Chapter VI – Implementation Planning

This chapter presents a general financial plan for the capital improvements recommended in the Master Plan. The purpose of the financial plan is to demonstrate that the Master Plan improvements can be reasonably afforded, and through which means. The chapter also evaluates the implications of the financial plan in terms of incremental costs to the T. F. Green Airport users.

The analysis is based on a series of assumptions, including assumed future parking rates, availability of land to be acquired, operating and maintenance cost for space not yet built, and other important factors. Those assumptions reflect costs that are typical for airports like T. F. Green, and this approach is appropriate to determine <u>if</u> the proposed development program is financially reasonable. It should be noted that this analysis does not serve any other purpose, and it is most likely not <u>how</u> RIAC will actually decide to finance any of the actual development it may choose to pursue.

The financial plan analysis was prepared for the projects identified in Chapter IV, *Alternatives*, Section IV.6, *Master Plan Recommendations*. The alternatives analysis identified three airfield concepts that would best meet the future needs at T. F. Green (A7, A8, and A9). The three concepts provide the same facilities but differ in the location of Runway 16-34. Based on the information available at the time, Concept A7 appeared to offer the best compromise between community and environmental impacts. (Concept A9 resulted in more community/roadway impacts than A7. Concept A8 resulted in greater wetland impacts.) As such, Concept A7 was analyzed in this financial plan.

An Environmental Impact Statement (EIS) has been initiated by the Federal Aviation Administration (FAA) to study the potential environmental impacts of the proposed program. In recognition of the fact that the EIS could result in a different alignment for Runway 16-34, a sensitivity analysis was completed to determine the financial feasibility of the capital improvement program if Concept A9 were chosen.

VI.1 Financial Structure

This section describes the current financial structure of the Rhode Island Airport Corporation (RIAC), thereby providing a context within which capital improvements at the airport are financed.

VI.1.1 Enabling Legislation

RIAC is a subsidiary public corporation, governmental agency, and public instrumentality formed by the Rhode Island Economic Development Corporation (the EDC) in December 1992 (this makes RIAC a quasi public corporation). RIAC began operations on July 1, 1993, and is responsible for the operation, maintenance, management, and improvement of T. F. Green Airport and five other commuter and reliever airports (referred to as the outlying airports). The outlying airports are: Quonset, North Central, Westerly, Block Island, and Newport airports.

T. F. Green Airport and the outlying airports are owned by the state of Rhode Island. RIAC leases T. F. Green Airport and the outlying airports from the state of Rhode Island pursuant to a Lease and Operating Agreement (Lease Agreement) that became effective July 1, 1993, and can be extended by mutual consent. In 1998, the Lease Agreement was extended five years (to expire in FY 2028) to allow the issuance of airport revenue bonds.

EDC issues bonds on the behalf of RIAC. Previously, the EDC has issued bonds on behalf of RIAC in connection with loan agreements governing the repayment of borrowed amounts and associated interest. RIAC has certain contractual rights under the Lease Agreement with the state of Rhode Island to exercise powers of eminent domain for the benefit of RIAC.

VI.1.2 Framework for Financial Operations

In connection with operating/managing T. F. Green Airport and the outlying airports, RIAC establishes policies, rules, and regulations; approves contracts and expenditures; and approves the annual operating and capital budgets. RIAC is also responsible for certain strategic and central functions such as airline agreements, negotiations, aeronautical rates and charges regulation, compliance with grant assurances, marketing and development policies, long-range planning, and capital expenditure policy. RIAC's financial operations are managed separately from those of the EDC.

The financial operations of RIAC are governed by:

- The Lease Agreement between RIAC and the state of Rhode Island in connection with the operation, maintenance, management, and improvement of the airport and the outlying airports.
- The Master Indenture of Trust adopted by the EDC in 1993 in connection with the issuance of airport revenue bonds (as supplemented and amended). The Master Indenture of Trust and all Supplemental Indentures of Trust are referred to collectively herein as "the Trust Indenture."
- The loan agreements between RIAC and the EDC in connection with bond proceeds loaned to RIAC by the EDC for airport projects.
- Airport Use and Lease Agreements with passenger and cargo airlines providing for the use of T. F. Green Airport and the payment of terminal rentals, landing fees, and certain other charges.
- Concession agreements and leases with other tenants at T. F. Green Airport and the outlying airports (including those associated with food and beverage, merchandise, car rental, automobile parking, ground transportation, and other services).

