Airports' business, operations, and planning and capital projects. The Manager must have a working knowledge of Federal, State, and local laws and regulations relating to aviation and airport operations. As a Part 139 Certificated Airport[1] the Airport Management team must implement the provisions of federally required security programs, as well as the various operational and safety requirements for scheduled airline service.

There is often a need to revisit the operational and management structure if an airport sponsor desires to improve operating efficiencies. For Chautauqua County Airports there is a desire to make sure that the facilities are is operating at their optimum levels. The Business Plan will examine the current management structure to see if any changes could improve operational or financial performance.

2.2 Airport Operations & Staffing

The Jamestown Airport is staffed from 6:00 AM - 9:00 PM on weekdays, 7:30 AM - 4:00 PM on Saturdays, and 12:00 PM - 10:30 PM on Sundays for a total of 93 hours per week. The Jamestown Airport staff consists of three full-time, one seasonal, and one supervisor that splits his time between Jamestown and Dunkirk. There is one part time administrative assistant who is allowed 12 hours per week.

The Dunkirk Airport is staffed Monday through Friday from 7:00 AM - 3:30 PM in the summer and 6:00 AM - 2:30 PM in the winter for a total of 42.5 hours per week. There is only one full time employee stationed at Dunkirk. One seasonal worker is used for mowing from May through October, and each airport gets one seasonal helper from the County Highway department for snow plowing in the winter. There is an additional parks employee who helps with snow removal in the winter. For the purposes of this analysis, a general overview of Airport staffing positions and their responsibilities can be described as follows:

Manager of Airports and Parks

The Manager of Airports and Parks is responsible for administrative and managerial work in planning, organizing, directing, supervising and coordinating subordinate personnel in the operation and maintenance at the Chautauqua County Airports. Job duties include managing the day-to-day operational details, interacting with TSA at the Jamestown Airport, exercising

[1] Title 14, Code of Federal Regulations, Part 139 requires the FAA to issue airport operating certificates to airports that: serve scheduled and unscheduled air carrier aircraft with more than 30 seats; or serves scheduled air carrier operations in aircraft with more than 9 seats but less than 31 seats. Airport Operating Certificates serve to ensure safety in air transportation. Source: http://www.faa.gov/airports/airport_safety/part139_cert/

considerable initiative and independent judgment in the performance of duties. A high degree of initiative and independent judgment is required within the framework of established policies, procedures, and instruction.

Additional responsibilities include performing normal air-side/ground-side duties as required, implementing security and safety requirements, training new Airport employees, compiling daily reconciliation of financial records, maintaining proper insurance requirements, providing monthly reports to the Public Works Department Director, and performing daily security inspections. The Manager of Airports and Parks must be familiar with fueling procedures, fuel truck operations, runway procedures, airport equipment and functionality, and other necessary operations that are typical of FAR Part 139 certificated airports.

In addition to these duties, the Airport Manager of Airports is also the Parks Manager with all of the responsibilities associated with that County responsibility. Further complicating the issue is the fact that the Manager position is only part time, with a 0.6 allocation from the County. Because the Manager of Airports and Parks is under time constraints for job performance in both the Parks and Airports sectors, there is significant job pressure. The Business Plan will examine this issue and seek some resolution.

Administrative Assistant

The Administrative Assistant position is responsible for the overall clerical operation of the County airports. Job duties include invoicing, secretarial, and operational tasks, sometimes manning the Unicom, assisting with day-to-day issues with the airline and other such tasks. This position must have a complete understanding and working knowledge of the ground-side and air-side operation of the Airport, a working knowledge of the office administration, and ability to complete all financial reports, required federal, state and local reports, employee records, payroll, work scheduling and all other administrative duties as needed. This position is allotted 12 hours per week and as such, has limited the amount of work flow possible.

Airport Maintenance Technicians and Support Staff

Airport maintenance technicians and support staff perform a variety of tasks. In general, these employees are tasked with maintaining and operating the Airport on a daily basis. At Chautauqua County Airports, the Airport Maintenance Technicians and Support staff positions are made up of the followings:

- One Full-Time Airport Maintenance Supervisor
- Four Full-Time Airport Maintenance Technicians
- Three Seasonal Workers

In general, these employees are tasked with maintaining and operating the airports on a daily basis. Their work includes mowing, minor crack sealing, painting, ditch maintenance, wildlife removal, snow plowing, and staffing the Airport Fire Fighting and Rescue (ARRF) facility while airline aircraft are within range. They often operate radio communications with incoming and outgoing aircraft, overseeing the flight line, hangars, maintaining the terminal building including restrooms, and any other tasks relating to the general operation of the airports.

It should be noted that the Airport Maintenance Supervisor also works as a Supervisor for the Parks Department. Total allocation toward airport work is 0.75 from the County.

2.3 Workforce Metrics

A number of workforce metrics were derived to provide a comparison of the staffing levels at Chautauqua County Airports and at 14 other general aviation airports in the region. These metrics attempted to compare factors that should reasonably impact the amount of work required for maintenance, upkeep, and staffing. Of the 14 airports examined, the following workforce metrics were determined:

Sample Size

- Average number of airport acres: 471
- Average number of based aircraft: 64
- Average primary runway linear footage: 5,037

Averages per Worker

- Number of acres per worker: 115
- Number of based aircraft per worker: 16
- Number of linear feet of primary runway per worker: 1,229

When applied to the combined Chautauqua County Airport system, the following jobs metrics can be derived:

Averages for Workers per Metric Item Measure

- Number of workers for 1,238 acres: 10.8
- Number of workers for 68 based aircraft: 4.3
- Number of workers for 11,299 linear feet of primary runway: 9.2

As shown, the average number of workers fitting the Chautauqua County Airport system range between 4.3 and 10.8. Currently, the Airport system has 7.0 full time equivalent workers. It should be noted that Jamestown was the only FAR Part 139 airport included in the survey. Discussions with Airport Management indicate that the Part 139 certification requires at least 1 and possibly 2 workers to maintain currency because of the ARFF requirement and the maintenance issues. Thus, it is believed that the higher range of metrics apply to the Chautauqua County Airport system.

2.4 Preliminary Observations

Prior to making any recommendations concerning staffing or management structure, a study of the workforce metrics, labor expenditures, and job responsibilities must be made. In addition, discussions with Airport Management are important to determine the feasibility of making any changes to the existing operation.

That being said, there are a couple of observations that can be made preliminarily concerning the workforce and operational situation at Chautauqua County Airports. The first involves the caliber and motivation of personnel working at the Airport. From our preliminary observations, employees exhibit good attitudes and professional work practices. Helping the overall image of the airports, the FBO has good reviews on airnav.com from patrons of both facilities.

With regard to staffing metrics, the use of seasonal and part time employees is a strategy used in keeping labor costs to a minimum. However, the amount of effort needed to manage the airports and provide administrative assistance requires full time staff rather than part time. The fact that the Manager of Airports and Parks' position is part time and that he must spend one third of his time on Parks work creates a time deficit for Airport management. In essence, the Manager of Airports and Parks must manage two airports using a 0.6 part time status with the County, further reduced by one-third. So, mathematically, the Manager of Airports and Parks has only 40 percent of a full time position to devote to two airports - roughly 20 percent or so for each airport. Similarly, the Maintenance Supervisor must split his time between the airports and parks. In addition, the metrics examined show Chautauqua County Airports are below the service area averages by at least two full time positions (7.0 versus 9.2).

Of concern in this analysis is the maintenance of high caliber personnel and good morale. This type of *esprit-de-corps* exists with employees that see challenges as a means to show they can overcome problems that would normally stop uncaring or less conscientious employees. Such a staffing system works only as long as the morale is maintained. If morale suffers, there is generally a process of burnout that occurs over time. Burnout creates employee turnover, which, in the long run, is costly to the County.

Burnout can be avoided by providing adequate staffing and reasonable hours and division of responsibilities. This Business Plan will project the staffing levels for the longer term that may be needed to preserve the level of service that is currently provided.

3. ECONOMIC IMPACT ASSESSMENT - AIRPORT COMMUNITY VALUE

IN RECENT YEARS, THE VALUE OF AIRPORTS in Chautauqua County, NY has come under close examination from both government officials and the general public. With tax revenues in short supply, there are higher expectations of financial performance and economic benefits from the County's airports. Measuring this performance and some type of return on investment is critical to the discussion, so that all parties are dealing with the same facts.

For Chautauqua County Airports, the value of the Airports to the County may be important in the decision-making process surrounding funding support of capital improvements or new initiatives. Therefore, documenting the Airports' economic impacts and contributions to the local economy is the first half of this work. The other half of the equation is the determination of the asset value of the Airports, to equip decision makers with information about the value of any capital investment in the Airport system.

When examining the economic health and well-being of a business, it is customary to examine both the income statement and the balance sheet. Similarly, the Airport Community Value (ACV) measurement examines the “income statement” (as measured by the IMPLAN economic modeling) and the “balance sheet” (as measured by the depreciated or useful life value of the Airports' assets). Previous economic impact studies have focused only on the “income” side of the two Airports' economic value. For a full picture, the existing value of airport facilities should also be included in the economic impact. This would take the form of an estimate of replacement costs or existing facility worth (including useful life depreciated values of facilities) for each Airport. With a baseline value such as this, measurement of the total value of the Airport system is possible.

The output of this analysis involved the use of a number of economic impact assessment methods to quantify the following economic aspects of Chautauqua County Airports:

- ***Direct Spending:*** Includes on-airport spending on employment, operations, and capital projects. It also includes off-airport spending by air travelers for rental cars, hotels, restaurants, etc. Thus, direct spending is associated with both the *providers* and the *users* of airport services.
- ***Induced Benefits:*** Impacts above the original direct spending created by the successive rounds of spending in the local economy until the original direct impact has been incrementally exported from the local area.
- ***Jobs and Income:*** Quantify the income generated by aviation and the number of jobs supported by each Airport.
- ***Total Output in Dollars:*** The combined impacts of direct and induced spending.
- ***Taxes:*** Tax revenue contribution of the aviation industry to local and State units of government in New York.

- ***Airport Community Value:*** Quantification of the asset value of each Airport in addition to their economic impacts.

Given these analytical needs, this report is organized to include the following sections:

- IMPLAN Model Inputs
- Apply Regional Multipliers to Direct Impact Numbers
- State and Local Tax Impacts
- Airport Community Value
- Summarize All Impacts

3.1 IMPLAN Model Inputs

The most significant, work-intensive portion of the economic impact analysis was the data collection effort. Results of the inventory and data collection formed the basis for inputs to the economic impact model. These inputs included the following:

- On-Airport Employment
- Visitor Spending
- Capital Spending

On-Airport Employment

An inventory of all on-airport direct employment was taken in August 2015. The results of that inventory showed the following:

	Full Time	Part Time
• Jamestown Airport	56	28
• Dunkirk Airport	11	10
TOTALS	67	38

In total, there are sixty-seven full time and thirty-eight part time employees at Chautauqua County Airports. These jobs make up part of the direct impact of aviation at the Airport. Other direct job impacts come from capital spending on the Airport, including all of the spending that contractors pay their employees. In addition, air visitors that use the Airport and spend money on rental cars, hotels, and restaurants create jobs that are counted as a part of the direct impact of the Airport on the region.

Visitor Spending

Each year, air visitors to Chautauqua County arrive using general aviation or scheduled airline service as their primary transportation means. These visitors spend money for rental cars, hotels, and restaurants during their trips and that spending can be attributed to their use of the Airport. To estimate visitor spending, true itinerant visitor trips were multiplied times the amount spent per trip.

The method for determining spending by visitors is a two-step process. Essentially, this method first estimates the number of visitors to an airport. Then, an estimated expenditure per visitor is applied to the total number of visitors, quantifying direct visitor spending economic impacts. To estimate the number of general aviation visitors to Chautauqua County Airports, it was assumed that only the true transient pilots and passengers would be counted as visitors, along with visitors arriving by air using the commuter airline (Sun Air Express).

For general aviation, the Aircraft Owners & Pilots Association (AOPA) estimates that the average occupancy of general aviation aircraft is roughly 2.5 passengers per flight. Since itinerant operations can contain significant numbers of local residents (leaving and coming back to the Airport), it was assumed that only 10 percent of these passengers were actually from locations other than the western New York area. For the airline component, it was assumed that only 25 percent of passengers were true transients.

To estimate visitor spending, the amount used in the 2010 study for New York State was updated relative to inflation (using the Consumer Price Index). For Chautauqua County Airports, the New York State study assumed $289 per transient visitor. Updating that spending number to 2014 revealed an increase to $315 per transient visitor.

In total, the inputs for Chautauqua County Airports included 2,732 total visitors from the two airports each year, generating a total of $860,500 in spending.

Capital Spending

Considering a 10-year history, an average of $1,829,100 was spent at Jamestown each year while an annual average of $800,000 was spent at Dunkirk. This average level of capital spending was used in the computation for future ACIP expenditures to be used in the IMPLAN model.

3.2 Application Of IMPLAN Multipliers To Airports

IMPLAN, developed originally by the U.S. Forest Service, is a comprehensive impact system that is built on the framework of input-output and social accounting methodology. The database is maintained at the county level, affording the analyst an opportunity to create regions for study that are aggregations of counties. The database includes the latest business censuses supplemented by County Business Patterns and other data derived from the Bureau of Economic Analysis.

The final step in the analytical process of regional economic impact analysis is the estimation of the induced or multiplied effects of Chautauqua County Airports' direct and indirect aviation impacts. Using the IMPLAN software, multiplier tables were generated for Chautauqua County and all of the potential impacted industries. Results and data from the estimation of direct and indirect impacts were entered in the appropriate multiplier process and the results were summed for each airport to obtain output and employment totals supported by aviation.

The economic impact methodology first identified the direct spending and employment at Chautauqua County Airports (called direct impacts) and included the direct spending of air visitors at off-airport sites such as hotels and restaurants. Armed with this information, regional respending multipliers derived from IMPLAN software were applied to the data to determine the multiplied impacts of direct spending (called induced impacts). Table 3-1 presents a summary of Jamestown Airport's direct and induced economic impacts. Table 3-2 presents the same information for Dunkirk Airport.

Table 3-1 - Direct and Induced Economic Impacts: Jamestown Airport

ITEM	AMOUNT
Direct Impacts	
Airport-related Income*	$7,550,800
On-Airport Expenditures (Total including capital costs)	$13,327,700
Estimated State/Local Taxes	$1,157,200
Airport-related Employment (Total)	84
Induced Impacts	
Induced Direct Impacts	$2,364,000
Total Induced Employment Impacts	62
Grand Total Dollar Impacts	**$20,680,400**
Grand Total Income Impacts*	**$9,914,800**
Grand Total Employment Impacts	146

* Includes indirect incomes from visitor spending and capital development. This is a subset of the total impacts and is already included in the output number.

Table 3-2 - Direct and Induced Economic Impacts: Dunkirk Airport

ITEM	AMOUNT
Direct Impacts	
Airport-related Income*	$3,518,600
On-Airport Expenditures (Total including capital costs)	$5,570,300
Estimated State/Local Taxes	$512,000
Airport-related Employment (Total)	24
Induced Impacts	
Induced Direct Impacts	$2,364,000
Total Induced Employment Impacts	28

Table 3-2 - Direct and Induced Economic Impacts: Dunkirk Airport	
ITEM	**AMOUNT**
Grand Total Dollar Impacts	**$8,844,200**
Grand Total Income Impacts*	**$4,570,900**
Grand Total Employment Impacts	52

* Includes indirect incomes from visitor spending and capital development. This is a subset of the total impacts and is already included in the output number.

As shown, Chautauqua County Airports support a total of 198 jobs and $29.5 million in annual economic impact. The Airports generate $1,669,200 in State and local taxes and provides incomes of more than $14.5 million to New York residents.

State and Local Tax Impacts

When discussing economic impacts of aviation, many people are interested in the collective benefits to the local municipalities and the State of New York. One measure of the collective local benefits involves the level of taxes paid to these local governmental units. In New York, there are a variety of taxes paid by airports and aviation users:

- Airport property taxes on privately owned airports
- Sales tax
- Payroll taxes
- Aviation fuel tax
- Public accommodations tax

All of these tax impacts were estimated by the IMPLAN model for expenditures at the State and local level. Estimated state and local tax impacts from aviation for Chautauqua County Airports totaled $1,669,200 in 2014. This tax revenue benefits all citizens of the area, not just those in aviation.

3.3 Existing Value Of Airport Properties And Facilities

Two estimates of existing airport values are helpful in describing the overall Airport Community Value. The first value of an existing airport is the replacement cost of the facility. While this is not the current value of the facility due to depreciation of assets, it gives an idea of the resources needed to replicate the facilities at the local airport. The airport replacement value can be estimated by multiplying unit costs of construction times the existing quantities of facilities to derive an approximate infrastructure investment total. Land values are added to the facility development costs, yielding a total replacement value. Not included in this mix are the potential difficulties of actually replacing the airport due to environmental issues, land use constraints, and property availability. A second important descriptor in the ACV involves the "depreciated" or "useful life" value of the existing airport facilities. Both of these are described in the following sections.

Airport Replacement Value

When considering the value of an airport, its economic impact is usually identified, but rarely are the assets identified or valued. For Chautauqua County Airports, two estimates of asset value were determined. First, the replacement value of Chautauqua County Airports was developed using estimates of the construction value of individual facilities at each of the Airports. This estimate uses the dimensions of the major assets, multiplied by the unit costs of construction to obtain an approximate total value for the cost of each Airport. Tables 3-4 and 3-5 show the estimation of those costs, including the value of the property for industrial land in Chautauqua County. Replacement of the Airports would cost about $160 million.

Table 3-4 - Jamestown Airport Replacement Value

	Description	Units		Cost/Number	Amount
Land Value	Acres from 5010	788	Cost/Acre	$ 7,500.00	$ 5,910,000
Pavement					
Runway	Length x Width	979,900	Cost/sq.ft.	$ 25.00	$ 24,497,500
Taxiway	Length x Width	671,750		$ 25.00	$ 16,793,750
Apron Area	Estimated	360,000	Cost/sq.ft.	$ 20.00	$ 7,200,000
Hangars					
Conventional Hangars	Total Square Footage	69,500	Cost/sq.ft.	$ 250	$ 17,375,000
T-Hangars	Total Units	-	Cost/Unit	$ 90,000	$ -
Fuel System	0=None, 1=10,000 gals,				
	2=More than 10,000 gals.			2	$ 1,000,000
Navigational Aids	0=None, 1=Nonprecision				
	2=Precision			1	$ 500,000
Internal Roadways	Total Linear Feet	2,850	Cost/l.f.	140	$ 399,000
Auto Parking Lots	Total Square Footage	152,600	Cost/sq.ft.	17	$ 2,594,200
Perimeter Fence	Total Linear Feet	25,500	Cost/l.f.	20	$ 510,000
Air Traffic Control Tower	0=No, 1=Yes			0	$ -
Non-Hangar Buildings	Estimated	54,950	Cost/sq.ft.	$ 300	$ 16,485,000
Total Replacement Value					$ 93,264,450

Table 3-5 - Dunkirk Airport Replacement Value					
	Description	Units		Cost/Number	Amount
Land Value	Acres from 5010	450	Cost/Acre	$ 7,500.00	$ 3,375,000
Pavement					
Runway	Length x Width	1,000,000	Cost/sq.ft.	$ 25.00	$ 25,000,000
Taxiway	Length x Width	455,250		$ 25.00	$ 11,381,250
Apron Area	Estimated	317,100	Cost/sq.ft.	$ 20.00	$ 6,342,000
Hangars					
Conventional Hangars	Total Square Footage	61,200	Cost/sq.ft.	$ 250	$ 15,300,000
T-Hangars	Total Units	10	Cost/Unit	$ 90,000	$ 900,000
Fuel System	0=None, 1=10,000 gals,				
	2=More than 10,000 gals.			2	$ 1,000,000
Navigational Aids	0=None, 1=Nonprecision				
	2=Precision			1	$ 500,000
Internal Roadways	Total Linear Feet	3,320	Cost/l.f.	140	$ 464,800
Auto Parking Lots	Total Square Footage	50,399	Cost/sq.ft.	17	$ 856,783
Perimeter Fence	Total Linear Feet	21,900	Cost/l.f.	20	$ 438,000
Air Traffic Control Tower	0=No, 1=Yes			0	$ -
Non-Hangar Buildings	Estimated	2,000	Cost/sq.ft.	$ 300	$ 600,000
Total Replacement Value					$ 66,157,833

Thus, one method of valuing the Airports would be to consider the equivalent costs of replacement. Since many of the existing facilities are aging, they have lost a portion of their value in accordance with their useful life. In this regard, a second measure of value was made - Current Value of Airport Facilities.