- The management contract RIAC has entered into with Hawthorne Aviation for the management and operation of the outlying airports.
- FAA approvals and policies in conjunction with Airport Improvement Program (AIP) grant assurances and passenger facility charge (PFC) collections.
- Federal statutory and constitutional provisions, including the Aviation and Transportation Security Act, the Anti-Head Tax Act of 1973, the Airport and Airways Improvement Act of 1982, the Interstate Commerce Clause, and the Passenger Facility Charge Act of 1990.
- U.S. Department of Transportation (DOT) policies mandated by the Federal Aviation Administration Act of 1994, related to airport rates and charges, rules for resolving disputes, and revenue diversion.
- Generally accepted accounting principles.
- Various policies adopted by RIAC.

Discussions of the various governing documents reflected above are discussed in more detail below. RIAC's fiscal year ends June 30.

Trust Indenture

The EDC has issued airport revenue bonds from time to time (for RIAC in connection with loan agreements) under the Trust Indenture (adopted by the EDC on October 1, 1993), as supplemented and amended.

Bonds issued under the Trust Indenture are to be paid from and secured by Amounts Available to Pay Debt Service, defined in the Trust Indenture to be equal to (1) Net Revenues (Revenues less T. F. Green Operation and Maintenance Expenses), (2) plus Pledged PFC Revenue (PFC Revenue, if any, used to pay an eligible portion of Annual Debt Service), (3) plus amounts transferred from the General Purpose Fund to the Revenue Fund, (4) plus amounts in any Coverage Account.

The Trust Indenture governs the application of revenues to the various funds and accounts established under the Trust Indenture and includes the following sections:

- Rate Covenant: RIAC has covenanted to take all lawful and available measures to fix and adjust from time to time the rentals, rates, fees, and other charges for the use of the airports calculated to be at least sufficient to produce Amounts Available to Pay Debt Service to provide for the greater of either:

  (i) The amounts needed for making the required deposits in the Fiscal Year of RIAC, to the Principal Accounts, the Interest Accounts, the Redemption Accounts, the Debt Service Reserve Fund, the Repair and Rehabilitation Fund, and (to the extent not otherwise paid from other legally available funds of RIAC) the Subordinated Indebtedness Fund; or

(ii) An amount not less than 125 percent of the aggregate Annual Debt Service with respect to Outstanding Bonds for such Fiscal Year of RIAC.

- Additional Bonds Test: The EDC may issue additional revenue bonds on RIAC's behalf provided that it can be demonstrated that among other things, that estimated future Amounts Available to Pay Debt Service are projected to be equal to at least 125 percent of Annual Debt Service on outstanding and proposed bonds for either:

  (i) Each of the next five full Fiscal Years following issuance of the Additional Bonds, or

  (ii) Each full Fiscal Year from issuance of the Additional Bonds through two full Fiscal Years following completion of the projects financed by the Additional Bonds, whichever is later.

In 1993, 1994, and 2000, the EDC issued airport revenue bonds for RIAC that were secured by certain PFC revenues in addition to net revenues and other available funds under the Trust Indenture.

Airport Use and Lease Agreements

RIAC has entered into Airport Use and Lease Agreements (the Airline Agreements) with seven of the airlines serving the airport (the Signatory Airlines). The Signatory Airlines include American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, Southwest Airlines, United Airlines, and US Airways. The Airline Agreements establish procedures for the annual adjustment of Signatory Airline terminal rentals and aircraft landing fees collected for the use and occupancy of terminal and airfield facilities.

As set forth in the Airline Agreements, the initial Signatory Airline terminal rental rate (for the new terminal building which opened in September 1996) was established at $43.00 per square foot of leased space. This initial rate included an Operation and Maintenance Expense Component of $16.20 per square foot. Beginning in FY 1998 through FY 2010, the Signatory Airline terminal rental rate is to be adjusted based on increases to the Operation and Maintenance Expense Component in accordance with percentage changes in the Producer Price Index. In addition, the terminal rental rate may be adjusted upwards to include Annual Debt Service, debt service coverage, and Operation and Maintenance Expenses associated with terminal projects deemed approved by a Majority-in-Interest[1] (MII) of the Signatory Airlines. The terminal rental rate in any fiscal year is not to be less than the rate for the preceding year. The budgeted FY 2003 terminal rental rate is $54.56 per square foot of Leased Premises.

As set forth in the Airline Agreements, in FY 1998, the first full fiscal year following the date of beneficial occupancy of the new terminal building, $3,142,000 was allocated to the airfield to be collected through Signatory Airline landing fees. For each subsequent

[1] The Airline Agreements define Majority-in-Interest as any numerical majority of Signatory Airlines, which, in the aggregate, paid 50 percent or more of landing fees paid by all Signatory Airlines for the preceding Fiscal Year.

fiscal year, this amount is to be adjusted in accordance with percentage changes in the Producer Price Index. In addition, the amount allocated to the airfield may be adjusted upwards to include Annual Debt Service, debt service coverage, and Operation and Maintenance Expenses associated with airfield projects deemed approved by an MII of the Signatory Airlines. The budgeted FY 2003 landing fee rate for Signatory Airlines is $1.84 per 1,000-pound unit of landed weight.

Under the Airline Agreements, capital projects for which RIAC has requested MII approval are deemed approved unless they are specifically disapproved.

The term of the Airline Agreements extends through June 30, 2010. For purposes of the financial plan, the methodology for calculating airline rents and fees included in the Airline Agreements has been assumed through FY 2020 (beyond expiration of the Airline Agreements). It is expected that any extension of the current Airline Agreements or negotiation of new agreements following FY 2010, would result in airline rents and fees equal to or greater than those provided for under the terms of the current Airline Agreements.

Other Tenant Leases

RIAC has entered into numerous other agreements with concessionaires and other tenants for the operation of concessions and other services at the airport including car rentals, bus, limousine, and hotel courtesy car services. Additionally, the airport also has an agreement with a parking operator for the operation of airport parking facilities.

Passenger Facility Charge (PFC) Approvals

In November 1993, RIAC received approval from the FAA to impose a PFC of $3.00 per eligible enplaned passenger at the airport. RIAC began collecting the PFC effective February 1, 1994. RIAC has received FAA approval for three separate PFC applications with PFC project costs totaling approximately $150 million. As discussed later in this chapter, for purposes of the financial plan, it has been assumed that RIAC will apply for and be approved to begin collecting a $4.50 PFC, by the beginning of FY 2005 and will use certain future PFC revenues to pay debt service on future airport revenue bonds.

VI.2 Financing Capacity Analysis

A financing capacity analysis was completed during the evaluation of development alternatives in order to define a range of Master Plan project costs that RIAC could reasonably expect to support from airport revenues, PFC funds, Federal and state grants, and other funds. The purpose of the analysis was to determine what level of project costs would be “affordable,” over and above already committed Capital Improvement Program (CIP) projects, at reasonable rates to airport users. This type of analysis provides context to ensure that master planning studies are done within the limits of affordability.

The financing capacity analysis was divided into three planning phases over time.

- FY 2002 through FY 2005
- FY 2006 through FY 2010
- FY 2011 through FY 2020

The financing capacity analysis was developed on the basis of assumptions regarding reasonable levels of airline rates and charges, traffic growth scenarios, non-airline revenues, outstanding debt, and operating expenses.

In determining the funds available for airport capital improvements, estimates of the following sources were considered:

1. Proceeds of assumed airport revenue bonds supported by airline payments and other sources of revenues (revenue-supported bonds)
2. Proceeds of assumed airport revenue bonds supported by PFCs (PFC-supported bonds)
3. Annual PFC revenues not required for the payment of Annual Debt Service on PFC-supported airport revenue bonds (pay-as-you-go PFC revenues)
4. Federal grants-in-aid under FAA AIP: Some of these grants are awarded as a function of the passengers and cargo enplaned at the airport (entitlement grants) and some at the discretion of the FAA (discretionary grants).
5. RIAC funds: Revenues available for capital projects after the payment of Operation and Maintenance Expenses, Annual Debt Service on airport revenue bonds, State General Obligation (G.O.) bond debt service, and other required fund deposits

Two sets of estimates of future funding sources were made, a “Base” case representing what could be financed by RIAC under assumptions that are believed to be reasonably achievable (with the modest increases in passenger traffic), and a “Low” case representing RIAC’s financing capacity under more pessimistic assumptions (lower growth in passenger traffic).

This analysis found that RIAC could fund $949.4 million in projects through 2020 under reasonable traffic growth assumptions. If traffic grows at a slower rate than expected, the estimated available funding through 2020 could be reduced to $636 million. However, if traffic is lower than expected, not all of the Master Plan projects would be needed when projected, which could reduce the overall program costs.

The financial plan (as described in Section VI.4), incorporates higher assumed FAA discretionary grant funding, increased leveraging of PFC revenues to pay Debt Service, and increased available RIAC funds as compared to the financing capacity analysis. As a result, the financial plan reflects project costs that are higher than the estimated amount of available funding sources reflected in the preliminary financing capacity analysis. If RIAC is unable to secure the higher funding levels, certain projects may have to be deferred.