Current Value of Airport Facilities

The current value of Airport facilities was estimated using the calculated replacement value along with the age of various facilities at each Airport, along with their estimated useful life. The ACV metric includes the following assumptions:

- ***Paved Area Value Reductions:*** The replacement cost of paved areas were reduced by applying the following percentages based on estimated facility age:
  - Good (0-5 years): -12.5%
  - Fair (6-10 years): -37.5%
  - Poor (11-20 years): -75%
  - Over 20 years: -100%

- ***Hangars and Non-Hangar Building Value Reductions:*** Using a 40-year life as a reasonable benchmark, the following percentages were applied to estimated replacement values for each facility:
  - 0-5 years: -6.25%.
  - 6-10 years: -18.75%
  - 11-20 years: -37.50%
  - Over 20 years: -67.00%

- ***Other Facilities:*** Other facilities such as fuel systems and instrument approaches were not reduced in value, since their replacement costs are assumed to increase at the same rate as their depreciation.

- ***Land Value:*** The land value used for the ACV metric was taken from an average of recent listings of property near each Airport. For the purpose of the ACV metric, both the existing and replacement land values are the same since land typically does not depreciate in value.

To account for the remaining useful life in terms of replacement costs, the replacement values listed in Table 3-6 were decreased in accordance with the age and remaining useful life of each facility. No deprecation was assumed for the land value or fuel system, since they hold their original replacement value by function. Table 3-6 presents the results of the current value estimate using the principles of remaining useful life.

Table 3-6 - Existing Value Chautauqua County Airports

Airport	**Dunkirk**	**Jamestown**
Land Value	$3,375,000	$5,910,000
Pavement		
Runway	$15,625,000	$6,124,375
Taxiway	$6,401,563	$4,198,438
Apron Area	$1,585,500	$2,250,000
Auto Parking Lots	$214,200	$648,550
Hangars		
Conventional Hangars	$4,224,000	$10,859,375
T-Hangars	$843,750	-
Fuel System	$1,000,000	$1,000,000
Instrument Approaches	$500,000	$500,000
Internal Roadways	$290,500	$249,375
Linear Fence	$630,000	$318,750
Non-Hangar Buildings	$198,000	$10,303,125
Existing Facility Value	**$34,887,513**	**$42,361,988**

As shown, the Airport's existing facility value based upon useful life estimates is approximately $77.3 million. This is roughly 48 percent of its replacement value as estimated with land costs.

Return on Assets

One measure of return on assets (ROA) is an airport's ability to use its assets to generate operating revenues. Assets include cash and cash equivalents, as well as physical items of tangible value, such as buildings, equipment, pavement, and land owned by the airport. For the most part, the ROA measurement should be used historically for the industry being analyzed. If peer airport comparisons are made, it is imperative that the airports being reviewed are similar in size and aircraft activity. For airports, ROA is measured using operating revenues, which is an acceptable variable for ratio comparison. Information from our database indicates that reasonable ranges for this ratio are between 0.2 percent and 2.2 percent. Chautauqua County Airports have a combined ROA from operating revenues of 0.2 percent, which is at the bottom of the production scale.

Another measure of ROA involves the use of economic output in the ratio. As such, Chautauqua County Airports are producing economic output equal to 38.2 percent of their current asset value each year. Unlike a school system that requires funding for salaries, maintenance, and equipment to produce jobs and economic output, the two County Airports provide a large economic output.

It is recognized that economic benefits are not the only reason to invest in projects. There are quality of life factors, safety, and other issues that are worthy of a community's investment. However, in comparing economic benefits, these ROA measures are very useful.

3.4 Summary Of Airport Community Value

The value of Chautauqua County Airports has been estimated in this analysis, using two very different measures. The first was the economic activity metric, which assesses the job creation, income, and output, generated at the Airport. This value was estimated in this study as follows:

- Total Jobs: 198
- Total Payroll $14,485,700
- Total Economic Output: $29,524,600
- Total State & Local Taxes: $ 1,669,200

A second measure of the value of the Airport involves the current asset value. In this regard, a method was used that first estimated the current replacement value of the facility and then reduced that value by the useful life remaining on each specific asset. This procedure resulted in a replacement value estimate of $159.4 million and a current value of $77.3 million. Taken as a snapshot in time, the total value of the two Airports could be estimated to include their combined annual economic activity ($29.5 million) plus their combined current asset value ($77.3 million). Adding these two numbers, it can be shown that **the overall snapshot value of the Airports to the County is $106.8 million.**

There are a number of non-monetary benefits of aviation that have not been mentioned in this analysis. Some of these benefits include:

- ***Transportation Benefits:*** Defined as the time saved and cost avoided by travelers who use airports rather than the next best alternative. Chautauqua County Airports provide access to the National Air Transportation System for both domestic and international flights.

- ***Stimulation of Business and Tourism:*** Chautauqua County Airports are used extensively by area businesses, including Cummins Engine Company and Chautauqua Institution. As such, their convenience is highly valued by aviation business travelers.

- ***Aeromedical Evacuation:*** Chautauqua County Airports serve aeromedical evacuation teams and flight services. This life-saving function has intrinsic value that often cannot be adequately quantified.

- ***Recreation:*** Both Airports serve personal flying and tourism. Recreational flying involves general aviation personal flying while airline service can be used for tourism purposes.

The impacts that were estimated in this report are only one facet of the overall picture. The economic activity generated by the Airports along with their current asset value represent the monetary value of the facilities, while these other non-monetary factors describe other features of their intrinsic worth.

4. BASELINE FINANCIAL PROJECTIONS

THIS SECTION IDENTIFIES HISTORICAL REVENUES AND EXPENSES at Chautauqua County owned Airports and projects those revenues and expenses to 2020. This projection only considers a baseline scenario with no new revenue enhancements included. This projection of financial performance is designed to answer the question, "How will each airport perform if no significant changes are made?" However, in a later section, alternative projections of financial performances will be presented based upon recommendations made from this Study. To address baseline projections, this section is organized as follows:

- Historical Operating Revenues and Expenses
- Historical Non-Operating Revenues and Expenses
- Baseline Forecast of Revenues and Expenses

4.1 Historical Operating Revenues and Expenses

Chautauqua County owns and manages both the Dunkirk Airport and the Jamestown Airport. Jamestown Airport is a FAR Part 139 facility and offers scheduled air service under the Essential Air Service (EAS) program. The same Fixed Base operator (FBO) operates out of both Airports and provides fueling and other routine services, flight school activity, and regional aircraft maintenance facilities.

Information concerning historical revenues and expenses for Jamestown and Dunkirk Airports was provided by Airport Management. For purposes of this analysis, the most recent five year data history was used (2010 - 2014) because it represents the relevant historical financial performance of the Airports. In addition, this data is most applicable for financial forecasting because it gives some indication of the recent trends. Tables 4-1 and 4-2 show the historical revenue and expenses for both Jamestown and Dunkirk as documented in the income and revenue spreadsheets provided by the County.

Table 4-1 - Historical Operating Revenues and Expenses: Jamestown

Year	**2010**	**2011**	**2012**	**2013**	**2014**	Growth/ Yr.
Operating Revenues						
Facilities Rents	$48,989	$74,293	$59,146	$75,179	$83,996	14.4%
Airline Related Revenue	$47,767	$45,428	$56,496	$66,242	$62,938	7.1%
Concessions	$2,048	$1,186	$0	$0	$0	n/a
Miscellaneous	$10,753	$2,144	$2,350	$10,281	$5,234	-16.5%
Total Operating Revenues	***$109,558***	***$123,051***	***$117,992***	***$151,701***	***$152,167***	***8.6%***
Operating Expenses	**2010**	**2011**	**2012**	**2013**	**2014**	Growth/ Yr.
Marketing & Advertising	$34	$206	$131	$194	$527	97.8%
Administrative/Indirect Costs	$22,357	$33,053	$41,315	$61,803	$54,380	24.9%
Payroll and other Pay	$380,972	$373,688	$348,968	$350,135	$334,851	-3.2%
Health/Medicare, Retirement	$163,897	$179,368	$210,888	$216,873	$194,868	4.4%
Utilities	$105,741	$115,456	$90,601	$102,679	$120,835	3.4%

Table 4-1 - Historical Operating Revenues and Expenses: Jamestown						
Year	**2010**	**2011**	**2012**	**2013**	**2014**	Growth/ Yr.
Contracted Services	$7,369	$12,478	$9,598	$5,756	$8,088	2.4%
Insurance	$45,325	$40,982	$35,240	$37,175	$36,048	-5.6%
Equipment & Maintenance	$88,487	$59,519	$76,184	$53,753	$56,944	-10.4%
Miscellaneous	$1,268	$893	$476	$594	$421	-24.1%
Total Operating Expenses	**$815,452**	**$815,643**	**$813,401**	**$828,962**	**$806,963**	**-0.26%**
Net Operating Deficit	**($705,894)**	**($692,592)**	**($695,409)**	**($677,261)**	**($654,796)**	**-1.86%**

From the historical financial information shown in Table 4-1, the 2014 operating revenues at Jamestown are 39 percent higher than 2010 levels (8.6 percent per year) and 2014 operating expenses are 1.04 percent lower than 2010 operating expenses. The Airports main source of revenue is from its leasing activities (Figure 4-1). The County leases most of the Airport facilities to the FBO.

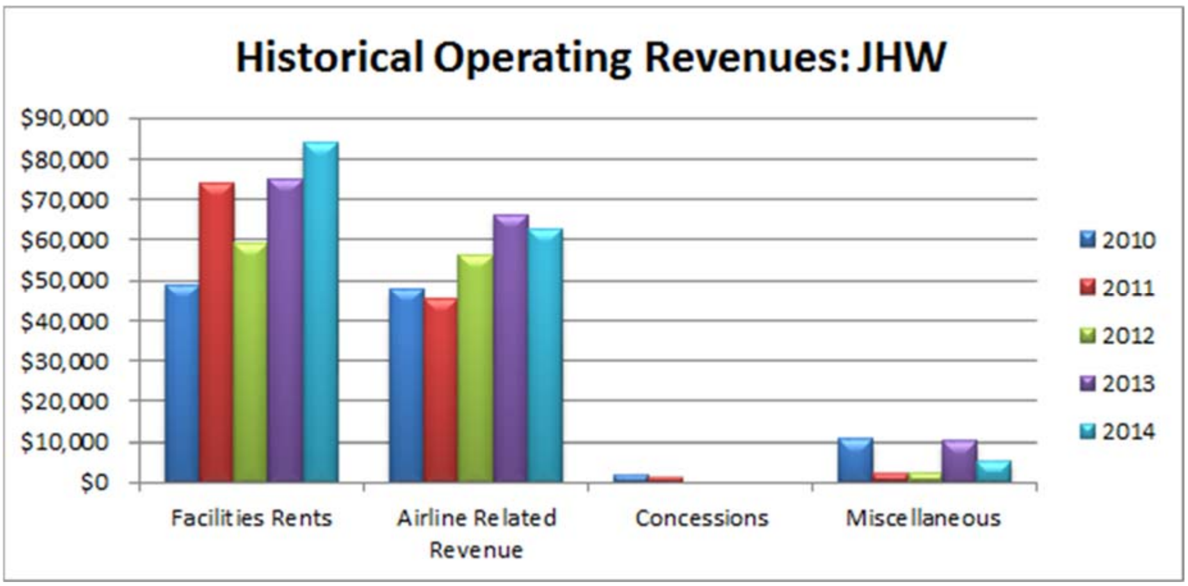


Figure 4-1 - ***Historical Operating Revenues at JHW***

Being a FAR Part 139 facility with scheduled air service under the Essential Air Service (EAS) program, both revenue and expenses are increased at the Airport. On the revenue side, increases can be seen in Airline Related Revenue which includes income from the airline counter rental, landing fees, office rental from TSA, and rental car fees. On the expense side, both staffing and maintenance expenses are increased. Federal regulations require a fully trained Airport Rescue/Fire Fighting (ARFF) specialist be at the airport 30 minutes before each scheduled commercial arrival to 30 minutes after each scheduled departure. Maintenances costs are increased due to the amount of work mandated by the FAA to maintain the Airport facilities and grounds up to federal standards for FAA Part 139 certified airports. This includes enforcing a badge policy and additional Airport security.

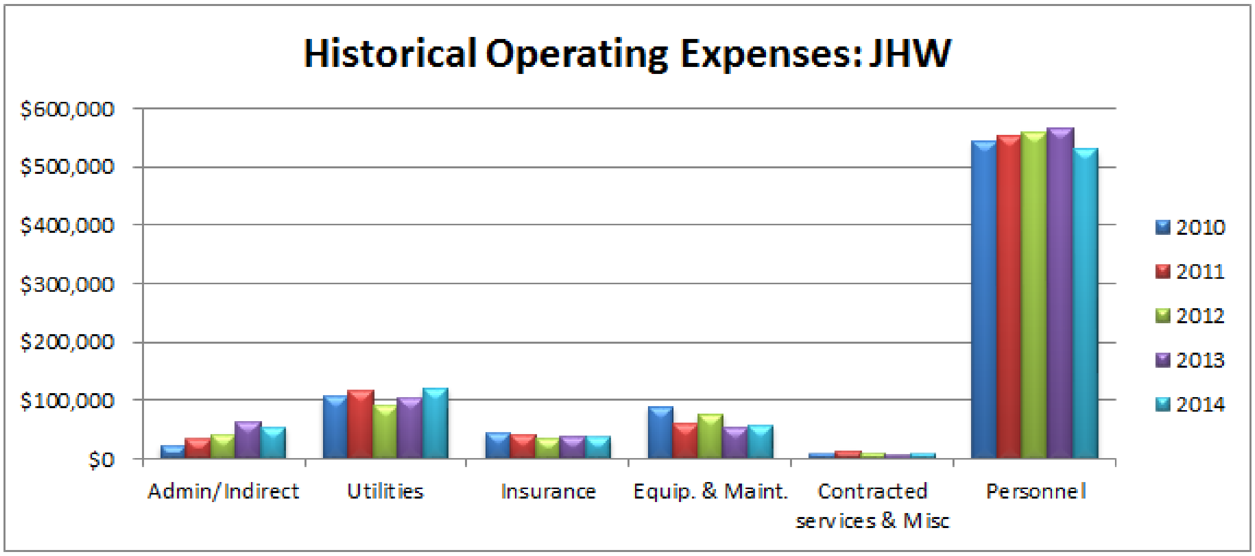


Figure 4-2 - ***Historical Operating Expenses: JHW***

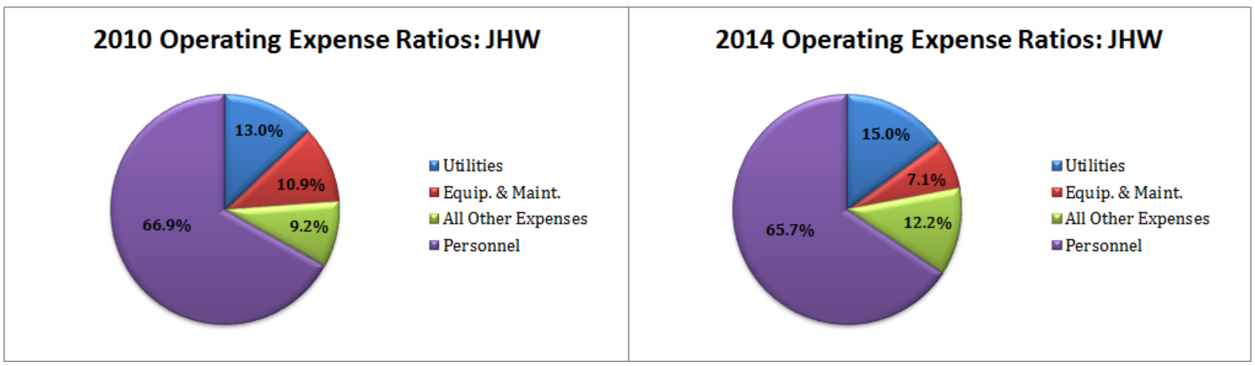


Figure 4-3 - ***Operating Expense Ratios 2010 vs 2014***

Jamestown Airport employs 5 full-time equivalent employees. In 2014, personnel expenses (salary and benefits) totaled $529,720 - 65.7 percent of total Airport operating costs. County shared services under the Administrative/Indirect Cost category increased by 76.6 percent from 2010 levels. Although Equipment and Maintenance decreased by $31,500 from 2010 levels, this category tends to be cyclical in nature. Jamestown's net operating deficits from 2010-2014 total over $3.4 million.

For Dunkirk Airport, there are several items of note. First, a large part of the facilities at the Airport are leased by the FBO. Currently, 57,537 square feet of facilities are being leased to the FBO. That concentrates the revenue base in one client. In this regard, 70 percent of revenues from the eight-bay hangar and 10 percent of revenues for the other hangars go to the County, plus a base rent ($800 per month until 2015). After 2015, the base rent increases to $1,200 per month. As a part of the lease agreement, the Airport receives 2 percent of gross sales of fuel. As of July 13, 2015, fuel sales price average was $5.60 per gallon. Fuel flowage fees from that price equate to $0.1123 per gallon in revenue to the Airport. In 2014 total revenues received were $28,534.

Table 4-2 - Historical Revenues and Expenses: Dunkirk						
	2010	**2011**	**2012**	**2013**	**2014**	Growth/ Yr.
Operating Revenues						
Facilities Rents	$22,465	$31,865	$22,101	$31,799	$28,534	6.2%
Miscellaneous	$1,773	$1,265	$0	$0	$0	n/a
Total Operating Revenues	***$24,237***	***$33,130***	***$22,101***	***$31,799***	***$28,534***	***4.2%***
Operating Expenses	**2010**	**2011**	**2012**	**2013**	**2014**	Growth/ Yr.
Marketing & Advertising	$119	$0	$133	$0	$11	-44.5%
Administrative/Indirect Costs	$11,710	$11,030	$9,776	$13,985	$13,841	4.3%
Payroll and other Pay	$35,074	$16,296	$44,641	$53,624	$61,149	14.9%
Health/Medicare, Retirement	$36,417	$29,566	$17,347	$36,869	$49,029	7.7%
Utilities	$25,473	$22,369	$18,565	$20,414	$23,537	-2.0%
Contracted Services	$264	$166	$2,118	$2,244	$1,464	53.5%
Insurance	$17,183	$14,946	$11,274	$14,387	$14,054	-4.9%
Equipment & Maintenance	$20,158	$19,114	$6,841	$12,495	$19,689	-0.6%
Miscellaneous	$189	$204	$263	$622	$164	-3.4%
Total Operating Expenses	***$146,587***	***$113,691***	***$110,957***	***$154,640***	***$182,937***	***5.7%***
Net Operating Deficit	**($122,350)**	**($80,561)**	**($88,856)**	**($122,841)**	**($154,403)**	**6%**

Dunkirk employs 1.75 full time employees. In 2014, personnel expenses (salary and benefits) totaled $110,178 - 60.2 percent of total Airport operating costs and 386 percent of total operating revenues. Dunkirk's net operating deficits from 2010-2014 total $569,000.

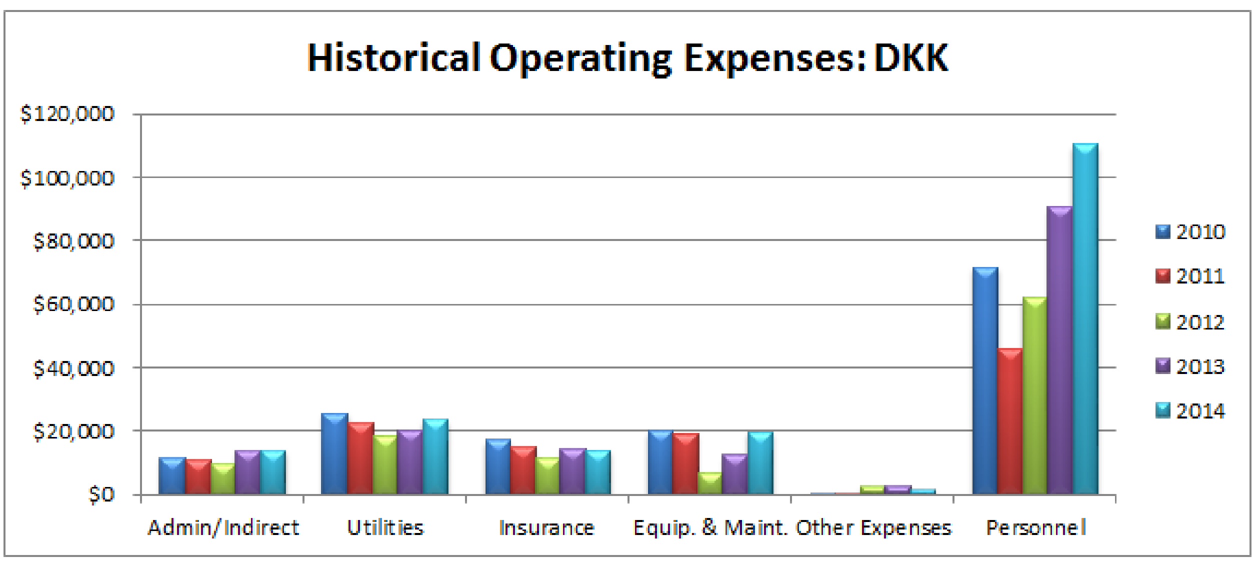
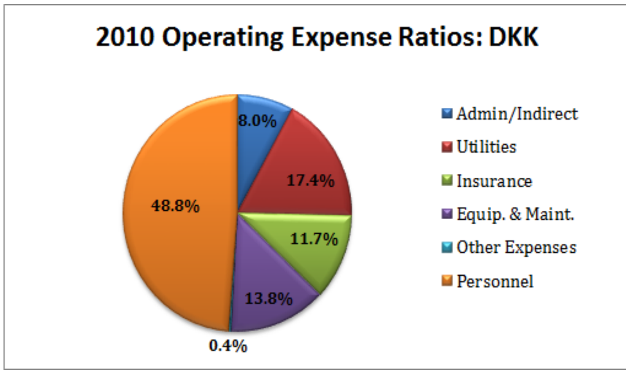


Figure 4-4 - *Historical Operating Expenses at Dunkirk Airport*



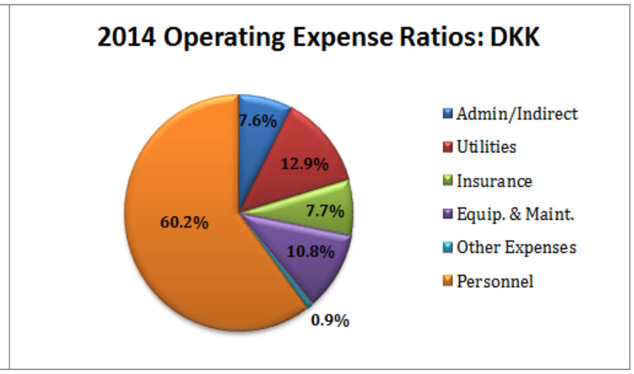


Figure 4-5 - Comparison of Operating Expense Ratios at DKK: 2010 vs 2014

Table 4-3 presents a summary and comparison of operating revenues and costs from both Airports. As shown, both Airports averaged a combined deficit of almost $800,000 per year over the past five years.

Table 4-3 – Comparison of Operating Revenues & Expenses

Year	Operating Revenues	Operating Expenses	Net Gain/(Loss)
2010	$133,795	$962,039	($828,244)
2011	$156,180	$929,333	($773,153)
2012	$140,093	$924,358	($784,265)
2013	$183,500	$983,602	($800,102)
2014	$180,701	$989,900	($809,199)
Cumulative Total	**$794,269**	**$4,789,232**	**($3,994,963)**

4.2 Historical Non-Operating Expenses and Revenues

In order to get a complete picture of each Airport's financial position, this section presents a discussion of the non-operating expenses and revenues associated with each Airport. Non-operating expenses are those costs not generated by the operation of the Airport. At Jamestown and Dunkirk, these costs were for capital improvements.

Non-operating revenues at Jamestown and Dunkirk include federal and state grants, Interfund transfers, and miscellaneous revenues. Jamestown also has additional non-operating revenue from sale of property/compensation. The historical non-operating revenues and expenses for each Airport are shown in Tables 4-4 and 4-5.

Table 4-4 - Historical Non-Operating Revenues and Expenses: Jamestown

Non-Operating Revenues	**2010**	**2011**	**2012**	**2013**	**2014**
Federal Aid	$744,996	$465,757	$184,953	$191,784	$7,000,093
New York State Aid	$206,713	$252,683	$40,022	$16,177	$271,257
Interfund Transfers	$216,194	$355	$11,425	-$18,978	$123,774

Table 4-4 - Historical Non-Operating Revenues and Expenses: Jamestown					
Miscellaneous	$12,986	$52,539	$50,104	$14,960	$235,800
Total Non-Operating Revenues	**$1,180,889**	**$771,334**	**$286,504**	**$203,942**	**$7,630,924**
Non-Operating Expenses	**2010**	**2011**	**2012**	**2013**	**2014**
Capital Expenditures	$1,183,629	$902,548	$19,570	$226,003	$8,177,384
Total Non-Operating Expenses	**$1,183,629**	**$902,548**	**$19,570**	**$226,003**	**$8,177,384**
Total Net Non-Operating Revenue (Deficit)	**($2,740)**	**($131,214)**	**$266,934**	**($22,061)**	**($546,459)**
Total Net Revenue (Deficit)	**($708,634)**	**($823,805)**	**($428,475)**	**($699,322)**	**($1,201,255)**

Table 4-5 - Historical Non-Operating Revenues and Expenses: Dunkirk					
Non-Operating Revenues	**2010**	**2011**	**2012**	**2013**	**2014**
Federal Aid	$370,611	$409,022	$1,158,586	$2,149,725	$1,963,627
New York State Aid	$177,833	$9,545	$226,065	$151,463	$355,921
Interfund Transfers	$22,859	$44,000	$111,339	-$52,910	$126,889
Miscellaneous	$0	$0	$0	$0	$12,000
Total Non-Operating Revenues	**$571,303**	**$462,567**	**$1,495,991**	**$2,248,278**	**$2,458,436**
Non-Operating Expenses	**2010**	**2011**	**2012**	**2013**	**2014**
Capital Expenditures	$443,230	$406,457	$1,520,452	$2,495,220	$2,447,384
Total Non-Operating Expenses	**$443,230**	**$406,457**	**$1,520,452**	**$2,495,220**	**$2,447,384**
Total Net Non-Operating Revenue (Deficit)	**$128,073**	**$56,109**	**($24,462)**	**($246,942)**	**$11,052**
Total Net Revenue (Deficit)	**$5,723**	**($24,452)**	**($113,317)**	**($369,783)**	**($143,351)**

The Net Non-Operating Revenue totals may not zero out depending on when federal or state portions of the projects are funded or reimbursed. Interfund Transfers are the local share of capital expenses and when added to the operating net deficits, give a true financial picture of each Airport and the amount of subsidy needed from the County. Table 4-6 adds the local share of capital expenses to the operating deficits at each Airport.

Table 4-6 - Historical Non-Operating Revenues and Expenses: Dunkirk					
Jamestown	**2010**	**2011**	**2012**	**2013**	**2014**
Net Operating Deficit	$705,894	$692,592	$695,409	$677,261	$654,796
Interfund Transfers	$216,194	$355	$11,425	($18,978)	$123,774
Amount of Subsidy	**$922,088**	**$692,947**	**$706,834**	**$658,283**	**$778,570**
Dunkirk	**2010**	**2011**	**2012**	**2013**	**2014**
Net Operating Deficit	$122,350	$80,561	$88,856	$122,841	$154,403
Interfund Transfers	$22,859	$44,000	$111,339	($52,910)	$126,889
Amount of Subsidy	**$145,209**	**$124,561**	**$200,195**	**$69,931**	**$281,292**
Total Subsidy	**($1,067,297)**	**($817,508)**	**($907,029)**	**($728,214)**	**($1,059,862)**

As shown the yearly subsidy from the County over the past five years has averaged $915,982 per year. The total five year accumulative subsidy from County was $4,579,910. It is against this historical backdrop that the Baseline Forecasts of revenues and expenses for Jamestown and Dunkirk Airports is developed. It should be noted that most public-use general aviation airports in the United States do not cover expenses with revenues and must be subsidized by their owners/sponsors.

4.3 Baseline Forecasts of Revenues and Expenses

A Baseline Forecast was developed for both Airports based upon historical data and maintenance of the status quo. These projections do not consider all of the potential changes at each Airport that might occur through the implementation of different recommendations in this Plan or in the County's economy that might change the historical trend. Assumptions used in developing the Baseline Forecasts included the following:

- ***Rate of Inflation/Consumer Price Index (CPI):*** Historically, the rate of inflation/CPI has been used to escalate prices when making forecasts of revenues and expenses. For these Baseline Forecasts, a rate of 2 percent was used.

- ***Lease Revenues:*** The Baseline Forecasts utilized existing rental rates for tenant leases. These rents then were increased by any escalations contained in the lease agreements. Historical trends were used to calculate leases that contained elements such as landing fees, gross profit percentages or fuel flowage fees. These projections did not assume the construction of new hangars, and as such, serves as a true baseline or benchmark against which the revenue enhancement actions can be measured.

- ***2015 Airport Budget Input:*** The Baseline Forecasts utilized the 2015 Airport Budget as input for salary and benefits.

- ***Historical Average:*** Fore expense categories that didn't show a trend or are cyclical in nature, either a three year average or five year average of that expense was used to for 2015. These were then increased by CPI throughout the period.

Table 4-7 and 4-8 present summaries of the baseline forecasts for Jamestown and Dunkirk Airports, respectively.

Table 4-7 - Baseline Forecast of Operating Revenues and Expenses: Jamestown								
Operating Revenues	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	Growth/ Yr.
Facilities Rents	$83,996	$83,265	$85,621	$86,548	$87,493	$88,457	$89,840	1.13%
Airline Related Revenue	$62,938	$61,716	$62,075	$62,440	$62,813	$63,193	$63,581	0.17%
Miscellaneous	$5,234	$5,339	$5,445	$5,554	$5,665	$5,779	$5,894	2.00%
Total Operating Revenues	**$152,167**	**$150,320**	**$153,141**	**$154,542**	**$155,971**	**$157,429**	**$159,315**	**0.77%**
Operating Expenses	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	Growth/ Yr.
Marketing & Advertising	$527	$537	$548	$559	$570	$581	$593	2.00%
Administrative/Indirect Costs	$54,380	$55,468	$56,577	$57,708	$58,863	$60,040	$61,241	2.00%
Payroll and other Pay	$334,851	$357,935	$365,094	$372,396	$379,843	$387,440	$395,189	2.80%
Health/Medicare, Retirement	$194,868	$205,561	$209,672	$213,866	$218,143	$222,506	$226,956	2.57%
Utilities	$120,835	$123,252	$125,717	$128,231	$130,795	$133,411	$136,080	2.00%
Contracted Services	$8,088	$8,250	$8,415	$8,583	$8,755	$8,930	$9,109	2.00%
Insurance	$36,048	$36,769	$37,504	$38,255	$39,020	$39,800	$40,596	2.00%
Equipment & Maintenance	$56,944	$62,294	$63,540	$64,811	$66,107	$67,429	$68,778	3.20%
Miscellaneous	$421	$4,527	$507	$517	$527	$538	$549	4.50%
Total Operating Expenses	**$806,963**	**$854,592**	**$867,574**	**$884,925**	**$902,624**	**$920,676**	**$939,090**	**2.56%**
Net Operating Deficit	**($654,796)**	**($700,242)**	**($714,433)**	**($730,383)**	**($746,652)**	**($763,247)**	**($779,774)**	**2.95%**

Table 4-8 - Baseline Forecast of Operating Revenues and Expenses: Dunkirk

	2014	2015	2016	2017	2018	2019	2020	Growth/ Yr.
Operating Revenues								
Facilities Rents	$28,534	$29,000	$29,580	$30,172	$30,775	$31,391	$32,018	1.94%
Total Operating Revenues	**$28,534**	**$29,000**	**$29,580**	**$30,172**	**$30,775**	**$31,391**	**$32,018**	**1.94%**
Operating Expenses	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	Growth/ Yr.
Marketing & Advertising	$11	$48	$49	$50	$51	$52	$53	29.38%
Administrative/Indirect Costs	$13,841	$14,117	$14,400	$14,688	$14,981	$15,281	$15,587	2.00%
Payroll and other Pay	$61,149	$64,117	$65,399	$66,707	$68,041	$69,402	$70,790	2.47%
Health/Medicare, Retirement	$49,029	$59,700	$60,894	$62,112	$63,354	$64,621	$65,914	5.06%
Utilities	$23,537	$24,007	$24,487	$24,977	$25,477	$25,986	$26,506	2.00%
Contracted Services	$1,464	$1,942	$1,981	$2,020	$2,061	$2,102	$2,144	6.57%
Insurance	$14,054	$14,335	$14,622	$14,914	$15,212	$15,517	$15,827	2.00%
Equipment & Maintenance	$19,689	$15,659	$15,972	$16,292	$16,618	$16,950	$17,289	-2.14%
Miscellaneous	$164	$350	$357	$364	$371	$378	$386	15.31%
Total Operating Expenses	**$182,937**	**$194,275**	**$198,161**	**$202,124**	**$206,166**	**$210,290**	**$214,496**	**2.69%**
Net Operating Deficit	**($154,403)**	**($165,275)**	**($168,581)**	**($171,952)**	**($175,391)**	**($178,899)**	**($182,477)**	**2.82%**

Historically, both the Jamestown and Dunkirk Airports have had to rely upon subsidies from the County in order to operate. The baseline operating forecasts show that the County will have to continue to subsidize both Airports. In order to estimate future non-operating capital expenses, the five year average (2010-2014) of the local share of capital expenses were used to project an estimated average of non-operating capital expense for years 2015 through 2020.

When the non-operating expenses are added to the Baseline Forecast of operating revenues and expenses, any net deficit must be made up by sources other than Airport-generated revenues is quantified. Table 4-9 shows the combined projected net deficits at both Airports.

Table 4-9 - Baseline Net Revenue (Deficit)

Fiscal Year	Operating Revenues	Operating Expenses	Non-Operating Expenses	Net Surplus/ (Deficit)
2014	$180,701	$989,900	$250,663	($1,059,863)
2015	$179,320	$1,044,838	$116,989	($982,507)
2016	$182,721	$1,065,734	$116,989	($1,000,003)
2017	$184,714	$1,087,049	$116,989	($1,019,325)
2018	$186,746	$1,108,790	$116,989	($1,039,033)
2019	$188,819	$1,130,966	$116,989	($1,059,136)
2020	$191,334	$1,153,585	$116,989	($1,079,241)

* * * * * * *

The results of this Baseline Forecast indicate that under the status quo scenario, where no new revenue-generating strategies are undertaken and no negative economic impacts are considered, both Airports will ultimately require subsidies to cover operating deficits and any non-operating capital development costs. In the next section, a set of strategic options will be examined to equip the County to make important decisions about the future of their two Airports.

5. STRATEGIC OPTIONS

There are several strategic options that were examined in the pursuit of the elimination of subsidies from a balanced Airport budget. This section includes those evaluations by considering the following:

- Improved Operations/Cost Cutting
- Revenue Enhancement Options
- Airport Privatization/Closure
- Pro Formas and Combined Options

5.1 Improved Operations/Cost Cutting

From the work completed in Section 2, the efficiency of Airport operations and management structure was examined. Preliminary conclusions from that work indicated that the County's Airport system is probably understaffed. With regard to staffing metrics, the use of seasonal and part time employees is a strategy used in keeping labor costs to a minimum. These metrics show Chautauqua County Airports are below the service area averages by at least two full time positions (7.0 versus 9.2).

The Manager of Airports and Parks position is part time. Two thirds of his time is spent on Airports and one third is spent on Parks. In essence, he must manage two airports using a 0.6 part time status with the County, further reduced by one-third, which is spent managing Parks. So, mathematically, the Manager of Airports and Parks has only 40 percent of a full time position to devote to two Airports - roughly 20 percent or so for each Airport. Similarly, the Maintenance Supervisor must split his time between Airports and Parks. However, the amount of effort needed to manage the Airports and provide administrative assistance requires full time staff rather than part time.

So from a management perspective, the Airports are understaffed. From an operations and maintenance perspective, the Airports have roughly seven full-time positions. The metrics for service area airports indicated an average of nine full-time employees would be needed for both Chautauqua County Airports. Thus, there is no cost savings that could come from staffing changes. If any changes were recorded, they would involve increased costs associated with the addition of two staff positions and the transition of the Manager of Airports and Parks to a full time Airport Manager.

One other cost-cutting option involved the Part 139 Operating Certificate at the Jamestown Airport. In this regard, the County possible savings may come from eliminating airline service and the requirements of FAR Part 139 on the Jamestown Airport. These cost savings were based on the following:

- ***Lower Staffing Needs:*** Without the need to staff the Airport Rescue and Fire Fighting (ARFF) vehicle before, during, and after airline flights, the Jamestown Airport may reduce labor costs by the elimination of airline service. In addition, some of the administrative requirements for FAA-required procedures would not be required. In all, two Airport positions could be eliminated.

- ***Lower Airfield Maintenance Requirements:*** Some of the required painting, signage, security protocols, and other Part 139 operating practices would not be required, thus lowering maintenance costs. Roughly 30 percent savings was estimated.

On the other side of the ledger, the loss of airline service would also likely result in the closure of the rental car facilities, slightly lower fuel sales, and lower revenues to the Airport restaurant. Overall, the Jamestown Airport could save $269,500 annually by 2020 if it gave up its Part 139 Certificate. This savings would be offset to some extent by the loss of Airline rents and landing fees, TSA's terminal building lease, and rental car revenue ($61,000). The financial impacts of these options are shown later in the pro formas section of this analysis.

Recommendations: Even though there would be a cost savings for giving up airline service, those savings are primarily from labor reductions. There are other revenue enhancement options, discussed later, that would require a full staff, thereby negating these savings. The upshot of these findings is to hold off on any decision about the Part 139 Certification status until other decisions about revenue enhancement have been made.

5.2 Revenue Enhancement Options

Revenue enhancement options were considered for Chautauqua County Airports. These included potential impact of a proposed runway extension on aviation business and economic impact, evaluations and projections of additional corporate aviation, partnering with local educational institutions and increased flight training programs, any tourism connections to the Chautauqua Institution and Chautauqua Lake, hangar development, FBO options, airport property development, and changes in rates and charges.

Proposed Runway Extension (Jamestown)

A proposed runway extension has been discussed in previous years because of the limitations imposed by the current 5,299-foot primary runway. During icing conditions in winter, airline flights are canceled because extra length is required. In addition, numerous business jets use alternate airports because the runway length will not permit them to fly fully loaded. Much of the information concerning potential lost business activity was provided by the Airport's FBO, who must regularly field calls from corporate flight departments concerning the use of the Airport.

There is no method of determining exact revenues lost, but even if a runway extension would allow an additional 25 percent in corporate and business jet operations, fuel sales, and airline passengers, the impacts could be estimated. For airline passengers, the added runway length could mean greater reliability in the winter, thereby causing passengers to look to Jamestown first before booking flights out of alternative airports. Just this one change could increase usage of the Jamestown Airport significantly.

In terms of revenue production, the pro formas presented at the end of this Section indicate a potential gain of $8,878 starting in 2018 over the Baseline financial forecast. As shown, this amount is insignificant, relative to the cost of expansion. The lack of revenue generation is limited mostly to Chautauqua County's bottom line, as the FBO would benefit more tangibly from fuel sales, hangar fees, etc.