VI.3 Master Plan Projects Summary

Based on the projected facility needs identified in Chapter III, *Demand/Capacity and Facility Requirements*, the recommended projects identified in Chapter IV, *Alternatives*, were grouped into the following three phases:

- Phase 1: FY 2002 through FY 2005
- Phase 2: FY 2006 through FY 2010
- Phase 3: FY 2011 through FY 2020

Table VI.3-1, **Table VI.3-2** and **Table VI.3-3** present the cost estimates and phasing for the Master Plan projects. The following assumptions were used to develop the phasing plan:

- The project phasing is based on an assumed Record of Decision (ROD) for the EIS of November 2004 with permits to follow in December of 2004. The actual ROD date may change
- Runway extensions are expected to take two years to construct.
- The phasing plan assumes that the perimeter road is improved in the vicinity of each phased project and is completed over the course of the planning period.
- Terminal conceptual planning and design is expected to take one year. Terminal expansion is expected to take two years for the first phase.
- Terminal area roadway improvements are expected to be phased over a three year period (2005-2008).

Cost estimates associated with the Master Plan projects reflect allowances for architecture/engineering fees (12 percent), design (15 percent), program management fees (seven percent), and change order contingencies (10 percent). In addition, project costs have been escalated to account for future inflation and cost increases, assuming four percent annual inflation from the estimated project start date to the estimated mid-point of completion. Certain costs, such as land acquisition beyond the program needs and demolition for aging facilities, have been included as “allowances.”

It should be noted that specific airport security projects have not been reflected in the Master Plan. RIAC is currently studying what specific capital improvements will be required in order to meet new Federal security mandates. RIAC expects to receive Federal grant funding in connection with such improvements. For purposes of the financial plan, it has been assumed that any required security projects would not require significant funding from sources other than Federal grants and that any Federal grants received for security projects would not affect the receipt of grants assumed for non-security projects.

It should also be noted that specific rental car facility projects have not been reflected in the Master Plan. RIAC is considering the possibility of a future consolidated rental car facility (potentially in connection with a broader intermodal facility). In connection with such future rental car facilities, rental car customers at the airport currently pay a $3.75 customer facility charge (CFC) per rental car transaction day. It has been assumed that future rental car facilities at the airport would be funded primarily with CFC revenues (either on a pay-as-you-go basis or in support of rental car special facility bonds), and would not require significant funding from other sources reflected in the financial plan.

VI.4 Plan of Finance

A detailed financial analysis incorporating debt service, operating expenses, and non-airline revenues associated with future projects was prepared in order to determine the general financial feasibility of the Master Plan, specifically the effect on meeting requirements of the Trust Indenture and maintaining reasonable airline payments. The Medium Case airline traffic forecasts were used for the financial analysis.

Estimated costs and sources of funds for recommended Master Plan projects (by phase) are presented in **Table VI.4-1**, **Table VI.4-2** and **Table VI.4-3**. The principal sources of funding for Master Plan improvements planned through FY 2020 are expected to include the following:

- Federal grants-in-aid under the AIP (entitlement grants and discretionary grants)
- PFC funds
- RIAC funds
- Other funds (including bond proceeds available from prior bond issues)
- Proceeds from the sale of future airport revenue bonds (airline revenue-supported, RIAC-supported, and PFC-supported)

The amount of funding available from these sources will depend primarily on future levels of future aviation activity at the airport and future AIP authorizations. If the assumed traffic levels are not achieved or the assumed funds are not available, certain projects would need to be deferred until grant or other funds become available, or airport users agree to support funding of the projects from revenue bond proceeds or other sources.

VI.4.1 Funding Sources Methodology

Funding sources were assigned for individual projects based on estimates of individual project eligibility for grant and PFC funding, estimates of funding availability from the preliminary financing capacity analysis, and an optimal funding strategy as discussed below.

Aligning the sources of capital funds with allowable and optimal uses is essential to maximizing financing capacity. Certain sources of funds, such as PFCs and grants, have restrictions in how they can be used. Funding sources such as airport revenue bond proceeds are more effective when targeted to projects having a direct income stream, especially when airline approvals are required. **Table VI.4-4** presents the general strategy used for this analysis for the preferred uses of airport funding sources.