The Value of One Additional Business Jet

Using national averages, the value of adding one business jet to an airport's based aircraft fleet can be estimated. For either Jamestown or Dunkirk, the value is influenced by the FBO agreement for fuel and hangar space rental. However, information on fuel consumption, hangar needs, etc. can be estimated so that the potential value can be quantified. This value incorporates the amounts that the jet operator would have to pay some entity the following amounts:

- Fuel Margin: $1.00 x 57,500 gals[1]. = $57,500
- Hangar Rental @ $1,000/month = $12,000
- **Total: $69,500**

This total does not include the impacts of employment, which average roughly three full-time equivalent jobs per based jet. In addition, some based jet owner/operators use maintenance services from the home airport, which are not included in the totals.

Overall, the value of adding one business jet to the based aircraft fleet can yield $69,500 and produce three or more jobs. The cost/benefit of marketing these corporate aircraft operators may or may not be worth it, depending upon how much of these revenues go to the FBO and how much go to the Airport. The value of one additional business jet to Jamestown under current agreements:

- Fuel Flowage Fee: 2% x $1.77[2] x 57,500 gals. = $2,036
- Hangar Rental Commission @$1,000/month x 10% $1,200
- **Total: $3,236**

Partnering with Educational Institutions and Flight Training

Jamestown Aviation Flight School is a combined flight training program with Dunkirk Aviation. Together, student pilots train under the Cessna Pilot Center curriculum. Professional instruction is provided for private pilot's license through airline transport pilot certificate. At one time, Jamestown Community College (JCC) offered a professional piloting program. That program no longer is accepting students and will be phased out within two years. Reasons for this included the loss of the Part 141 Certificate by Jamestown Aviation, which is required by the College, and diminished student demand. An FAR Part 141 Certificate is an FAA certification of a pilot school. There are a number of requirements, including the use and availability of complex aircraft (such as twin engine aircraft) for training purposes. Discussions with JCC indicate that the college program will be made available to existing students for two years and then phased out.

[1] Assumes half of the national average forecasted in FAA Aerospace Forecast (2015-2035)
[2] Estimated cost at FBO purchase

Recommendations: No further recommendations for partnering with educational institutions are made at this time.

Tourism and Air Travel

Sun Air Express is a self-described *ultra regional* commuter airline connecting Jamestown and four other Pennsylvania cities to Pittsburgh. Currently, the airline offers four daily round trips on weekdays and two round trips per day on the weekend for as little as $29 one-way. The airline is new to the Jamestown Essential Air Service market and had difficulties at the beginning. Those troubles involved scheduling, reservations, completion percentages, and transfers at the Pittsburgh hub. In recent months, reliability has exceeded 90 percent and marketing of their service is beginning to reach the public.

Assuming Sun Air Express continues to operate, it would be the highest and best hope for air transportation to Chautauqua County for tourism and business travel as well. Discussions with Jamestown Aviation representatives indicate that business and tourism travel through the FBO may actually be greater than the air travel numbers for the airline. Currently, there are significant numbers of air travelers associated with the auto industry and other suppliers and manufacturers that use general aviation rather than the airline.

Chautauqua Institution attracts more than 100,000 visitors to its nine-week season and scheduled public events each summer. Most of those attending events drive to the area, but some arrive by air. The availability of the Airport is significant, but nothing is said on the Chautauqua Institution website about air transportation to the facility. It is recommended that links to the Jamestown Airport website or Sun Air Express website be included as a part of the Chautauqua Institution website. A review of the Chautauqua County Visitor's Bureau website revealed the same lack of information about air transportation to Chautauqua Lake, the wine country, and other Chautauqua County tourism sites.

Recommendation: Include air transportation options on websites for the County Visitor's Bureau and Chautauqua Institution.

Aircraft Hangar Options

Currently, there is hangar storage space available for single engine piston aircraft at both Airports. Twin-engine piston aircraft capacity is almost full at Dunkirk Airport, however there is some room for additional twin-engine aircraft at Jamestown Airport. There is no more space available for business jet hangar storage at Dunkirk Airport and the FBO receives regular inquiries for available space.

From a business standpoint, the need points to additional conventional hangar space at Dunkirk Airport. Jamestown Airport has no T-hangars, so if a waiting list exists, development of T-hangars may work there, if grants or private investment is involved.

Analysis of potential hangar construction by the County without grant assistance indicated a lack of feasibility. Table 5-1 presents a pro forma showing the typical cost to develop conventional hangars and T-hangars in the County. The monthly costs assumed that the hangars were financed via debt - a 20-year payback at 3 percent. The Table shows how much would have to be charged just to repay the debt. As shown, the breakeven point for financing the construction over 20 years requires prices to begin at $416 per month per T-hangar unit and $6.66 per square foot per year for corporate hangar space. This amount does not include maintenance or any rate of return on the investment. Thus, these are the lowest rates that could be anticipated without grant funding.

Table 5-1 - County Hangar Development Model

Hangar Type	Construction Cost	Annual Debt Service	Debt Coverage
10-Unit T-hangar	$750,000	$49,914	$416/mo./unit
10,000 sf Conv. Hangars	$1,000,000	$66,552	$6.66/sf/yr.

The T-hangars would actually have to rent for roughly $500 to $600 per month to pay for all utilities and other costs. Current rates for T-hangars at Dunkirk Airport are less than $300 per month, and there are no T-hangars in Jamestown. Therefore, the T-hangar pro forma shows no potential feasibility unless grant financing or private investment is involved. for a small development. It should be remembered that grant financing is sometimes available for hangar development, undercutting the required market feasibility.

The highest rate for conventional hangar space charged per month is $1,000 at Dunkirk, with one hangar renting for $985 per month in Jamestown. Given the construction costs of $6.66 per square foot per year, only 1,800 square feet of space could be rented feasibly for $1,000 per month. Thus, it can also be said of the conventional hangar development by the County, that without grants or private investment, financial feasibility is not likely.

Recommendation: Unless grant money or private investment is available, the County should not invest in the construction of new hangars. Rather, the County should lease land to private interests for hangar development if opportunities arise.

FBO Option

An FBO is a fixed base operator that sells fuel at an airport. Commercial operators on an airport that do not sell fuel but offer other services (avionics, flight schools, aircraft maintenance, etc.) are called Specialty Aviation Service Operators (SASOs). One potential revenue enhancement option for the County is to become the FBO, or fuel seller, for the Jamestown Airport. The Jamestown Airport lease has a special provision which may make it easier to change the current FBO and Airport Management situation. The provision states that the "County, during the first thirty-six (36) months of the initial five-year lease term, and upon not less than twelve (12) months' notice, may terminate this Agreement without compensation or penalties of any kind, if the purpose of the termination is: (a) FAA-approved privatization of the Jamestown Airport by lease or sale; (b) assumption of FBO and hangar operations by the County using municipal employees; or (c) FAA approved permanent closure of the Jamestown Airport."

The second option, the assumption of the FBO and hangar operations by the County using municipal employees, would not cut costs for the Jamestown Airport, but it would likely increase revenues. Technically, this is not a privatization option, but it does involve changing the management and operation of the FBO. Revenues would increase as fuel sales would accrue to the County and all hangar and landing fee revenues collected by the FBO would revert to the County. It is likely that the current number of employees could be cross trained to dispense fuel to aircraft. However, coverage of hours of operation may require an additional line employee. Fuel truck and Expenses associated with operating the FBO (additional employee, fuel truck lease, credit card fees are anticipated to total $120,000 per year. The potential gain from this option involves additional fuel revenue of $143,310 (net above expenses) and a minimum hangar rental income of $79,200. The pro forma associated with this option is presented at end of this Section.

Recommendation: The County must decide whether or not this option is of interest. The potential revenue is significant. However, because staffing needs will be increased, it would work at odds with any labor savings that may come from the loss of Part 139 certification.

Airport Property Development - Solar Panel Farm

Long Island Solar Farm is the largest solar power plant in the eastern United States, powering roughly 4,500 homes. Developed in 2011, it consists of 164,312 solar panels on 200 acres that provide up to 32 megawatts of electricity. Thus, in New York State, it takes roughly 6.25 acres of solar panels to generate one megawatt. The Long Island Power Authority (LIPA) purchases 100 percent of the electricity production under a Power Purchase Agreement (PPA). This would be the model for a solar farm at either Jamestown or Dunkirk Airports.

The New York State Energy Research and Development Authority, known as NYSERDA, promotes energy efficiency and the use of renewable energy sources. Currently, there are $1 billion in incentives for larger-scale solar projects through the State's NY-Sun initiative. In 2015, that program transitioned to include non-residential projects. The State's Community Solar and K-Solar programs introduced in January 2014 have made solar electric systems more accessible and affordable through community networks, aggregated purchasing, shared ownership/investment and other strategies. K-Solar applies these models to schools. These programs essentially provide incentives mostly for the private sector development.

To create a solar panel farm that sold energy back to the grid, the County would have to deal with the New York State Public Service Commission (NYSPSC). Preliminary discussions with NYSPSC pointed toward their Office of Energy Efficiency within the Commission as the group with which discussions should be held. The power company serving the Jamestown and Dunkirk Airports is National Grid. They would likely be the purchaser of wholesale power generated by solar farms at either Airport.

To provide an example from a different state (Florida), energy companies are willing to construct the solar farm and pay 2 cents/kilowatt hour. In Western New York for 1.0 gigawatt hour per year, approximately 6.25 acres of solar farm is needed (assuming cloudy conditions). That would translate into earning power of $3,200 per acre of solar farm per year in Western New York at 2 cents per kilowatt hour. For a 40-acre solar panel field using those numbers, the return should be $128,000 per year.

Recommendation: Begin discussions with National Grid, NYSERDA, and the NYS Public Service Commission about the development of a solar farm on one or both Airports. The potential revenues for this option were not included in the pro formas because of their speculative nature.

Changes in Rates and Charges at Airports

An examination was made to determine if rates and charges can be adjusted at the County's Airports. Understanding the fee structure is an important part of knowing whether or not they are reasonable.

Jamestown Airport

For Jamestown's fuel flowage fees structure the following language is taken from the FBO lease:

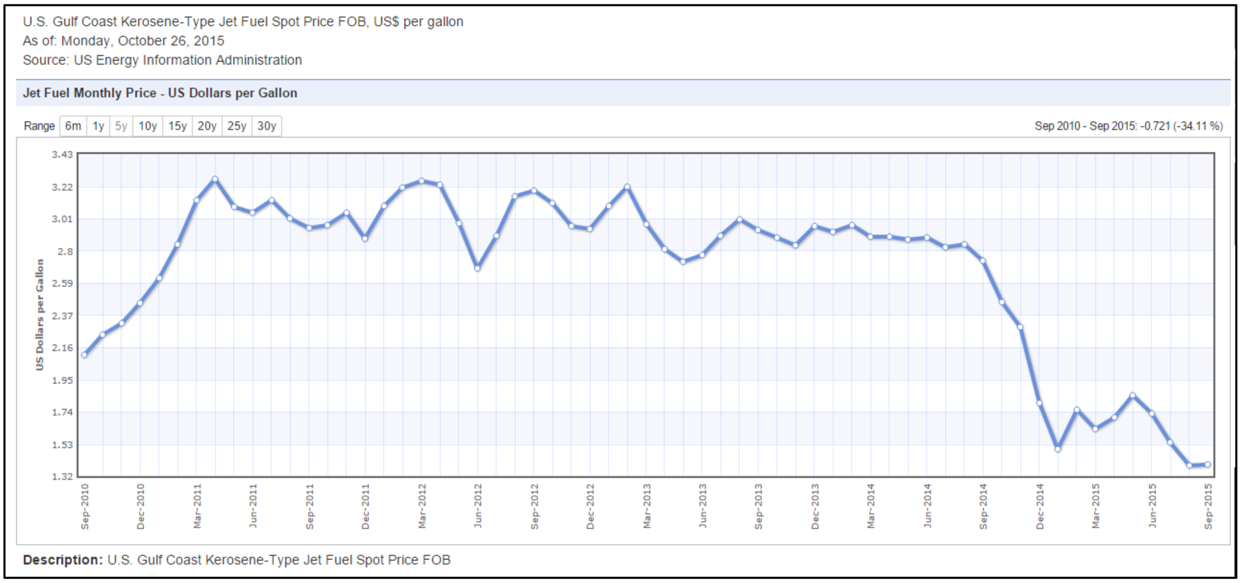
> *A commission of two percent (2%) of cost (exclusive of any taxes) of Jet A fuel at time of purchase and reported, and a commission of one percent (1%) of cost of all other fuel at time of purchase and reported (Fuel used by FBO for FBO vehicles, equipment, and rental aircraft is excluded from commissions);*
> *Each monthly payment shall include an itemized statement of all rental and storage charges, gasoline and fuel purchases subject to the above commissions, and aircraft landing and parking fees.*

Until historical data has been established, it is unclear how much fuel consumed at Jamestown Airport will be excluded from commissions to the Airport. Jamestown Aviation is the only business on the Airport that offers flight training and aircraft rental, and any fuel from those activities are excluded from the commission to the Airport.

Generally, most airports structure fuel flowage fees on a per gallon basis. Fees usually range from $0.08 to $0.15 per gallon when fueling operations are controlled by an FBO or third party. Airports that do charge a percentage, base it on the percentage of gross fuel sales. Jamestown's two percent commission on Jet A fuel and one percent commission on 100LL is based on the cost of fuel at the time the FBO purchases it. This price is significantly lower than the price per gallon sold to the end consumer.

Depending on market conditions and purchasing agreements, an FBO or third party can add a markup of $1.50 or more per gallon. Prices on fuel depend on the quantity purchased, and the fuel agreements FBO's have with suppliers. Jet A monthly spot prices have dropped 49 percent over the past year- from $2.73 per gallon (September 2014) to $1.39 (September 2015).

Monthly Spot Price Per Gallon of Jet A fuel		
Year	Monthly Spot Price	Percent Decrease
Sep-12	$3.19	
Sep-13	$2.93	-8.2%
Sep-14	$2.73	-6.8%
Sep-15	$1.39	-49.1%



Source: http://www.indexmundi.com/commodities/?commodity=jet-fuel&months=120
Five-year chart of monthly Jet Fuel Prices

The National Business Aviation Association estimated $0.65 per gallon cost for FBOs. These include:

- Labor
- Insurance
- Fuel truck lease
- Airport flowage fee
- Airport property lease
- Utilities
- Building Maintenance
- Equipment Maintenance
- Facility equipment & fixtures
- Bank loan, capital improvements
- Crew Cars
- Security

Fuel prices at the Jamestown Airport are currently $5.70 for 100LL and $4.75 for Jet A fuel (October 27, 2015). If the FBO purchased Jet A fuel at its average spot price in 2015 ($1.61 per gallon), and using Airports Council International's fuel supplier differential and into-plane cost percentages, the FBO could make a profit of $1.96 per gallon. In July, 2015 Jet A fuel was being sold at the Airport for $5.23 per gallon. If the fuel being sold was purchased in May during its highest average month price ($1.85), a profit of $2.08 per gallon might be achieved (Table 5-2). These margins are all dependent on how high or low the FBO's costs are.

Table 5-2 - Fuel Cost Per Gallon Breakdown	
ITEM	**Amount**
Spot price (2015 Average)	$1.61
Fuel Supplier Differential 5%-10%[1] over spot price	$0.16
Fuel Cost- FBO	$1.77
2% Airport Fee	($0.035)
Into-plane Costs (~30%)[1]	($0.48)
Credit Card Fee 4%	($0.19)
Total Cost Per Gallon-FBO	$2.48
Sales price	$4.75
Subtract Federal & State Taxes	($0.32)
Subtract FBO total cost per gallon	($2.48)
Net Profit	**$1.81**

$0.71 per gallon cost is calculated from Airport Fee, Into-Pane Costs, and Credit Card Fees
Source: [1]Airports Council International Planning of Aviation Fuel Concessions PDF, June 19,2014
http://www.indexmundi.com/commodities/?commodity=jet-fuel&months=120
https://www.tax.ny.gov/pdf/publications/multi/pub908.pdf

The estimated cost per gallon of fuel using recorded Airport expenses as a basis is shown in Table 5-3:

Table 5-3 - Estimated Airport Fuel Operating Costs	
Gallons sold (2016 forecast)	140,500
New Line Person	$68,972
fuel truck lease	$24,000
Credit Card Fee (4% of sales price)	$26,695
Total	$122,365
Cost/Gallon	$0.87
Net Profit at $4.75 sales price- excluding tax	**$1.95**

Therefore, it is reasonable to estimate a $1.00 per gallon as a conservative markup if the airport were to take over the fueling operation.

Dunkirk Airport

Dunkirk Aviation enjoys a low-cost lease from the County for the Airport. In this regard, FBO leases over 57,500 s.f. of space and pays roughly $0.45 per s.f. for all rents and fees. Because this is a long term lease with no termination clauses like those of the Jamestown Airport, the County will likely have to wait until the end of the lease to change the terms.

Recommendations: There are no guidelines or protocols in place to track or audit FBO lease commission items. These are required by lease stipulation, but are not gathered by the County. It is recommended that the County conduct monthly fuel flowage reconciliations for both Dunkirk and Jamestown. A staff member should receive and reconcile fuel delivery reports from suppliers and FBO every month. Itemized reports should track hangar vacancies and occupancy by aircraft type, hangar, and price.

5.3 Airport Privatization/Closure

One of the options that must be considered is the privatization or closure of one or both Airports. The first part of this analysis involved the analysis of potential privatization of the Airports, while the second portion examines the impacts of Airport closure. This included an examination of the potential pool of private operators and requirements on the part of the County for such a deal to occur. As was learned, privatization history is on the side of those airports that make money rather than lose money.

Airport Privatization

Airport privatization is a term used to mean the sale or lease of an airport to a private, third party operator, or contracting of the airport's management. A privatization of a public airport by sale or long term lease is distinguished from a management contract by the fact that the private operator becomes the airport sponsor. Under this scenario, the private operator is the applicant for grants and is directly responsible to the FAA for compliance with the conditions and assurances in those grants. As with airport transfers under the privatization pilot program, the FAA may require the public agency transferring the airport to retain concurrent responsibility for certain grant assurances, if appropriate. For example, FAA may require a transferring public agency to maintain its ability to use its local zoning power to protect approaches to the airport.

The FAA initiated an Airport Privatization Pilot Program (APPP) in 1997, and reauthorized and expanded the program from five to 10 airports in 2012. However, that program has not been successful. There is only one active applicant in the program – Hendry County-Airglades Airport in Florida. Congress established the FAA's APPP to explore privatization as a means of generating access to various sources of private capital for airport improvement and development. Private sponsors under the APPP may own, manage, lease and develop public airports. Under the program only general aviation airports can be completely sold and commercial service airports may only be leased. It is also important to note that the APPP is really meant to only play a factor in full privatization transactions by limiting the grant assurance restrictions that would make privatization impractical (such as no revenue diversion).

There are a number of companies that do some type of work in the area of airport privatization. These are the companies found to be current:

1. APV - Airport Property Ventures (U.S.A.) - http://www.airportpropertyventures.com/apv_site_002.htm
2. AvPORTS (U.S.A.) - http://www.avports.com/cfiles/services_afms.cfm
3. AECOM (U.S.A.) - http://www.aecom.com/What+We+Do/Transportation/Market+Sectors/Aviation
4. ABS Airport Management Services (U.S.A.) - http://absaviation.com/airport.shtml

5. Hawthorne Corporation (U.S.A.) - http://www.hawthornecorp.com/airport-fbo-management.cfm
6. American Airports Corporation (U.S.A.) - http://www.americanairports.com/Home.aspx
7. Aviation Facilities Company, Inc. (U.S.A.) - http://www.afcoinc.com/services#management
8. Airports Worldwide (U.S.A.) - http://www.airportsworldwide.com/Why-Airports-Worldwide/
9. L.R. Kimball & Associates, Inc. (U.S.A.) - http://www.lrkimball.com/airport-management-services.aspx
10. Vancouver Airport Services (Canada) - http://www.yvras.com/products.html
11. MPD Group (London, United Kingdom) - http://www.mpdgroup.com/amo.php
12. Total Airport Services, Inc (U.S.A.) - http://www.totalairportservices.com/about.php
13. Manchester Airports Group (MAG) from United Kingdom - http://www.manchesterairport.co.uk/about-us/manchester-airport-and-mag/

TBI Airport Management from the UK is now "Airports Worldwide" based in Florida. Major Companies that no longer provide airport management service: Johnson Controls World Services is now IAP Worldwide Services and only manages military bases - http://www.prnewswire.com/news-releases/johnson-controls-announces-agreement-to-sell-its-world-services-subsidiary-54037462.html

BAA USA is now AIRMALL USA and only manages airport retail stores. They manage the Air Mall at PIT, BWI, BOS, and CLE - http://www.airmallusa.com/Home.aspx

Application to Chautauqua County Airports

By losing roughly $1 million per year between the two Chautauqua County Airports, there is no hope of transferring that liability to a third party without significantly large payments to do so. The big question is how much subsidy would it take to induce a private company to take over operation of one or both Airports? If that fee could be reduced from current costs, there may be some hope of trimming the deficits. For example, if a contract could be reached to operate both Airports for $500,000, that could reduce the overall operating deficit. However, there are a number of pros and cons associated with such a move (Table 5-4).