Net project costs (costs remaining after grant, PFC revenue, RIAC, and other funding sources are used) are assumed to be funded with future airport revenue bond proceeds. Future revenue-supported debt service associated with airport revenue bonds is assumed to be paid with certain PFC revenues, RIAC funds, and/or airline revenues from the airline rate base (requiring MII approval).

Table VI.4-4
GENERAL STRATEGY FOR FUNDING SOURCES
T. F. Green Airport

	AIP Grants		Other Federal Grants	PFC Funds	RIAC Funds	Other/3rd Party Funds	Revenue Bond Proceeds[1]	Special Facility Bond Proceeds
Type of Project	**Discretionary**	**Entitlement**						
Airfield	**Primary Source**	**Primary Source**		**Primary Source**			*Secondary Source*	
Apron	**Primary Source**	**Primary Source**		**Primary Source**			*Secondary Source*	
Terminal				**Primary Source**	*Secondary Source*		**Primary Source**	
Security-related	**Primary Source**	**Primary Source**		**Primary Source**			*Secondary Source*	
Roadways			*Secondary Source*	**Primary Source**				
Noise Mitigation	**Primary Source**			**Primary Source**			*Secondary Source*	
Land Acquisition				**Primary Source**			*Secondary Source*	
Public Parking	Not Eligible	Not Eligible		Not Eligible			**Primary Source**	
Rental Car Facilities	Not Eligible	Not Eligible		Not Eligible		*Secondary Source*		**Primary Source**
Cargo Facilities						*Secondary Source*	**Primary Source**	
General Aviation/Outlying Airports					**Primary Source**			
Ongoing renewal & replacement					**Primary Source**			

[1] Debt service associated with revenue bond proceeds may be supported by airline payments, PFC revenues, and/or other airport revenues.

VI.4.2 Federal Grants-in-Aid

AIP grants are authorized by the Airport and Airway Improvement Act of 1982. This act authorized funding for the AIP from the Airport and Airway Trust Fund for airport development, airport planning, and noise compatibility planning and programs. The Airport and Airway Trust Fund is funded through several aviation user taxes (including a 10 percent Federal tax on airline tickets).

AIP funds are distributed to airport operators in the form of entitlement grants, based on enplanement levels, and discretionary grants, which are based on FAA determinations of priority for enhancing the capacity of the national air transportation system. Typically, for any given AIP-eligible project at a large- or medium-hub airport, AIP funding cannot fund over 75 percent of the project cost. Currently, large- and medium-hub airports that levy a $3.00 PFC or $4.50 PFC forego 50 percent or 75 percent of AIP entitlement grants, respectively.

On April 5, 2000, the U.S. Congress approved passage of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21). Among several provisions, AIR-21 provided for four years of AIP authorization for Federal Fiscal Years (FFY) 2000-2003). Funding ranges from $2.475 billion in FFY 2000 to $3.4 billion in FFY 2003. Under AIR-21, if appropriated AIP funds equal or exceed $3.2 billion in a single year, resulting entitlement grants to airport operators would be double the amount that would have been received under an appropriation lower than $3.2 billion.

In general, AIP grants can be used for land acquisition, noise mitigation, airfield improvements, on-airport roadways, public areas of terminal buildings, and safety and security systems and equipment. In allocating its discretionary funds, the FAA gives priority to projects that enhance airport safety, security, and capacity where capacity constraints have been demonstrated. As a result of new legislation since September 11, 2001, priority has also been given to projects required to satisfy new Federal safety and security regulations.

Since the amount of AIP funding assumed for the Master Plan projects will exceed RIAC's annual AIP entitlement funds, it will be necessary to pursue discretionary grant funds. Discretionary funding is distributed by the FAA based on priority. Therefore, RIAC must compete with other airports nationally for available funds in any given year.

The Federal grants-in-aid assumed for purposes of this analysis are based on the following assumptions:

- Future AIP entitlement grant funding: Annual entitlement funding would be available beginning in FY 2006 through FY 2020. Entitlement funds received prior to FY 2006 are committed to pay a portion of existing Annual Debt Service (in connection with an earlier FAA Letter of Intent for the existing terminal building).