Table 5-4 – Summary of Pros and Cons for 3rd Party Management

Pros	Cons
County Operation of the Airports	
1) Greater control of all factors, relative to 3rd Party control of Airport. 2) Monitor and control investment in capital assets. 3) Ability to respond to Airport users and resident neighbors. 4) Part 139 Certification requirements may be easier to meet using County staff.	1) Responsibility for all finances and management of the Airports. 2) Must deal with all staffing issues. 3) Airports can become political issue. 4) Financial losses assured.
Third Party Management	

Table 5-4 – Summary of Pros and Cons for 3rd Party Management	
Pros	**Cons**
1) Indirect responsibility for operating the Airports. 2) Airports may operate with lower cost to the County by contracting operations and maintenance to 3rd party. 3) May represent lowest financial risk of all options.	1) Least amount of control over day-to-day operation and management of Airports. 2) Dependent upon financial stability and strength of 3rd Party Operator. 3) Profitability may be more important to 3rd Party Operator than some maintenance or upkeep items. 4) Financial losses assured, but may be less than County Operation of Airports.

Key to limiting the County's financial exposure would be the negotiated services with a private contractor. Typically, a third party operator would be responsible for all Airport operations, operational costs and employees, coordination with the County, community outreach, airport planning, financing and redevelopment of existing revenue producing facilities, marketing and promotion of the Airport, tenant administration and retention, property management, asset management, and fueling.

Given that the Airports have had a history of operating losses, it will be costly to find a private partner that is able to perform the management and operational functions needed to keep the Airports operating in a manner required by the County. The estimates of the Business Plan show a combined set of operating revenues totaling roughly $180,000. While the Jamestown lease would permit the County to cancel the FBO agreement with Jamestown Aviation, there is not the same ability at Dunkirk.

Several years ago, the existing FBO and the County began talks about possible lease of the entire Airport system to the FBO. Two items of contention in the past were union labor agreements and the use of County-owned Airport equipment. Prior to the sale of the Chautauqua County Home (a skilled nursing facility in the County) to VestraCare, there was a County policy of not replacing union jobs with lower paying private jobs via privatization. However, that sale has opened the door to privatization using lower-paid workers. As such, a similar path may be open for operation of the County's airports.

The second item, concerning the use of Airport equipment such as snow plows, tractors, mowers, etc., could possibly be managed through rental or lease of the equipment to the third party operator. Most of this equipment was acquired using FAA or State grants, and as such, must remain the property of the County.

Jamestown Airport Lease

As mentioned previously, the Jamestown Airport lease has a special provision which may make it easier to change the current FBO and Airport Management situation. Recapping, the provision states that the "County, during the first thirty-six (36) months of the initial five-year lease term, and upon not less than twelve (12) months' notice, may terminate this Agreement without compensation or penalties of any kind, if the purpose of the termination is: (a) FAA-approved privatization of the Jamestown Airport by lease or sale; (b) assumption of FBO and hangar operations by the County using municipal employees; or (c) FAA approved permanent closure of the Jamestown Airport."

The first option, termination of the FBO lease in order to privatize the Airport via lease or sale, would allow the County to seek market rates from various bidders across the country. Unlike the Dunkirk lease with the FBO, where there is no escape clause, the Jamestown lease gives latitude to find a different airport operator. In this regard, the benefit would be based upon a private operator being able to pay lower labor costs to their personnel than the County could. Because the fuel concession would be available to the third party, the profit from that would add incentives to a private operator in Jamestown. In Dunkirk, the fuel concession is already taken by the FBO through long-term lease agreement. Thus, unless Dunkirk Aviation was willing to operate the Dunkirk Airport, the fuel incentive is lost to any outside operator.

The second option, the assumption of the FBO and hangar operations by the County using municipal employees, was discussed in a prior section. The third option is Airport closure and it will be discussed in the following section. All three of these options were analyzed via pro forma, later in this analysis.

Airport Closure

The second portion of this analysis involved the costs and procedures associated with potential closure of one or both airports. In particular, the grant history, type of project (land acquisition or capital improvement), grant assurance obligations, and possible penalties from the FAA or NYSDOT were examined.

General Guidelines

Communities that own and operate Airports, which are being subsidized by tax dollars to continue to stay in business, are questioning the need to keep their Airports open. Tax payers facing ever increasing property taxes are asking why they need to continue to financially support the local Airport that only provides services to the weekend flyer or the wealthy private jet owners. Legislators are asking municipal administrators to consider closing local Airports in favor of other development just to end the drain on the local budget. This may sound reasonable, but implementation is much, much harder.

Most public airports have accepted substantial FAA funding to make improvements to Airport facilities. The airport improvement program (AIP) funds are issued through grant agreements administered by the FAA. As part of the application process, airport sponsors are required to submit assurances under the provisions of Title 49, U.S.C subtitle VII, as amended that they will comply with 39 separate grant assurances incorporated in and part of each grant agreement. The acceptance and execution of an FAA grant offer binds airport sponsors contractually to comply with these Grant assurances. In addition to Grant Assurances FAA order 5190.6B "FAA Airport Compliance Manual", a 691-page document, provides guidance to FAA personnel on interpreting and administering sponsors obligations, when they accept "grants of federal funds or federal property for airport purposes." Grant assurances that address the issue of Airport closure or deactivation include 5.b, 19.a, and 31.b. Appendix B presents a compilation of FAA grant assurances.

Grant assurance 5.b, states that the Sponsor "will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the Secretary of Transportation."

Grant assurance 19.a (Operation and Maintenance) essentially states that the Airport owner will operate the airport and that all facilities shall be at all times in a safe and serviceable condition. This assurance goes on to state that any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary of Transportation. The Airport compliance manual, FAA Order 5190.6B reinforces this grant assurance by requiring the sponsor to "preserve and maintain the airport facilities in a safe and serviceable condition." This applies to all facilities included on the approved Airport Layout Plan. In other words, the sponsor cannot just stop spending money on the upkeep of the airport. Paragraph 19.b obligates the sponsor to develop, operate and maintain the airport in accordance with the latest approved airport layout plan. In addition, airport land depicted on the latest property maps cannot be disposed of or encumbered without prior FAA approval.

Grant assurance 31.b (Disposal of Land) states that for land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States proportionate share of the fair market value of land.

Duration of Grant Obligations:

Improvement	**Duration**
Airport Facility Improvement	20 years
Equipment Acquisition	Useful life of equipment
Land Purchase	Indefinitely
Surplus Property Acquisition	Indefinitely

In the case of land acquired with grant dollars, deactivation of an airport would require approval by the Secretary of Transportation as well as the payment to the FAA its proportionate share of the fair market value of the land acquired.

Reinvestment of Federal Share

As stated in 5190.6B, "After the FAA has determined that a release of grant funded improvements is appropriate and that the release serves the interest of the public in civil aviation, the FAA may require the sponsor, as a condition of the release, to reimburse federal government or reinvest in an approved AIP eligible project. The amount to be reimbursed or reinvested is an amount representing the unamortized portion of the useful life of the federal grant remaining at the time the facility will be removed from aeronautical use."

Grant History Chautauqua County Airports

Appendix C of this Section shows FAA grants allocation summarized back to 1982. Assuming a 20-year obligation for facility improvement projects and 10-year grant obligation for equipment acquisitions, the current unamortized value of the FAA share of grant projects at the Jamestown Airport completed in the last 20 years is estimated to be $13,729,480. With regard to Dunkirk Airport, FAA historical grant records go back to 1999. Applying the 20-year amortization for facilities and 10 years for equipment the unamortized value of the FAA share of grant projects is an estimated $9,147,146. Again, in addition to the unamortized FAA share of improvements any land acquired with FAA grant dollars would require reimbursement at the current fair market value.

Both Jamestown and Dunkirk Airports have obtained land with FAA funds. The amount for Dunkirk above includes 100 percent payback of the grant amount to acquire the property, not current market value which would require an appraisal process. With regard to Jamestown Airport, no grants show up back to 1982 for land acquisition. However, the property map indicates FAA dollars were used to acquire some property. The detail is not shown on the map and will require some search and eventual appraisal if the Airport were to be deactivated.

In sum, closure or deactivation of either County Airport is possible and the FAA has established procedures for Airport closures described in FAA order 5190.6B. As described above, the cost to close either Airport based upon grant obligations alone is significant. In addition, all ancillary costs of closure related to legal and consulting fees will be at the sole expense of the County. Some tasks that are likely to be required are survey, deed search, planning, environmental assessment, detailed financial analysis, and appraisals. While each case will be different C&S Engineers, recently completed the planned closure of 2 former military airports and in each case full reuse planning and environmental assessment for the reuse of the closed airports were required prior to the FAA releasing these properties for development. In each case the process has been expensive and protracted with expenses approaching $500,000 and taking several years.

Using this as a basis, it can be estimated that the closure of both Airports would cost the County a minimum of $23,875,000. There may be additional reimbursements to the FAA for land acquisition. All of this assumes that the FAA would grant the closures, which is only a remote possibility.

The combined value of Airport property at Dunkirk and Jamestown was established to be $9,285,000 in Section 3 of this report. Subtracting that amount from the $23,875,000, yields $14,590,000 remaining to be paid off. This assumes the Airports could actually be sold.

Recommendation: It is up to County to decide if these financials of Airport closure are worth the tradeoff.

5.4 Pro Formas and Combined Options

Pro formas for the various cost cutting, revenue enhancement, and airport closure/privatization strategies are projected in this section. Both revenues and expenses are forecast for each option in order to gauge the impacts of various strategies. These options will impact baseline projections of revenues and expenses presented earlier.

Revenue and Expense Impacts

Quantifying the levels of additional potential revenue or expenses that might result from implementing the strategies presented above is highly subjective. For this process, a number of assumptions for each strategy were made and discussed in the each of the analysis subsections above. To present pro formas reflecting these strategies, a series of tables were developed that show specific options and their impacts on revenues and expenses at the Airport. These have been isolated so that their effects can be measured, relative to the Baseline projection of revenues and expenses.

By scenario, the following revenue and expense pro formas were developed:

- ***Runway Extension:*** Table 5-5 presents a summary of the revenues and expenses associated with a possible runway extension at Jamestown Airport. These net revenues were shown for the County in its current role and if it were to become the Airport's FBO. As shown, there is not a significant amount of income that would accrue under either scenario, with roughly $35,900 additional revenues being the highest potential under the County as FBO option.
- ***County as FBO in Jamestown:*** Table 5-6 presents as summary of the revenues and expenses associated with the County serving as the FBO in Jamestown. Depending upon the hangar lease rates (from $2.13/s.f. to $4.50/s.f.) the County could earn additional net revenues totaling between $156,200 and $392,600 per year.

Table 5-5 - Additional Revenues from Runway Extension

	Budget 2015	Forecast 2016	2017	2018	2019	2020
Baseline Revenues						
Airline Landing Fees	$ 4,774	$ 4,774	$ 4,774	$ 4,774	$ 4,774	$ 4,774
Airline Jet A fuel	177	181	184	188	192	195
Rental Car Revenue	25,655	26,014	26,379	26,752	27,132	27,520
Business Jet A Fuel	3,363	3,502	3,648	3,799	3,956	4,120
Total Related Revenues	**$ 33,969**	**$ 34,470**	**$ 34,984**	**$ 35,512**	**$ 36,053**	**$ 36,609**
Additional Revenues: County not FBO						
Airline Landing Fees				$ 1,193	$ 1,217	$ 1,242
Airline Jet A fuel				47	48	49
Rental Car Revenue				6,688	6,822	6,958
Business Jet A Fuel				950	969	988
Total Additional Revenues				**$ 8,878**	**$ 9,056**	**$ 9,237**
Additional Revenues: County as FBO						
Airline Landing Fees				$ 1,326	$ 1,353	$ 1,380
Airline Jet A fuel				1,250	1,250	1,250
Rental Car Revenue				6,688	6,822	6,958
Business Jet A Fuel				25,280	25,786	26,302
Total Additional Revenues				**$ 34,544**	**$ 35,210**	**$ 35,889**

Assumes the runway is extended by 2018
Assumes Airline currently uses 5,000 gallons per year

Table 5-6 - County as FBO at Jamestown Airport

		Budget 2015	Forecast 2016	2017	2018	2019	2020
Current FBO Hangar Leases	**Sq. Ft**						
FBO Hangar Rents (plus Commission)	38,145	$ 36,762	$ 37,497	$ 38,247	$ 39,012	$ 39,792	$ 40,588
price/sf		0.96	0.98	1.00	1.02	1.04	1.06
County Hangar (Hangar A)[1]	24,000	$ 15,600	$ 15,600	$ 15,600	$ 15,600	$ 15,600	$ 15,600
price/sf		0.65	0.65	0.65	0.65	0.65	0.65
Total Current FBO Hangar Revenue	62,145	$ 52,362	$ 53,097	$ 53,847	$ 54,612	$ 55,392	$ 56,188
price/sf		0.84	0.85	0.87	0.88	0.89	0.90
Current Activity Level Prices	**Sq. Ft**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
FBO Hangar Revenue	38,145	$ 79,620	$ 81,212	$ 82,837	$ 84,493	$ 86,183	$ 87,907
Average price/sf		2.09	2.13	2.17	2.22	2.26	2.30
County Hangar (Hangar A)	24,000	$ 50,095	$ 51,097	$ 52,119	$ 53,161	$ 54,225	$ 55,309
Average price/sf[2]		2.09	2.13	2.17	2.22	2.26	2.30
Subtract: County Debt Service		$ 15,600	$ 15,600	$ 15,600	$ 15,600	$ 15,600	$ 15,600
Total Revenue	62,145	$ 114,115	$ 116,709	$ 119,356	$ 122,055	$ 124,808	$ 127,616
Minimum Potential Increase[3]		**$ 77,353**	**$ 79,212**	**$ 81,108**	**$ 83,043**	**$ 85,015**	**$ 87,028**
Potential Price Range Increases[4]	**Sq. Ft**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
$2.50	62,145	$ 103,001	$ 102,265	$ 101,515	$ 100,750	$ 99,970	$ 99,174
$3.00		$ 134,073	$ 133,338	$ 132,588	$ 131,823	$ 131,043	$ 130,247
$3.50		$ 165,146	$ 164,410	$ 163,660	$ 162,895	$ 162,115	$ 161,319
$4.00		$ 196,218	$ 195,483	$ 194,733	$ 193,968	$ 193,188	$ 192,392
$4.50		$ 227,291	$ 226,555	$ 225,805	$ 225,040	$ 224,260	$ 223,464
Potential Increased Costs							
Additional Personnel Cost		$ 67,620	$ 68,972	$ 70,351	$ 71,758	$ 73,194	$ 74,657
Fuel Truck Lease			$ 24,000	$ 24,480	$ 24,970	$ 25,469	$ 25,978
Bank CC Fees (4%)			$ 27,229	$ 27,773	$ 28,329	$ 28,896	$ 29,473
Total Increased Costs			**$ 120,201**	**$ 122,605**	**$ 125,057**	**$ 127,558**	**$ 130,109**
Potential Non-Hangar Revenue		**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Gallons Sold		140,500	143,310	146,176	149,100	152,082	155,123
Fuel Markup (gross over costs)		$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00
Fuel Revenue		$ 140,500	$ 143,310	$ 146,176	$ 149,100	$ 152,082	$ 155,123
Landing Fee Revenue		5,880	5,880	5,880	5,880	5,880	5,880
Parking Revenue		2,500	2,550	2,601	2,653	2,706	2,760
Potential Non-Hangar Revenue Total		$ 148,880	$ 151,740	$ 154,657	$ 157,633	$ 160,668	$ 163,764
Current Airport Revenue		18,136	18,480	18,834	19,198	19,574	19,962
Potential Increase		**$ 130,744**	**$ 133,260**	**$ 135,824**	**$ 138,434**	**$ 141,093**	**$ 143,802**
	price/sf						
Total Increase - Low	**$ 2.13**		**$ 143,501**	**$ 146,581**	**$ 149,719**	**$ 152,915**	**$ 156,172**
Total Increase - Mid	**$ 3.00**		**197,626**	**198,060**	**198,499**	**198,942**	**199,391**
Total Increase - High	**$ 4.50**		**$ 290,844**	**$ 291,278**	**$ 291,716**	**$ 292,160**	**$ 292,609**

[1]Passthrough revenue/expense to the County

[2]Assumes that the average $2.09 per sf is charged at the county hangar

[3]Does not account for the current FBO footprint

[4]Ammounts shown are net increases over the baseline

Table 5-7 - Loss of Airline and Part 139 Certification

	Budget 2015	Forecast 2016	2017	2018	2019	2020
Airline Related Revenue						
Airline Lease	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000
Airline Landing Fee	4,774	4,774	4,774	4,774	4,774	4,774
Airline Fuel	177	181	184	188	192	195
Total Airline Revenues	**$ 28,951**	**$ 28,954**	**$ 28,958**	**$ 28,961**	**$ 28,965**	**$ 28,969**
Rental Car	25,655	26,014	26,379	26,752	27,132	27,520
TSA	5,696	5,696	5,696	5,696	5,696	5,696
Total Airline Related Revenue	**$ 60,302**	**$ 60,664**	**$ 61,033**	**$ 61,410**	**$ 61,794**	**$ 62,185**
Airline Related Expenses						
Airline Related Employment	$ 225,398	$ 229,906	$ 234,504	$ 239,195	$ 243,978	$ 248,858
Maintenance (Part 139)	18,688	19,062	19,443	19,832	20,229	20,633
Total Airline Related Expenses	**$ 244,087**	**$ 248,968**	**$ 253,948**	**$ 259,027**	**$ 264,207**	**$ 269,491**
Net Savings	**$ 183,784**	**$ 188,304**	**$ 192,915**	**$ 197,617**	**$ 202,414**	**$ 207,306**

Airline- Includes rent, fuel (5,000 gallons per year) and landing fees.
Airline Related Employment- 2 Full Time Employees
Assumes 30 percent of Equipment and maintenance costs are from Part 139

- ***Loss of Airline and Part 139 Certification:*** If the Airport loses airline service and decides to eliminate its FAR Part 139 Certification, there are a number of savings possible. Table 5-7 presents a summary of the revenue and expense impacts associated with airline service and Part 139 Certification. As shown, there is a potential net savings of $207,300 by the year 2020.
  - ***Combined County FBO and Loss of Part 139 Certification:*** It cannot be assumed that the two options – combined County FBO and the loss of Part 139 Certification – are additive. The labor savings from the loss of Part 139 Certification will be nullified by the need for additional labor to staff the fueling service. The combined options would yield only $114k to $251k in net revenues, depending upon the lease rates for hangar space.

In summary, there are a number of options for the County to consider in moving forward with their Airports. Much of the analysis has been devoted to determining the economics associated with the various options. Given the range of material, input from the County is needed to establish a clear direction for the future. The following Section will present a summary of decision points and choices identified after meetings with County representatives.

6. RECOMMENDED PLAN

THE PURPOSE OF THIS SECTION OF THE plan is to narrow down the options presented in the analysis from draft Section 5, "Strategic Options," so that a recommended plan can be developed. In the previous section, options for moving forward were outlined, along with their economic consequences. This material was presented to the County in November of 2015. During December 2015 a working group was convened by the County to review and comment on these options.

On January 14 the working group reviewed the draft sections of the study, with a focus on the Strategic Options. The working group categorized the alternatives listed in Section 5 into four major groups, labeled Options 1, 2, 3, and 4, as described below (a detailed description and analysis of these four options is shown in Appendix A, "Summary of Airport Study Options"). The working group utilized the quantitative data provided in the report and combined it with their experience and knowledge of the local environment to consider and rank each of the four options. Combining the quantitative analysis from the report with their local knowledge and expertise the working group attempted to answer the following questions for each of the options:

- Is the expected improvement to the net operating deficit more than offset by a negative economic impact, or is an overall net benefit gained?
- Will this option yield positive results in the current and future market that we are and will be operating in?
- Is the additional funding support that will be necessary for implementation of this option attainable?
- Do existing contracts and agreements make this option achievable?

In addition to the alternatives discussed below there were other options and recommendations made in the report that were not considered during this working group meeting because they are either addressed during the County's annual budgeting/management process (cost cutting, staff cuts, and pricing changes) or were addressed in detail in the 2010 Business Plan. Those additional options included 1) Adding based jets, 2) Partnering with an institution to provide higher levels of flight training certification, 3) Developing local demand for airport services and commercial air service, 4) Adding hangars to increase hangar rental revenues, and 5) Developing airport property with solar or other development projects.

The working group focused on the new options that involve major or previously uninvestigated structural changes to the organization and operation of the county's two public use and federally-supported airports, as it believed that these were the options that would potentially be of sufficient magnitude to have a measureable impact on chronic net operating deficits.

6.1 Review of Options Considered

Option 1 (Applicable to JHW only)

This option starts with the 2020 baseline and then looks at the following:
:

- 1a) Discontinuance of commercial air service and FAA Part 139 certification
- 1b) County invoking the escape clause of the current FBO lease and then assuming responsibility for airport fuel and hangar services. The escape clause expires December 31, 2017, and it requires 12-month notice to invoke it, meaning that notice would need to be given to the FBO by Dec 31, 2016, of the County's intent to invoke this clause.
- 1c) Doing both 1a and 1b

Option 2 (Applicable to JHW only)

This option starts with the 2020 baseline forecast, then assumes that runway 7/25 will be extended for the additional revenue identified in the report by 2020, then considers:

- 2a) Discontinuance of commercial air service and FAA Part 139 certification
- 2b) County invoking the escape clause of the current FBO lease and assuming responsibility for FBO services (fuel sales and hangar rentals)
- 2c) Doing both 2a and 2b

Option 3 (Applicable to Both Airports)

This options compares the 2020 baseline for each airport to the privatization assumption that a management company could be persuaded to assume full control and responsibility for operation of the airport(s) in return for a payment equal to 50 percent of the 2020 operating deficit, which would reduce the county local share by 50 percent for the airport(s) privatized. The working group also considered that this option may only be realistic for JHW due to the escape clause found in the FBO contract at this airport (the FBO agreement in DKK is in effect through 2025 [through June 2027 for the Hangar 8 management agreement] and does not have an escape clause.) The Option 3 possibilities are:

- 3a) Privatize JHW, county continues to operate JHW
- 3b) Privatize DKK, county continues to operate JHW
- 3c) Privatize both JHW and DKK

Option 4 (Applicable to Both Airports)

This option compares the 2020 baseline for each airport to the options of either or both airports being closed. The working group considered the likelihood of obtaining federal government approval and of the potential costs to be incurred under existing contracts and grant obligations with the federal government. Analysis of this option assumed that the net cost to the County for closure(s) would be the FAA obligations shown in the report minus the current market value of airport land:

- 4a) Close JHW, county continue to operate DKK
- 4b) Close DKK, county continues to operate JHW
- 4c) Close both JHW and DKK

6.2 Discussion and Ranking of Options

1. Highest Ranked Alternative

Option 1 (Discontinue commercial air service and FAA Part 139 Certification requirements, assume control of fixed base operator services at JHW) was the working group's preferred option both from a feasibility and from a quantitative comparison perspective, as it did not involve external (Federal and State) approvals and it would yield the quickest improvements to Jamestown Airport's operating deficits. This view was most heavily influenced by three factors:

- ***Bad Results for the Current Airline:*** Historical and ongoing structural and market changes to the airline industry and airports have left facilities like the Jamestown Airport at a competitive disadvantage, as evidenced by the local market's rejection of current service levels and the long term trend of declining usage. These declines reached a tipping point and took a precipitous drop in 2014-2015 with the departure of the last airline to be affiliated with a major air carrier. This change resulted in smaller and less comfortable aircraft, a lack of interline baggage transfers, a loss of visibility on modern internet-based reservations and payment systems, and reduced reliability during western New York's challenging winters.

- ***The High Cost of FAR Part 139 Certification:*** The high cost of maintaining FAA Part 139 certificate to support commercial air service did not provide the economic benefits desired. For comparison, consider that while DKK and JHW are both comparable general aviation facilities, JHW costs $750,000 more in expenses than DKK does on an annual basis (2020 forecast).

- ***Inequitable Revenue Agreements with the FBO:*** Terms of the existing lease agreement with the FBO does not provide sufficient revenues to the County to operate the JHW Airport. While the County, as sponsor, is responsible for operating a self-sustaining annual budget, it is currently collecting just 10 percent of hangar rentals and just 1 percent (Av Gas) or 2 percent (Jet A) of wholesale fuel costs. As described in the report, these rates are significantly lower than those collected at comparable facilities and make it impossible to achieve a self-sustaining operation (revenues equal to expenditures).

To implement this Option 1, the County must invoke the escape clause (paragraph 5) of the existing JHW FBO lease and notify the FBO by December 31, 2016 for a December 31, 2017 change. Implementation of this option is limited to the Jamestown Airport and would not have any effect on the status of the Dunkirk Airport or its operating deficit. The projected annual savings from this option are $328,000. In this regard, no additional staff was deemed necessary (over and above existing staffing levels) to implement this option.

2. Second-Ranked Option

Option 3 (Privatization) was looked upon favorably by the working group, but there are still many unknowns associated with this option. As the County airports are both deficit operations there is no obvious business or organization willing to assume control of and responsibility for the airport(s). Also, the many unknowns associated with this option made the attempts at quantitative comparisons little more than rough estimates. Nevertheless, if something approaching the optimistic assumptions could be achieved then this would be an attractive option. In this regard, it is assumed that an entity will accept an annual payment equal to 50 percent of the airport annual net operating deficit to operate the airport, thereby relieving the County of the remaining 50 percent and keep the airport(s) open for their economic impact. Maximum benefit would be obtained if both airports could be privatized, but the existing lease agreement with the DKK FBO makes privatization there less likely. Privatization at JHW with the County continuing to operate DKK is the most realistic possibility here, and data from the report and the working group's assumptions show that this might result in an annual savings of $390,000. The effort to privatize would be a market-driven and negotiated process. As discussed in Option 1, privatization at JHW requires invoking the escape clause and notifying the FBO by December 31, 2016 for a December 31, 2017 change.

3. Third-Ranked Option

Option 4 (Closure) was dismissed as less preferable because the additional funding support necessary for implementation would not be attainable because of the high cost of buying out current federal government obligations, along with existing contracts and agreements. These obstacles made this option unachievable, in particular, the contractual federal government grant obligations and "in perpetuity" land grant obligations. In addition, this option would result in the loss of the Airports' significant economic contributions to Chautauqua County in terms of jobs, income, and tax collections. Other obstacles to this alternative include the low probability of obtaining federal approval, risk of an expensive legal process, and a general lack of confidence in the ability to obtain the current market value for airport lands as listed in the report, which would drive up the costs to the County even further. If initiated, this option would eliminate the Airports' combined net operating deficit of $962,000 in 2020 and beyond, but could potentially cost $13.6M in contractual obligations to the federal government. Payback period for this "investment" is estimated to be in the vicinity of 15-20 years, depending on actual amount of federal obligations and revenues received from airport land purchases. In addition to the federal grant obligations, all 19 of the existing airport leases with tenants would need to be terminated if this option were carried out. In addition, engineering/consultant costs would exceed $500,000.

4. Fourth-Ranked Option

Option 2 (Extended runway 7/25 at JHW combined with commercial service and/or FBO service options) was also dismissed as not preferable because of the low probability of obtaining the additional funding support (federal grants) necessary to fund the runway extension project. Federal funding for this option, which could bring in additional aircraft and tenants and thereby increase revenues, requires completion of a federally approved benefit-cost analysis to justify it. To succeed, this benefit-cost analysis must show that there is existing demand by larger design category aircraft for the expanded operational capability. JHW's location and topographical siting also contribute to increased costs for this option, as Runway 7/25 has been extended to the extent possible for the available terrain.

6.3 Conclusions of the Working Group

As described above, the Working Group concluded the following:

1. The economic impact analysis provides current and acceptable data for planning guidance.

2. Options/recommendations related to business plan and marketing issues have not proven successful and are not expected to succeed in the current and expected environment and market.

3. Elimination of the commercial air service and FAA Part 139 certification and the simultaneous assumption of FBO services by the County (Option 1) would result in the quickest and most significant improvement to the long term operating deficit status of the Jamestown airport, but would have no effect on the Dunkirk Airport's deficit status. Implementation of either of these initiatives at JHW by themselves (either eliminating the commercial air service or County assuming FBO services) would also improve the net operating deficit, though to a lesser degree than if both were enacted together.

4. Privatization (Option 3), especially if the overall economic benefit of the airports could be retained, is also a preferable option. Additional information and research is needed to determine its feasibility and the potential for real savings. The working group would like to learn more about how this process might be undertaken and pursued, to include valuation, candidate discovery, RFP process, and the other mechanics and details of a privatization process. The working group has a sense from the report that this is an unrealistic option, but would like to confirm that and learn these additional details.

5. The working group concluded that the closure of one or both airports (Option 4) would be difficult to achieve, have a high cost, and have an adverse economic impact on the County. Despite this, the working group was willing to look closer at closing at least one of the airports if the economic impact cost-benefit tradeoffs could be balanced and if federal government cooperation could be obtained.

6. The working group did not believe that it was worthwhile to pursue a project to extend runway 7/25 at JHW (Option 2) for the reasons previously discussed.

6.4 Recommendations of the Consultant

Recommendations of the Consultant are similar to those of the Working Group with a couple of minor differences. The overall plan will be to give notice to the Jamestown FBO that the County desires to operate the facility. During the one year period needed for the notice, the County can train staff as necessary to begin fueling, marshalling, and hangaring aircraft. The County would also give notice to the airline that it will not be in support of the USDOT renewing the contract this coming fall. In addition, the FAR Part 139 certification status of the Jamestown Airport would be removed. While this is underway, the County would seek proposals from private firms to replace their work force at the Dunkirk Airport. Table 6-1 presents a summary of the operating revenues and costs associated with the recommended plan. Specifics of these recommendations are provided in the following subsections.

Step 1 - Chautauqua County as FBO at Jamestown

In accordance with the lease language, the County would move to terminate their agreement with Jamestown Aviation regarding the FBO lease. The lease states: "County, during the first thirty-six (36) months of the initial five-year lease term, and upon not less than twelve (12) months' notice, may terminate this Agreement without compensation or penalties of any kind, if the purpose of the termination is: (a) FAA-approved privatization of the Jamestown Airport by lease or sale; (b) assumption of FBO and hangar operations by the County using municipal employees; or (c) FAA approved permanent closure of the Jamestown Airport."

Provision (b) of the termination clause would be invoked. It is assumed that the County would have to approve of this administratively, and would undertake the change using all of the proper channels within County government. It is believed that the sooner this occurs, the sooner the County can begin saving money.

After notice has been given, the County should train existing staff to fuel aircraft in accordance with National Fire Protection Association (NFPA) 407 standards. This will be important both for safety reasons and insurance purposes. In addition, administrative procedures for invoicing aircraft, collecting money at the point of sale, and carrying other products such as oil and lubricants should be examined. In short, the County will be going into business at the Airport and will need to be ready for all that is required.

Although the County will become the FBO, which includes fueling aircraft and managing and collecting rents for the hangars, there should be discussions with Jamestown Aviation to keep the maintenance and aircraft sales at the Airport. The lease for hangar space should be renegotiated and those negotiations will determine the rates. However, the County should have financial goals that can be used to estimate the overall return, based upon the provisions of the negotiations. These goals can be translated into jobs or rent or both.

Step 2 - Decommission the FAR Part 139 Certificate

Two items of information have made this recommendation easier to make. The first is the abrupt loss of the Hertz car rental concession at the Airport. That revenue loss was already figured into the pro formas, however, it did not result from this recommendation. Rather, the loss occurred from a lack of business. Thus, the potential loss of the business, as shown in the pro forma, will have already occurred and should not hinder the decision to decommission the FAR Part 139 certificate.

The second item of information involved Wiggins Airways, the supplemental carrier for FedEx at the Jamestown Airport. Representatives at the airline indicated that they would not need FAR Part 139 Certification to continue operations at the Airport. Thus, the second potential economic problem with decommissioning the Airport will not impact the jobs and economic activity at the Airport.

The recommendation to decommission the FAR Part 139 certificate will need to be discussed with the FAA and proper notice must be given to the airline (as specified in the airline's agreement with the County). Unless there are immediate cost savings from the decommissioning, it should probably wait until the airline's contract expires in the fall of 2016. Because the labor pool will be needed for the FBO operation, it is not recommended that the County remove staff from the Airport and then replace them shortly thereafter. Rather, staff can be trained for the FBO operation, while still performing their functions for the FAR Part 139 certificate. No additional staff hiring is recommended.

Step 3 - Negotiate with Dunkirk Aviation

The third step in the process would be to initiate negotiations with Dunkirk Aviation to determine whether or not they would be willing to take on maintenance functions at the Dunkirk Airport for less than it costs the County to do so. This would effectively replace the County workers and save money for the County. Currently, it is estimated that the County spends $183,000 on maintaining and operating the Dunkirk Airport each year. If this amount could be reduced through some agreement with Dunkirk Aviation, the County should seriously consider this option.

This option does not constitute privatization of the Airport in the sense of the FAA's Privatization Pilot Program. Instead, the County would maintain ownership and would be responsible for grant assurances and capital investments. Because the Airport does not make money, the main benefit of the FAA's Program would not be realized by Dunkirk Aviation – that is, the waiver of revenue diversion mandates. Thus, the Airport is not a good candidate for the FAA Program.

In the event that Dunkirk Aviation declines to take on the maintenance function at the Airport, the County may desire to advertise for an outside vendor to take on these functions. While it may be unlikely that such a plan would work profitably for the County, it remains an option, in the event that such a vendor could be found locally.

Other Recommendations of the Plan

There are three other general recommendations of the Plan that should be mentioned. The first involves Dunkirk Aviation, the second involves the disposition of new hangar development, and the third involves the promotion of general aviation on the Internet.

1. ***Jamestown Aviation and Dunkirk Aviation Reporting:*** It is recommended that the County develop itemized reports that track hangar vacancies and occupancy by aircraft type, hangar, and price each month.

2. ***Hangar Development:*** Unless grant money or private investment is available, the County should not invest in the construction of new hangars at either Airport. Rather, the County should lease land to private interests for hangar development if opportunities arise.

3. ***Promotion of General Aviation Access:*** It is recommended that general aviation air transportation options be included on websites for the County Visitor's Bureau and Chautauqua Institution.

6.5 Recommended Plan Pro Forma

Pro formas of the various options have been combined into one set of forecasts for revenues and expenses. The Baseline pro forma for the Jamestown Airport is presented in Table 6-1. Table 6-2 presents the Recommended Plan pro forma for the Jamestown Airport. No changes were made for the Dunkirk Airport over the Baseline Forecast presented in Section 4, so that forecast was not changed. Its results are included in the summary section (6.5). Assumptions used in developing the Recommended Plan Pro Forma forecasts include the following:

Discontinue Commercial Air Service at JHW (2017)

It is assumed that the current commuter airline would finish its contract in the fall of 2016, and then not renew after that.

- ***Loss of Airline Related Revenue:***
  - Airline Lease: 1,738 s.f. of office space, counter space, baggage areas and storage space in the terminal building; $24,000 per year less revenue.
  - TSA Lease: $5,696 per year less revenue.
  - Landing Fees: 90 percent (Airport Commission Percentage) of 884 landings at $6.00/landing; $4,774 per year less revenue.
  - Fuel Flowage Fee: 5,000 gallons of Jet A fuel; $200 per year (or less) less revenue.

Discontinue FAA Part 139 Certification (2017)

The County can save money in 2017 if it removes the two full-time positions implicated in savings for the FAA Part 139 Certification cessation between the time when the airline ends service and the County takes over the FBO. Savings from this option included:

- ***Maintenance and Equipment:*** Estimated 30 percent savings in maintenance and equipment due to less requirements; $19,443 in savings in 2017.
- ***Airport Employment:*** Although two full time positions could be reduced by not having the Airline and FAA Part 139 Certification, these positions would be needed again when the County takes over the fuel farm and leasing activities.

Assume Control of Fixed Base Operator Services at JHW (2018)

Depending on how fast the County serves notice to Jamestown Aviation, the control of the FBO could occur in 2017. We are assuming a worst case scenario, where this new operation occurs in 2018.

- ***Lease Revenue:*** Assumes the Airport charges an average of $2.65 per square foot in 2018 for hangar space at JHW.
- ***Personnel:*** In addition to keeping the two full time positions that would be reduced by not having the Airline and FAA Part 139 status, the Airport would retain all of its other existing employees to help with fueling activities (2018). No additional staff will be required. It is

recommended that the Airport Director position change from part time to full time. (Starting in 2017)

- ***Fuel Expenses:*** Into-Plane costs include leasing a fuel truck, banking fees, insurance & costs. The actual cost of purchasing fuel is not included in the pro forma. The fuel markup will be added to the gross cost of any fuel purchases and fuel expenses.
- ***Fuel Revenue:*** Assumes a $1.00 per gallon markup over fuel related expenses. This is conservative, given the current markups.

Additional Considerations

There are several considerations moving forward for the County. First, high Personnel costs will be the major concern for JHW. By 2020, these costs will be over 66 percent of operating costs. In the longer term future, this may point toward hiring part-time employees instead of full time.

Second, it is assumed that the Chautauqua Aircraft Maintenance and Repair shop will continue at JHW, but there is no guarantee that it will. Because this company is owned by Jamestown Aviation (the current FBO) there is a chance that it could leave the Airport. In that event, the County must seek an adequate replacement.

We noted that no audit of fuel sales for either Dunkirk or Jamestown has been undertaken. It may be worth auditing up to five years of past fuel sales. This would give the County a good idea of what to expect when it takes over the fuel sales for JHW.

Finally, it should be noted that Shared Services with the County increased from $4,000 per year in 2009 and 2010 to $39,000 dollars per year in 2014. This may involve better accounting practices for the County being instituted.