- Future AIP discretionary grant funding: The assumed future AIP discretionary grant funding, particularly in the second phase of the Master Plan (2006-2010), is somewhat higher than the annual amounts RIAC has received in recent fiscal years. AIP discretionary grant funding assumed for the Master Plan equates to an average of approximately $10 to 12 million per fiscal year. To the extent that such discretionary amounts are not available to fund these projects for the construction period recommended in the Master Plan, it is expected that these projects would be deferred until grant or other funds become available, or airport users agree to support the funding of the projects from bond proceeds.
- AIP discretionary grant funding for security projects: As previously mentioned, specific security projects (required to meet new Federal security mandates) are not reflected in the Master Plan. RIAC is currently studying what specific capital improvements will be required in order to meet new security mandates. RIAC expects to receive grant funding in connection with such improvements. For purposes of the financial plan, it has been assumed that the required security projects would not require significant funding from sources other than Federal grants, and that any such Federal grants received for security projects would not affect the receipt of grants for non-security projects.

VI.4.3 State Grants

For the purposes of the Master Plan, no state grants have been assumed.

VI.4.4 Passenger Facility Charges (PFC)

PFCs are authorized by Title 14 of the Code of Federal Regulations, Part 158. The PFC program is administered by the FAA. PFCs are collected from qualified enplaned passengers and PFC revenues are used to fund eligible projects. A PFC of up to $4.50 per eligible enplaned passenger can be imposed by an airport operator. More than 85 percent of the nation's large-, medium-, and small-hub airport operators impose a PFC. According to FAA statistics (as of October 1, 2002), 28 medium- and large-hub airport operators currently impose a $4.50 PFC.

Once a PFC is imposed, it is included as part of the ticket price paid by passengers enplaning at the airport, collected by the airlines, and remitted to the airport operator, less an allowance for airline processing expenses. RIAC currently imposes a $3.00 PFC and forgoes 50 percent of its annual AIP entitlement funds in connection with AIP guidelines. If a $4.50 PFC were imposed at the airport, RIAC would be required to forego 75 percent of it annual AIP entitlement funds. Combined PFC and AIP entitlement funding under a $4.50 PFC would be higher than if RIAC maintained the PFC at $3.00. The Master Plan financial analysis assumes that RIAC will begin collecting at the $4.50 PFC level by the beginning of FY 2005.

PFCs can be used to fund airport projects that preserve or enhance the capacity, safety, or security of the air transportation system; reduce noise or mitigate noise effects; or furnish opportunities for enhanced competition between or among air carriers. PFCs cannot be used for commercial facilities at airports, such as restaurants and other concession space, rental car facilities, public parking facilities, or for the construction of exclusively leased space or facilities (with lease terms greater than five years).

Following the events of September 11, 2001, PFC eligibility was expanded to include certain security-related capital and operating costs (incurred through September 30, 2002) resulting from new Federal legislation mandating security upgrades at airports nationwide.

RIAC has been collecting a PFC since February 1, 1994. In three separate approvals, the FAA has approved approximately $150 million in PFC funding for RIAC projects. Projects in those approvals include runway improvements, land acquisition, and terminal improvements. Based on traffic activity levels assumed in this analysis, it is estimated that RIAC will reach its $150 million of authorized collections in FY 2010.

Projects funded with PFC funds may be paid for on a pay-as-you-go basis, or alternatively, RIAC may use bond proceeds to pay for project costs and pledge PFC revenue to pay debt service on airport revenue bonds (as it did in 1993, 1994, and 2000). The use of PFCs as a major funding source for capital projects that enhance capacity, safety, and airline competition is consistent with FAA funding guidelines.

For the purpose of this analysis, it was assumed that RIAC would receive authorization to increase its PFC to $4.50 per enplaned passenger by the beginning of FY 2005. It was also assumed that RIAC would issue airport revenue bonds supported by certain PFC revenues (as discussed in Section VI.5.4, *Airport Revenue Bonds)* to finance costs associated with PFC-eligible Master Plan projects. This analysis assumed RIAC would use any PFC revenues available after paying PFC-supported debt service to fund PFC-eligible project costs on a pay-as-you-go basis.

VI.4.5 RIAC Funds

Under the terms of the Trust Indenture, revenues remaining each fiscal year after the payment of Operation and Maintenance Expenses, Annual Debt Service on airport revenue bonds, certain required fund deposits, State G.O. bond debt service, and capital leases are deposited to the Capital Projects Account (within the General Purpose Fund). Amounts in the Capital Projects Account can be used by RIAC for airport improvements. For purposes of the financial plan, amounts projected to be available in the Capital Projects Account are referred to as RIAC Funds.

VI.4.6 Airport Revenue Bonds

The EDC has previously issued airport revenue bonds (on RIAC's behalf) to pay for capital improvement projects. As of November 1, 2002, four series of RIAC's airport revenue bonds were outstanding (Series 1993, Series 1994, Series 1998, and Series 2000), with outstanding principal of approximately $201.4 million.

Airport revenue bonds (issued by the EDC on RIAC's behalf) are secured by Amounts Available to Pay Debt Service (as defined in the Trust Indenture). These airport revenue bonds can be considered, in a general sense, as "paid for" or "supported" in three different ways:

- PFC-supported: Proceeds from the sale of PFC-supported airport revenue bonds can be used for approved PFC-eligible projects. The associated debt service is paid with PFC revenues.
- Airline-supported: Associated debt service is included in the airline rate base. Under the Airline Agreements, RIAC is required to obtain MII approval before including such debt service in the airline rate base.
- RIAC-supported: Associated debt service is paid with revenues other than those generated from airline rates and charges (e.g., from non-airline revenues such as parking, food and beverage, etc.).

The Master Plan assumes the issuance of future airport revenue bonds at the end of FY 2005, FY 2008, FY 2013, and FY 2018 to fund various airport projects. It has been assumed that RIAC would obtain MII approval to include certain debt service associated with Master Plan projects in the airline rate base (such as certain terminal and airfield improvements).

Other assumptions in connection with future bond issues include:

- Tax-exempt bond interest rates ranging from six to seven percent
- Capitalized interest during project construction (no capitalized interest for PFC-supported bonds)
- Required debt service reserves funded from bond proceeds
- Estimated issuance costs

VI.4.7 Other Funds

RIAC expects to use bond proceeds on hand (from prior bond issues) for certain projects reflected in the Master Plan, including the airfield maintenance facility project reflected in Phase 1. Other sources of funds, which have not been assumed for the financial plan, may be available for certain Master Plan projects, including:

- Federal Highway Administration (FHWA) grants: FHWA grants are a potential additional source of funding for certain types of roadway projects. Receipt of FHWA grants has not been assumed for major roadway projects in the Master Plan (e.g., the relocation of the Post Road and Airport Road intersection). If such grants were made available, the amount of bonds and/or PFC funds required to finance Master Plan projects could be reduced (assuming certain grants could be reprogrammed for other uses), with a potential reduction in the incremental debt service associated with the financing of certain Master Plan projects.

- Transportation Equity Act for the 21st Century (TEA-21): In 1999 TEA-21 replaced the Federal Intermodal Surface Transportation Efficiency Act (ISTEA). TEA-21 authorizes funding for high-priority State Transportation Improvement Program (STIP) projects, which can include airport roadway access projects. For purposes of the Master Plan, no TEA-21 funds have been assumed. As in the case of receipt of FHWA grants, if TEA-21 funds were made available, the amount of bonds and/or PFC funds required to finance projects such as roadways modifications and improvements could be reduced.
- Third Party Funds: Projects such as new cargo facilities are sometimes funded by private developers. For the purposes of the Master Plan, no third party funds were assumed. If third party funds were used to finance some Master Plan projects, the amount of bonds and/or PFC funds required to finance Master Plan projects could be reduced.

VI.4.8 Rental Car Customer Facility Charges (CFCs)

RIAC is considering the possibility of a future consolidated rental car facility (potentially in connection with a broader intermodal facility). In connection with such future rental car facilities, rental car customers at the airport currently pay a $3.75 CFC per rental car transaction day. As discussed in Section VI.3, *Master Plan Projects Summary*, future rental car improvements are specifically not reflected in the Master Plan. It has been assumed that future rental car facilities at the airport will be funded primarily with CFC revenues (either on a pay-as-you-go basis, or in support of rental car special facility bonds) and would not affect the funding reflected in the financial plan.

VI.4.9 Summary of Results

Phase 1 projects total $30.8 million. Approximately $9.4 million in PFC pay-as-you-go funds, $12 million in RIAC funds, and $9.5 in other funds would be required through 2005 to fund the Master Plan projects.

Phase 2 projects include the extension of Runway 16-34 and other taxiway improvements, terminal expansion, roadway improvements, parking expansion, and support facility relocation/expansion. Phase 2 projects are estimated to cost $605 million. Approximately $125 million in AIP grants, $27 million in PFC pay-as-you-go funds, $82 million in RIAC funds, and $371 in bond proceeds would be needed to finance the Phase 2 projects.

Phase 3 projects are estimated to cost $543.6 million. Phase 3 projects include the extension of Runway 5R-23L and associated taxiway projects, terminal expansion, parking expansion, and support facility expansion. Approximately $115 in AIP grants, $82 million in PFC pay-as-you-go funds, $285 million in RIAC funds, and $11 million in bond proceeds would be required to fund Phase 3 projects.