Table 6-1 - Baseline Forecast: Jamestown						
Jamestown	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Operating Revenues						
FBO Facilities	$52,362	$53,097	$53,847	$54,612	$55,392	$56,188
Non-Airline Commissions	$1,143	$1,156	$1,169	$1,182	$1,195	$1,208
Non-FBO Airport Leases	$36,663	$38,462	$38,756	$39,056	$39,362	$39,776
Fuel Revenue	$4,080	$4,248	$4,424	$4,606	$4,796	$4,994
Airline Related Revenue	$60,302	$34,650	$34,654	$34,658	$34,661	$34,665
Concessions	$0	$0	$0	$0	$0	$0
Miscellaneous	$5,339	$5,445	$5,554	$5,665	$5,779	$5,894
Total Operating Revenues	**$159,889**	**$137,060**	**$138,404**	**$139,779**	**$141,186**	**$142,726**
Operating Expenses	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Marketing & Advertising	$537	$548	$559	$570	$581	$593
Administrative/Indirect Costs	$55,468	$56,577	$57,708	$58,863	$60,040	$61,241
Payroll and other Pay	$357,935	$365,094	$372,396	$379,843	$387,440	$395,189
Health/Medicare, Retirement Benefits	$205,561	$209,672	$213,866	$218,143	$222,506	$226,956
Utilities	$123,252	$125,717	$128,231	$130,795	$133,411	$136,080
Contracted Services	$8,250	$8,415	$8,583	$8,755	$8,930	$9,109
Insurance	$36,769	$37,504	$38,255	$39,020	$39,800	$40,596
Equipment & Maintenance	$62,294	$63,540	$64,811	$66,107	$67,429	$68,778
Miscellaneous	$497	$507	$517	$527	$538	$549
Total Operating Expenses	**$850,562**	**$867,574**	**$884,925**	**$902,624**	**$920,676**	**$939,090**
Non-Operating Expenses						
Special Taxes	$4,694	$4,788	$4,884	$4,981	$5,081	$5,183
CCIDA Bond Debt Service	$15,600	$15,600	$15,600	$15,600	$15,600	$15,600
Total Non-Operating Expenses	$20,294	$20,388	$20,484	$20,581	$20,681	$20,783
Total Expenses	**$870,856**	**$887,962**	**$905,409**	**$923,205**	**$941,357**	**$959,872**
Net	**($710,968)**	**($750,902)**	**($767,005)**	**($783,426)**	**($800,172)**	**($817,147)**

Table 6-2 - Recommended Forecast: Jamestown						
Jamestown	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Operating Revenues						
FBO Facilities	$52,362	$53,097	$53,847	$164,872	$168,169	$171,533
Non-Airline Commissions	$1,143	$1,156	$1,169	$3,229	$3,282	$3,336
Non-FBO Airport Leases	$36,663	$38,462	$38,756	$39,056	$39,362	$39,776
Fuel Revenue	$4,080	$4,248	$4,424	$274,157	$279,640	$285,233
Airline Related Revenue	$60,302	$34,650	-	-	-	-
Concessions	-	-	-	-	-	-
Miscellaneous	$5,339	$5,445	$5,554	$5,665	$5,779	$5,894
Total Operating Revenues	**$159,889**	**$137,060**	**$103,750**	**$486,979**	**$496,232**	**$505,771**
Operating Expenses	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Marketing & Advertising	$537	$548	$559	$570	$581	$593
Administrative/Indirect Costs	$55,468	$56,577	$57,708	$58,863	$60,040	$61,241
Payroll and other Pay	$357,935	$365,094	$372,396	$379,843	$387,440	$395,189
Health/Medicare, Retirement Benefits	$205,561	$209,672	$222,107	$252,727	$257,781	$262,937
Utilities	$123,252	$125,717	$128,231	$130,795	$133,411	$136,080
Contracted Services	$8,250	$8,415	$8,583	$8,755	$8,930	$9,109
Insurance	$36,769	$37,504	$38,255	$39,020	$39,800	$40,596
Equipment & Maintenance	$62,294	$63,540	$45,367	$46,275	$47,200	$48,144
Additional Fuel Expenses				$53,299	$54,365	$55,452
Miscellaneous	$497	$507	$517	$527	$538	$549
Total Operating Expenses	**$850,562**	**$867,574**	**$865,482**	**$936,090**	**$954,812**	**$973,908**
Non-Operating Expenses						
Special Taxes	$4,694	$4,788	$4,884	$4,981	$5,081	$5,183
CCIDA Bond Debt Service	$15,600	$15,600	$15,600	$15,600	$15,600	$15,600
Total Non-Operating Expenses	**$20,294**	**$20,388**	**$20,484**	**$20,581**	**$20,681**	**$20,783**
Total Expenses	**$870,856**	**$887,962**	**$885,966**	**$956,671**	**$975,493**	**$994,691**
Net	**($710,968)**	**($750,902)**	**($782,216)**	**($469,692)**	**($479,261)**	**($488,919)**

6.6 Summary and Findings

In summary, there are immediate actions that the County can take to reduce the annual deficit incurred by operation of the two Airports. These actions can be summarized as follows:

- Discontinue Commercial Air Service at JHW (2017)
- Discontinue FAA Part 139 Certification (2017)
- Assume Control of Fixed Base Operator Services at JHW (2018)
- Negotiate with Dunkirk Aviation to Determine if Airport Maintenance Cost Savings Could be Achieved

Table 6-3 presents a summary of the differences between the Baseline pro forma (Table 6-1) and the Recommended Plan pro forma (Table 6-2). As shown, there is a savings of roughly $328,000 by the year 2020. When Jamestown and Dunkirk are added together, Table 6-4 shows the net revenue results. As shown, there is still a deficit of about $775,000. However that reflects the savings of $328,000 over the Baseline, reflected in Table 6-3.

Table 6-3 - Jamestown Change in Net Revenues over Baseline

	2015	2016	2017	2018	2019	2020
Baseline	($710,968)	($750,902)	($767,005)	($783,426)	($800,172)	($817,147)
Recommended Plan	($710,968)	($750,902)	($782,216)	($469,692)	($479,261)	($488,919)
Difference	**$0**	**$0**	**($15,211)**	**$313,734**	**$320,911**	**$328,227**

Table 6-4 - Net Revenue (Deficit) Jamestown & Dunkirk

Fiscal Year	Operating Revenues	Operating Expenses	Non-Operating Expenses	Net Surplus/ (Deficit)
2014	$180,701	$989,900	$250,663	($1,059,863)
2015	$188,889	$1,044,838	$137,284	($993,232)
2016	$166,640	$1,065,734	$137,377	($1,036,472)
2017	$133,922	$1,067,606	$137,473	($1,071,157)
2018	$517,754	$1,142,256	$137,571	($762,073)
2019	$527,623	$1,165,102	$137,670	($775,149)
2020	$537,789	$1,188,404	$137,772	($788,387)

Appendix A

SWOT Analysis

Appendix A
Chautauqua County Airports SWOT

A SWOT (Strengths/Weaknesses/Opportunities/Threats) workshop was held at the Chautauqua County Airport at Jamestown on May 20, 2015. A total of 15 participants representing a range of Airport, County, and business interests attended the session. Also present were representatives of R.A. Wiedemann & Associates and C&S Companies. The purpose of the SWOT workshop was to provide an opportunity to better identify and understand the operating environment of the County's Airports in Dunkirk and Jamestown. In this regard, the SWOT was not a strategy session. Rather, it was the preparatory step toward making strategic recommendations. Thus, the information generated in the SWOT about the Airports' position in their environment could be used to develop follow-on strategies for achieving the County's mission in operating the Airports. This Economic Impact and Feasibility Study will serve as the vehicle to define these strategies and focus resources on the implementation process which will take place in the coming years.

The SWOT for Chautauqua County Airports involved the following categories as defined below:

- ***Strengths:*** Internal attributes of the Airports. These can include Location, Physical/Infrastructure, Managerial, Financial, Political, Brand, Competition, and "Other."
- ***Weaknesses:*** Internal attributes of the Airports. These also can include Location, Physical/Infrastructure, Managerial, Financial, Political, Brand, Competition, and "Other."
- ***Opportunities:*** External conditions that may be available to the Airports. These can include such items as Regional Business, Potential On-Airport Business, Funding, Aviation Trends, Branding, and "Other."
- ***Threats:*** External conditions that may threaten the Airports' viability. These conditions may include Funding, Operational Activity, Local Access, Infrastructure, Brand, Competition, and "Other."

There were five simple rules for the SWOT workshop itself:

1) It is okay to disagree.
2) All ideas are potentially good ideas.
3) We will honor time limits unless the entire group desires longer sessions.
4) What is said at the meeting will not be attributed to a specific person (confidentiality).
5) Cell phones should be in the "off" position.

The Workshop began at 12:00 pm and ended at 3:30 pm. Discussion topics included a wide range of issues including, but not limited to:

- Airport Locations
- The Physical/Infrastructure of the Airports
- Off Airports Infrastructure
- Airport Management
- Airport Finances and Sustainability
- Political Issues
- Competition from other Airports
- Airport Branding, Marketing, and Public Relations
- Regional Business Opportunities/ Challenges
- On-Airports Development Potential
- Access to Project Funding
- Trends in Aviation
- U.S. Customs on Airport
- Free Trade Zone on Airport
- Air Cargo
- Potential Tourism
- Weather
- Regional Disaster Relief
- Public Safety
- Future Client Base and Airport Amenities
- Ground Transportation/Local Access
- Airport Services
- Economic Development

The following sections summarize the discussions held at the SWOT workshop. Participants were asked to rank their top three items of importance within each category.

1. AIRPORTS STRENGTHS

AIRPORT STRENGTHS ARE CONSIDERED INTERNAL OR INHERENT attributes of an airport. The following Strengths were identified during the Workshop by participants, in rank order of importance as they applied to both the Jamestown and Dunkirk Airports. We list commonly shared strengths first, and then unique strengths separated by Airport:

1.1 Shared Strengths

- ***Land Development:*** Both Airports have adequate land for development, with electric, water, and sewer readily available. There is space available for development to support hangar construction and other industrial uses.

- ***Competitive Pricing:*** Prices on both Airports for fuel, maintenance, avionics, hangar rates, and other support services are at or below market averages.

- ***Geographic Location:*** Both Airports are located in proximity to population centers and major ground access routes.

- ***Established Tenants:*** Both Airports have a solid core of long term tenants which provides some degree of financial and operational stability.

- ***Good Political Support:*** The Airports enjoy excellent political support at the Federal and City levels, with mixed support at the State and County levels. Community leaders are generally motivated to pull together with vision and enthusiasm.

- ***Airport Management:*** Both Airports are viewed as having excellent management, with good relations with Airport tenants.

- ***Preferred by Emergency Services:*** Jamestown and Dunkirk are both preferred by providers of aerial emergency services, over other airports within the service area.

- ***Ground Access:*** Ground access to both Airports is regarded as good to excellent. Dunkirk is less than five miles from access to Interstate 90, and Jamestown is less than three miles from access to Interstate 86.

- ***Military Clients:*** The military has discovered both Airports as attractive refueling stops. The restaurant at Jamestown is also a popular draw for military flyers.

- ***Quality Facilities for the Community:*** Both Airports are fair sized with adequate services for the size of the community they are serving.

1.2 Jamestown Airport Strengths

- ***Excellent Airport Infrastructure:*** The Airport has an excellent terminal building with adequate infrastructure in place to meet current demands and future growth. The terminal building provides a number of amenities including commercial passenger areas, ticketing counters, rental car counters, a conference room, and a restaurant. Water, sewer, and electric utilities are readily available. The Airport features good approaches. Runway 7/25 is 5,299 feet x 100 feet, with good taxiways, and ample auto parking. There is a desire to extend the Runway beyond its existing 5,299 feet to better attract and serve desired traffic. Most hangars are in good condition.

- ***FedEx:*** A FedEx distribution facility occupies space on the Airport with approximately 34 employees.

- ***Essential Air Service Point:*** Being designated an Essential Air Service point is a strength, because there is access to grant funding for scheduled airline service.

- ***Brand Strengths:*** The greatest brand strength for Jamestown is the Airport's public perceptions as a convenient air carrier airport. There is also a connection with Chautauqua Institution, which draws more than 100,000 visitors during their nine-week summer programs. The Airport enjoys a reputation for good service among its tenants, which makes the brand strong among aviation users, but weak among general public.

- ***Abundant Hotels Nearby:*** There are a variety of hotels within three miles of the Airport.

- ***Close to Attractions:*** The Airport is close to tourism and other attractions within the County such as Chautauqua Lake and Chautauqua Institution. There is already a considerable base of people traveling to the area.

- ***Scheduled Air Service:*** Scheduled Air service is available via Sun Air Express to Pittsburgh.

- ***Based Aircraft:*** There are 29 based aircraft on field, with 6 multiengine and 2 helicopters.

- ***Destination Services:*** There are two well regarded providers of maintenance and services on the field. Chautauqua Aircraft Sales & Maintenance is approved to service Cessna, Mooney, and Diamond, (Piper is pending). Dunkirk Avionics services virtually all types of aircraft. Both are described as "destination businesses" which attract customers to the Airport from a wide region.

- ***Excellent Value for Passengers:*** Air fares to Pittsburgh are an excellent value at $29.

1.3 Dunkirk Airport Strengths

- ***Excellent Airport Infrastructure:*** The Airport features great infrastructure in place to meet current demands and future growth. Water, sewer, and electric utilities are readily available. Runway 6/24 has recently been expanded to 6,000 feet x 100 feet, with good taxiways. Most hangars are in good condition.

- ***Based Aircraft:*** From a based aircraft standpoint, Dunkirk is favored due to proximity to Buffalo and Niagara Falls. There are 39 based aircraft on field, with 6 multiengine and 3 jets. The Airport has seen an upswing in based aircraft.

- ***Brand Strength:*** The brand strength is a public perception as a convenient corporate and private aviation airport. The Airport enjoys a reputation for good service among aviation users, but is generally weak overall among the general public.

- ***Hotels Nearby:*** There are two hotels within five miles of the Airport.

2. AIRPORTS WEAKNESSES

AIRPORT WEAKNESSES WERE IDENTIFIED AS A PART of the SWOT workshop process. These are internal attributes of the Airports and are listed below in rank order of importance by the SWOT participants:

2.1 Shared Weaknesses

- ***Management Time Allocation:*** There is some question over whether the Airports Director has enough time allocated to actually manage the Airports. Currently, the Airport Director is also the Director of Parks and Recreation for Chautauqua County, spending only two-thirds of his time on Airport matters. The part time status of the Airports Director is considered a weakness. Added operational demands do not permit the Director to perform necessary marketing functions. This is not a critique of the

Director's personal performance (which is generally regarded as being very good) it is entirely a question of constraints due to time and other job requirements.

- ***Weak Social Media Engagement:*** The County government is not equipped to communicate effectively via social media, website, branding, marketing, and advertising. There is a noted lack of marketing resources. Too few people in the community understand the purpose of the Airports and even know where they are located.

- ***Operating Losses:*** Both Airports struggle with net operating losses.

- ***Weak Economy:*** The local area economy is lagging, and therefore it is not driving business and use of the Airports. The weakened national economy has also had an adverse effect on both facilities.

- ***Need to Determine Asset Values:*** The asset values of both Airports have not been established. These should be determined and communicated to the public so that there is an understanding of the value of the Airports to the County.

2.2 Jamestown Airport Weaknesses

- ***Airline Service:*** Air carrier service has not performed well and has not had connectivity with other airlines at the Pittsburgh hub. The poor performance has hurt the brand of the Jamestown Airport relative to airline service. Also, there is inadequate availability of information about flight schedules, weather, and flight changes. Online booking has been hit and miss. There is a need to see improvement and 90 percent schedule reliability before committing marketing money to promoting the service. Flights must be easily accessible via the Internet, Expedia, Travelocity, Priceline, etc.

- ***Inadequate Runway Length:*** The current runway length of 5,299 is considered insufficient for certain types of air traffic that are most desired such as regional passenger jets, large corporate jets, and larger cargo operations. Runway lengths of 5,000 feet are generally regarded as the minimum for jet powered operations, under ideal conditions in temperate regions. As weather conditions change, especially in freezing conditions with lake effect snow, larger, heavier aircraft require additional runway length for safe operations. Weight considerations for these aircraft include fuel, passenger, and cargo loads. Due to topographical challenges, the additional 700 feet needed to get to 6,000 feet is projected to cost nearly $30 million.

- ***Faulty Weather Readings:*** There is a need to relocate the AWOS. The current AWOS is in a less than ideal location which occasionally renders faulty readings. This results in the cancelation of flights and delays that are not actually mandated by the true weather conditions.

- ***Inadequate Telecom Infrastructure:*** There is inadequate telecom infrastructure available to connect to the Internet and provide WiFi to the Airport. This is a weakness for attracting other businesses to the Airport.

- ***No Flight School:*** The Jamestown Airport has no flight school. A flight school would do much to boost activity, fuel sales, service, and the pool of licensed pilots.

- ***No Tower:*** Jamestown is a non-controlled airport. There is no Control Tower, and airline flights must use the UNICOM instead.

- ***Need for Improved Ground Transportation:*** There is not a stable ground transportation service between the Airport and area destinations.

- ***Lack of Local Support for Restaurant:*** The Airport restaurant is convenient for air travelers, but many local residents consider it too far removed to frequent the restaurant.

- ***Need for a Revised Plan:*** The Airport has not fully implemented the recommendations made in the business plan from 2009. It is now necessary for the Airport to revise its business plan to implement updated recommendations.

- ***Branding/Marketing:*** Part of the weakness of the brand is the perception that the Airport has seen better days and that it is a "has-been," The current air service is deemed unreliable. It is also recognized that operational issues with the commercial service must be ironed out prior to marketing the Airport.

2.3 Dunkirk Airport Weaknesses

- ***Lack of Hangars:*** There is a need for large heated corporate hangar space at the Airport.

- ***Lack of Approaches for All Aircraft:*** Certain aircraft have no approaches due to RNAV and software issues compounded by obstruction issues surrounding the Airport. The Airport needs improved approach lighting.

- ***Branding/Marketing:*** Part of the weakness of the brand is a lack of awareness of where the Airport is. The Airport has an underdeveloped image.

- ***Weather Issues:*** The Airport experiences harsh winter weather and lake effect snow. This can make access difficult in the winter.

3. AIRPORTS OPPORTUNITIES

OPPORTUNITIES THAT EXIST ARE CONSIDERED EXTERNAL CONDITIONS that may be available to the Airports. Generally, these opportunities will require strategies and efforts to achieve. Most opportunities involve the market place or additional services or facilities at the Airports. Participants in the SWOT workshop identified a number of opportunities available to the Airports in the following rank order of importance:

3.1 Shared Opportunities

- ***Additional Funding:*** Depressed area economic status may open outside funding opportunities.

- ***Airport Branding:*** There is an opportunity to better communicate Airport's achievements, contributions, and milestones via an effective community outreach program. The brand and image can be improved in terms of logo and signage. As new infrastructure and services are added, efforts must be made to expand the brand.

- ***Development Opportunities:*** Both Airports have acreage, utilities, and infrastructure to accommodate aviation and non-aviation related development.

- ***Industrial/Economic Development:*** Better integration between the Airports and the local Industrial/Economic Development Agencies will allow for better promotion of the Airports.

- ***Business Aviation Growth:*** Business aviation is forecast to grow faster than any other aviation segment in the near term future. Business aircraft constitute a stable growth segment of general aviation that would be ideal marketing objectives for the Airports. The Airports have an opportunity to increase based and transient customers.

- ***Flying Club:*** The Airports have a good potential to develop or host flying clubs to attract enthusiasts from the region.

- ***Airport Events:*** The Airports could easily host special events to attract non-aviators to the Airports such as car shows, 5K runs, radio controlled aircraft events, school and scouting group outings, etc.

3.2 Jamestown Airport Opportunities

- ***Air Service Improvements:*** There is ample opportunity to improve air service via interline connections, advertising, and maintaining on-time schedule performance.

- ***Area Attractions:*** National Comedy Center is coming to the County, to add to Chautauqua Lake, the Chautauqua Institution, The Roger Tory Peterson Institute of Natural History, etc.

- ***Branding and Marketing:*** Marketing money is available from PIT for use promoting Sun Air Express as a connector to PIT. Once the service levels are of high quality, it should be promoted.

- ***Signs of Improving Economy:*** Currently, 17 percent of the local population is involved in manufacturing versus 12 percent statewide. Cummins is expanding and adding workforce. SKF, Tourism, and National Comedy Center are all on an upswing.

- ***Alternate EAS:*** There may be an opportunity to get approval for an alternate Essential Air Service to better match travel demand patterns that are low in winter, and higher in warmer weather, rather than straight line schedules year round.

- ***Partnering with Educational Institutions:*** Flight training and aircraft maintenance programs may be possible with potential partners such as area universities, colleges, and technical schools.

3.3 Dunkirk Airport Opportunities

- ***Hangar Development:*** There is demand and space available for the development of additional conventional and T-hangars. There is a need for large, heated hangar spaces. All existing T-hangars except one are occupied.

- ***Proximity to Buffalo:*** Dunkirk is becoming a bedroom community of Buffalo, with adequate utilities and infrastructure. Aircraft based at Buffalo area general aviation airports are likely to continue to move outward toward Dunkirk.

4. THREATS TO THE AIRPORTS

In this context, threats to the Airports refer primarily to factors that would hinder their potential growth, development, and viability. Threats are generally external conditions to which an airport is exposed. In some cases, unsolved weaknesses may develop into threats. Threats to Chautauqua Airports viability were listed by SWOT workshop participants in the following rank order:

4.1 Shared Threats

- ***Poor Public Perception:*** Both Airports suffer from less than ideal public perceptions.

- ***Inadequate Zoning:*** Increased pressure from windmills and cell towers have revealed a pressing need for improved height hazard and land use zoning around both Airports.

- ***Access to Funding:*** It is understood that access to funding is key to the Airports' financial and structural integrity. It is important for the Airports to maintain financial support, generate new revenues, and operate as efficiently as possible. Some in the County would like to close the Airports because of budget constraints.

- ***User Fees:*** Potential federally mandated user fees could have severe impacts upon general aviation traffic.

- ***National Economy and Fuel Prices:*** General aviation activity is dependent upon a good national economy. It is unpredictable and, as such, may pose a threat to future private and corporate activity if there are economic downturns. Fuel prices could have an adverse affect on the Airports' operations.

- ***Decreasing Pool of Pilots:*** The total number of pilots is decreasing nationwide. This could create issues resulting in reduced activity and revenues.

- ***Changing Political Environment:*** Although there is mostly positive political support for the Airport at this time, the political environment could shift from ideal, to less than ideal, or blatantly negative in the future.

- ***Facilities Maintenance:*** Airport maintenance from lighting to mowing to the upkeep of various structures is a constant demand that requires resources.

4.2 Jamestown Airport Threats

- ***Runway Expansion:*** The Airport cannot economically expand Runway length to better accommodate corporate and regional jet activity. This can constrain the potential growth of the facility in the long term and hinder its ability to reach its potential.

- ***Essential Air Service:*** Loss of Essential Air Service would have a severe impact upon Airport finances and operations.

4.3 Dunkirk Airport Threats

- ***Lack of Hangar Space:*** The Airport needs large heated conventional. Without this space, current and potential based aircraft may choose an alternate airport in the region, thereby decreasing potential revenues.

- ***Wind Turbines:*** The construction of wind turbines in the general vicinity of the Airport have the effect of increasing Airport operating minimums during low visibility weather conditions. This can reduce the amount of the important business aviation traffic that is needed for revenue production.

5. SUMMARY

TO SUMMARIZE THE SWOT WORKSHOP RESULTS, IT can be stated that there are a number of options surrounding the future of the County's Airports. Located in an underperforming area with low economic growth, the Airports make up a vital portion of the County's transportation infrastructure. While these facilities are costly to maintain, participants in the SWOT workshop pointed to a number of opportunities for growth and expanded revenue production. Key points revolve around the future of airline service, the ability of the County to restrict airspace obstructions, the attraction of based aircraft and itinerant aircraft operations, and a number of staffing issues.

Depending upon how issues are addressed, they can move from one SWOT category to another. For example, lack of hangars at Dunkirk is currently a Weakness and an Opportunity. If new hangars are constructed, then the Opportunity is fulfilled and it is no longer a Weakness. The future income generated by new tenants will then move into a Strength for the Airport. Similarly, lack of quality airline service at Jamestown is currently a Weakness and a Threat. If the Airport doesn't offer services that would make it a destination airport or differentiate it from its competitors, that would threaten the Airport's ability to sustain airline service.

Overall, the SWOT Workshop highlighted the key issues for the Airports and its operating environment. The Business Plan will examine these issues in the context of a plan that examines all future options - from potential airport privatization or closure, to new revenue enhancement initiatives. This SWOT analysis provides the most recent thinking about the economic environment and physical issues associated with each Airport.

Appendix B:
Airport Sponsor Grant Assurances

ASSURANCES

Airport Sponsors

A. General.

1. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
2. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
3. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

B. Duration and Applicability.

1. **Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.**

   The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.

2. **Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.**

   The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

3. **Airport Planning Undertaken by a Sponsor.**

   Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Airport Revenue so long as the airport is used as an airport.

C. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this grant that:

1. **General Federal Requirements.**

   It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

Federal Legislation

a. Title 49, U.S.C., subtitle VII, as amended.
b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.[1]
c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
d. Hatch Act – 5 U.S.C. 1501, et seq.[2]
e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.[1 2]
f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).[1]
g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.[1]
h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
i. Clean Air Act, P.L. 90-148, as amended.
j. Coastal Zone Management Act, P.L. 93-205, as amended.
k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.[1]
l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.[1]
s. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.[1]
t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.[1]
u. Copeland Anti-kickback Act - 18 U.S.C. 874.1
v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.[1]
w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.[2]
y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.

z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

Executive Orders

a. Executive Order 11246 - Equal Employment Opportunity[1]
b. Executive Order 11990 - Protection of Wetlands
c. Executive Order 11998 – Flood Plain Management
d. Executive Order 12372 - Intergovernmental Review of Federal Programs
e. Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction[1]
f. Executive Order 12898 - Environmental Justice

Federal Regulations

a. 2 CFR Part 180 - OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement).
b. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. [OMB Circular A-87 Cost Principles Applicable to Grants and Contracts with State and Local Governments, and OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations].[4, 5, 6]
c. 2 CFR Part 1200 – Nonprocurement Suspension and Debarment
d. 14 CFR Part 13 - Investigative and Enforcement Procedures14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
e. 14 CFR Part 150 - Airport noise compatibility planning.
f. 28 CFR Part 35- Discrimination on the Basis of Disability in State and Local Government Services.
g. 28 CFR § 50.3 - U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
h. 29 CFR Part 1 - Procedures for predetermination of wage rates.[1]
i. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.[1]
j. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).[1]
k. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).[1]
l. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.[3]
m. 49 CFR Part 20 - New restrictions on lobbying.
n. 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
o. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.

p. 49 CFR Part 24 – Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs.[1 2]
q. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
r. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.[1]
s. 49 CFR Part 28 – Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
t. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
u. 49 CFR Part 32 – Governmentwide Requirements for Drug-Free Workplace (Financial Assistance)
v. 49 CFR Part 37 – Transportation Services for Individuals with Disabilities (ADA).
w. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.

Specific Assurances

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

Footnotes to Assurance C.1.

[1] These laws do not apply to airport planning sponsors.

[2] These laws do not apply to private sponsors.

[3] 49 CFR Part 18 and 2 CFR Part 200 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.

[4] On December 26, 2013 at 78 FR 78590, the Office of Management and Budget (OMB) issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. 2 CFR Part 200 replaces and combines the former Uniform Administrative Requirements for Grants (OMB Circular A-102 and Circular A-110 or 2 CFR Part 215 or Circular) as well as the Cost Principles (Circulars A-21 or 2 CFR part 220; Circular A-87 or 2 CFR part 225; and A-122, 2 CFR part 230). Additionally it replaces Circular A-133 guidance on the Single Annual Audit. In accordance with 2 CFR section 200.110, the standards set forth in Part 200 which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this Part becomes final. Federal agencies, including the Department of Transportation, must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.

[5] Cost principles established in 2 CFR part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.

[6] Audit requirements established in 2 CFR part 200 subpart F are the guidelines for audits.

2. **Responsibility and Authority of the Sponsor.**

   a. Public Agency Sponsor:

   It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

   b. Private Sponsor:

   It has legal authority to apply for this grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

3. **Sponsor Fund Availability.**

   It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

4. **Good Title.**

   a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.

   b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

5. **Preserving Rights and Powers.**

   a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.

b. It will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.

c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.

d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.

e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.

f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.

g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

6. **Consistency with Local Plans.**

   The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

7. **Consideration of Local Interest.**

   It has given fair consideration to the interest of communities in or near where the project may be located.

8. **Consultation with Users.**

   In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

9. **Public Hearings.**

   In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

10. **Metropolitan Planning Organization.**

    In projects involving the location of an airport, an airport runway, or a major runway extension at a medium or large hub airport, the sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to depict the project and a copy of any airport master plan in which the project is described or depicted.

11. **Pavement Preventive Maintenance.**

    With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

12. **Terminal Development Prerequisites.**

    For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.

13. **Accounting System, Audit, and Record Keeping Requirements.**

    a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.

    b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

14. **Minimum Wage Rates.**

    It shall include, in all contracts in excess of $2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

15. **Veteran's Preference.**

    It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

16. **Conformity to Plans and Specifications.**

    It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.

17. **Construction Inspection and Approval.**

It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

18. **Planning Projects.**

In carrying out planning projects:

a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.

b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.

c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.

d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.

e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.

f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.

g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.

h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

19. **Operation and Maintenance.**

a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-

1) Operating the airport's aeronautical facilities whenever required;
2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.

b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

20. **Hazard Removal and Mitigation.**

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

21. **Compatible Land Use.**

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

22. **Economic Nondiscrimination.**

a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.

b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-

1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and

2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

c. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.

d. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.

e. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.

f. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.

g. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.

h. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.

i. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

23. **Exclusive Rights.**

It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:

a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and

b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport. It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

24. **Fee and Rental Structure.**

It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.

25. **Airport Revenues.**

a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:

1) If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or

operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.

2) If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.

3) Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.

b. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.

c. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

26. **Reports and Inspections.**

It will:

a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;

b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;

c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and

d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:

    1) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and

    2) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

27. **Use by Government Aircraft.**

It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

a. Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or

b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied by gross weights of such aircraft) is in excess of five million pounds.

28. **Land for Federal Facilities.**

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

29. **Airport Layout Plan.**

a. It will keep up to date at all times an airport layout plan of the airport showing

    1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;

    2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and

roads), including all proposed extensions and reductions of existing airport facilities;

3) the location of all existing and proposed nonaviation areas and of all existing improvements thereon; and

4) all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.

b. If a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

30. **Civil Rights.**

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this grant.

a. Using the definitions of activity, facility and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR § 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by, or pursuant to these assurances.

b. Applicability

1) Programs and Activities. If the sponsor has received a grant (or other federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.

2) Facilities. Where it receives a grant or other federal financial assistance to construct, expand, renovate, remodel, alter or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.

3) Real Property. Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

c. Duration.

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

1) So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or

2) So long as the sponsor retains ownership or possession of the property.

d. Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests For Proposals for work, or material under this grant agreement and in all proposals for agreements, including airport concessions, regardless of funding source:

"The **(Name of Sponsor)**, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award."

e. Required Contract Provisions.

1) It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT acts and regulations.

2) It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.

3) It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.

4) It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a

covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:

a) For the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and

b) For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.

f. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.

g. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

31. **Disposal of Land.**

a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.

b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.

c. Land shall be considered to be needed for airport purposes under this assurance if (1) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.

d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

32. **Engineering and Design Services.**

It will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services with respect to the project in the same manner as a contract for architectural and engineering services is negotiated under Title IX of the Federal Property and Administrative Services Act of 1949 or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

33. **Foreign Market Restrictions.**

It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

34. **Policies, Standards, and Specifications.**

It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including but not limited to the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated _____________ (the latest approved version as of this grant offer) and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.

35. **Relocation and Real Property Acquisition.**

a. It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B.
b. It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24.
c. It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.

36. **Access By Intercity Buses.**

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

37. **Disadvantaged Business Enterprises.**

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its DBE and ACDBE programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

38. **Hangar Construction.**

If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.

39. **Competitive Access.**

a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-

   1) Describes the requests;

   2) Provides an explanation as to why the requests could not be accommodated; and

   3) Provides a time frame within which, if any, the airport will be able to accommodate the requests.

b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.

Appendix C:
AIP Grant History

Chautauqua County Airport/Jamestown
Grant Allocation

5/19/2015

PROJECT TITLE	TOTAL COST	FAA SHARE	NYS SHARE	COUNTY SHARE
Construct Maintenance Bldg. FAA AIP No. 3-36-0048-01-82 NYS PIN No. 5903.72	$260,556	$234,500	$13,028	$13,028
Reconstruct Taxiway "E" FAA AIP No. 3-36-0048-02-83 NYS PIN No. 5903.73	$127,218	$114,496	$6,361	$6,361
Ramp Expansion (Design) FAA AIP No. 3-36-0048-03-86 NYS PIN No. 5903.74	$21,844	$19,660	$1,638	$546
Ramp Expansion (Construction); Master Plan Update FAA AIP No. 3-36-0048-04-86 NYS PIN No. 5903.75	$555,555	$500,000	$41,667	$13,889
Purchase CFR Truck FAA AIP No. 3-36-0048-05-87 NYS PIN No. 5903.76	$555,555	$250,000	$41,667	$263,888
Repair Frost Heave T/W "D" & Misc. FY88 AIP Projects FAA AIP No. 3-36-0048-06-88 NYS PIN No. 5903.77	$377,325	$339,593	$28,299	$9,433
Terminal Building Expansion (Design) FAA AIP No. 3-36-0048-07-89 NYS PIN No. 5903.78	$57,750	$43,313	$10,828	$3,610

Chautauqua County Airport/Jamestown
Grant Allocation

5/19/2015

PROJECT TITLE	TOTAL COST	FAA SHARE	NYS SHARE	COUNTY SHARE
Main Building Expansion; Terrain Removal & Perimeter Fencing; Snow Removal Vehicle				
FAA AIP No. 3-36-0048-08-89	$993,164	$893,848	$74,487	$24,829
NYS PIN No. 5903.79				
Terminal Building Expansion (Construction)				
FAA AIP No. 3-36-0048-09-90	$2,183,632	$898,248	$224,562	$1,060,822
NYS PIN No. 5903.80				
Airfield Guidance Signs (Phase I)				
FAA AIP No. 3-36-0048-10-91	$93,500	$84,150	$7,013	$2,338
NYS PIN No. 5903.81				
Airfield Guidance Signs (Phase II); RW 13-31 Lighting Rehab. (Design)				
FAA AIP No. 3-36-0048-11-92	$199,547	$179,592	$9,977	$9,977
NYS PIN No. 5903.82				
Runway 13-31 Edge Lighting (Construction); Fence (Design); Pilot Control				
FAA AIP No. 3-36-0048-12-93	$278,000	$250,200	$13,900	$13,900
NYS PIN No. 5903.83				
Terminal Apron Overlay (Design); Snow Plow Purchase				
FAA AIP No. 3-36-0048-13-93	$207,000	$186,300	$10,350	$10,350
NYS PIN No. 5903.84				
Obstruction Study				
FAA AIP No. 3-36-0048-14-93	$55,000	$49,500	$2,750	$2,750
NYS PIN No. 5903.85				

Chautauqua County Airport/Jamestown
Grant Allocation

PROJECT TITLE	TOTAL COST	FAA SHARE	NYS SHARE	COUNTY SHARE
Taxiway "D" Ext. (Design); Terminal Apron Overlay (Const.); EA for Arch. Survey; Property Map; SWPPP				
FAA AIP No. 3-36-0048-15-94	$822,000	$739,800	$41,100	$41,100
NYS PIN No. 5903.86				
Taxiway "D" Edge Lighting Phase I; Taxiway "D" Edge Lighting (Inspection)				
FAA AIP No. 3-36-0048-16-94	$279,708	$251,737	$13,985	$13,985
NYS PIN No. 5903.87				
Environmental Assessment for ALP				
FAA AIP No. 3-36-0048-17-95	$90,000	$81,000	$4,500	$4,500
NYS PIN No. 5903.88				
Taxiway "D" Extension (Const.); Runway 7-25; On Airport Obstruction Removal				
FAA AIP No. 3-36-0048-18-95	$853,000	$767,700	$42,650	$42,650
NYS PIN No. 5903.89				
Purchase Heavy Duty Snow Plow				
FAA AIP No. 3-36-0048-19-97	$250,000	$225,000	$12,500	$12,500
NYS PIN No. 5903.90				
Runway 7-25 Rehabilitation (Construction)				
FAA AIP No. 3-36-0048-20-97	$1,870,000	$1,683,000	$93,500	$93,500
NYS PIN No. 5903.91				
Perimeter Fence & Pilot Control Relay				
T/W "D" Rehabilitation - East & West End				
FAA AIP No. 3-36-0048-21-99	$555,556	$500,000	$27,778	$27,778
NYS PIN No. 5903.92				

Chautauqua County Airport/Jamestown
Grant Allocation

5/19/2015

PROJECT TITLE	TOTAL COST	FAA SHARE	NYS SHARE	COUNTY SHARE
On-Airport Obstruction Removal				
FAA AIP No. 3-36-0048-22-99	$254,000	$228,600	$12,700	$12,700
NYS PIN No. 5903.93				
T/W "D" Rehabilitation; Demolish Old Terminal Building				
FAA AIP No. 3-36-0048-23-00	$2,601,826	$2,341,643	$130,091	$130,091
NYS PIN No. 5903.94				
Demolition of Former Terminal Building (Amended to include: ALP Update)				
FAA AIP No. 3-36-0048-24-00	$300,000	$270,000	$15,000	$15,000
NYS PIN No. 5903.95				
Runway 13-31 Rehabilitation				
FAA AIP No. 3-36-0048-25-01	$1,750,000	$1,575,000	$87,500	$87,500
NYS PIN No. 5903.96				
Security Requirements - 9/11 (100% FAA Funded)				
FAA AIP No. 3-36-0048-26-02	$59,760	$59,760		
Runway 7-25 Lighting Rehabilitation; GA Apron Reconstruction				
FAA AIP No. 3-36-0048-27-02	$1,325,000	$1,192,500	$66,250	$66,250
NYS PIN No. 5903.98				
Security Improvements				
FAA AIP No. 3-36-0048-28-02	$237,249	$213,524	$11,862	$11,862
NYS PIN No. 5903.99				

Chautauqua County Airport/Jamestown
Grant Allocation

5/19/2015

PROJECT TITLE	TOTAL COST	FAA SHARE	NYS SHARE	COUNTY SHARE
Construct Partial Parallel Taxiway"B" to Runway 13-31 - Phase I				
FAA AIP No. 3-36-0048-29-03	$367,926	$331,133	$18,396	$18,396
NYS PIN No. 5903.00				
Construct Partial Parallel Taxiway"B" to Runway 13-31 - Phase II				
FAA AIP No. 3-36-0048-30-04	$2,125,000	$2,018,750	$53,125	$53,125
NYS PIN No. 5903.01				
Runway 7-25 Safety Area Improvements - Phase I				
FAA AIP No. 3-36-0048-31-04	$2,175,789	$2,067,000	$54,395	$54,395
NYS PIN No. 5903.04				
Apron Expansion (Design); Purchase Snow Removal Equipment				
FAA AIP No. 3-36-0048-32-05	$375,000	$356,250	$9,375	$9,375
NYS PIN No. 5903.05				
Runway 7-25 Safety Area Improvements - Phase II				
FAA AIP No. 3-36-0048-33-06	$13,140,000	$12,483,000	$328,500	$328,500
NYS PIN No. 5903.06				
Purchase ARFF Vehicle, Wildlife Hazard Assessment, Security Improvements (Design)				
FAA AIP No. 3-36-0048-34-06	$910,000	$864,500	$22,750	$22,750
NYS PIN No. 5903.07				
Apron Expansion - Phase I (Construction)				
FAA AIP No. 3-36-0048-36-09	$820,000	$779,000	$20,500	$20,500
NYS PIN No. 5903.09				

Chautauqua County Airport/Jamestown
Grant Allocation

5/19/2015

PROJECT TITLE	TOTAL COST	FAA SHARE	NYS SHARE	COUNTY SHARE
Security Improvements (Construction)				
FAA AIP No. 3-36-0048-37-09	$752,000	$714,400	$18,800	$18,800
NYS PIN No. 5903.10				
Airfield Guidance Sign Replacements (Design); Purchase Friction Measuring Device				
FAA AIP No. 3-36-0048-38-10	$26,316	$25,000	$658	$658
NYS PIN No. 5903.11				
Replace Snow Removal Equipment (snow plow)				
FAA AIP No. 3-36-0048-39-10	$312,000	$296,400	$7,800	$7,800
NYS DOT PIN 5903.12				
Rehabilitate Approximately 50 Airfield Guidance Signs - Construction				
FAA AIP No. 3-36-0048-40-12	$209,612	$199,131	$5,240	$5,241
NYS DOT PIN No. 5903.13				
Rehabilitate Auto Parking Lot (non-revenue) (Design)				
FAA AIP No. 3-36-0048-41-13	$69,000	$65,550	$1,725	$1,725
NYS DOT PIN No. 5903.14				
Snow Removal Equipment Building				
NYS DOT PIN 5903.52	$333,333		$300,000	$33,333
Maintenance Building Improvements				
NYS DOT PIN 5903.53	$333,333		$300,000	$33,333
TOTALS	**$39,163,053**	**$34,372,778**	**$2,187,207**	**$2,603,069**