VI.5 Financial Implications

This section discusses the financial implications of implementing the Master Plan projects in the manner described in this chapter.

VI.5.1 Debt Service Requirements

The assumed issuance of airport revenue bonds to finance Master Plan capital improvements, as described earlier, is estimated to result in approximately $32 million in additional Annual Debt Service (by the end of FY 2010) to be paid from Amounts Available to Pay Debt Service.

As discussed previously in this chapter, the financial operations of RIAC are governed in part by the provisions of the Trust Indenture under which the EDC is authorized to issue airport revenue bonds on behalf of RIAC. Under the Trust Indenture, Amounts Available to Pay Debt Service must not be less than 125 percent of the aggregate Annual Debt Service.

Based on existing Annual Debt Service and future bond issues assumed in the financial plan, Annual Debt Service coverage ratios during the forecast period are expected to exceed the 1.25 times Debt Service coverage requirement of the Trust Indenture, ranging from 1.70 to 2.50 times Annual Debt Service through FY 2020.

VI.5.2 Operation and Maintenance Expenses

Annual operation and maintenance expenses are related to the level of passenger demand at the airport, the facilities maintained, and inflation. Since FY 1999, T. F. Green Operation and Maintenance Expenses (excluding the outlying airports) have averaged between $5.00 and $7.25 per enplaned passenger. During this period, RIAC completed construction of various airport projects including airfield improvements, terminal improvements, a new parking garage, land acquisition, and noise mitigation.

It was assumed for this analysis that RIAC will incur Operation and Maintenance Expenses, on a per enplaned passenger basis, consistent with recent experience, adjusted for inflation and for future facilities included in the Master Plan. Operation and Maintenance Expenses were assumed to increase from budgeted FY 2003 levels in connection with the assumed level of operating cost inflation (four percent per year), expenses associated with the Master Plan projects (including runway extensions, new terminal facilities, new air cargo facilities, maintenance facilities, and other improvements), and increases in activity levels, as appropriate.

VI.5.3 Non-airline Revenues

Non-airline revenue at the airport is primarily generated by passenger spending (e.g., on parking, rental cars, general merchandise, and food and beverage). From FY 1999 to FY 2002, RIAC has received annual non-airline revenue ranging from approximately

$7.00 to $9.00 per enplaned passenger. It was assumed for this analysis that the capital improvements recommended in the Master Plan would allow RIAC to accommodate forecast passenger demand and generate per passenger non-airline revenues based on recent historical experience and inflation. In addition, it was assumed that modest incremental revenues would be generated from new projects such as expanded automobile parking (and corresponding increases in automobile parking rates) and terminal building concession improvements. In addition to assumed increases in per passenger spending, non-airline revenues are projected to increase as enplaned passengers increase over time.

These assumptions are conservative in that as an airport develops new terminal space, there is opportunity to significantly increase non-airline revenues through expanded concession programs. It is recommended that RIAC pursue such additional concession revenues, but in order to be conservative, an aggressive future concessions program was not considered in this analysis.

VI.5.4 Airline Revenues

An essential test of RIAC's ability to issue additional debt (and include additional debt service requirements in the airline rate base) is the "reasonableness" of the amount of required airline payments (in connection with the Airline Agreements and future MII approvals) in relation to the passenger revenues generated at the airport. (Another essential test is meeting the required 1.25 times Debt Service coverage ratio under the Trust Indenture. As discussed in Section VI.5.1, *Debt Service Requirements*, the ratio under this plan exceeds the 1.25 requirement.)

An industry-accepted benchmark for evaluating the reasonableness of such fees is the sum of all such airline payments per enplaned passenger. From the financial results for the airport in FY 2002, the average airline payment per enplaned passenger (for all passenger airlines) was $4.41. Using DOT data on average fares for flights to and from the airport, it was estimated that the average airline payment per enplaned passenger in FY 2002 represented about 3.1 percent of the average one-way airfare paid by each enplaned passenger.

It is estimated that the financing of the Master Plan capital improvements would result in projected airline payments through FY 2020 that would be considered reasonable and competitive in relation to projected airline fare revenues. For purposes of the Master Plan financial analysis, it was assumed that the airlines serving the airport would have the ability to absorb future rate increases required in connection with improvements and new facilities included in the Master Plan. It is also assumed that the airlines would give MII approval for RIAC to include certain capital and operating expenses associated with Master Plan projects in the airline rate base.

While the airline industry currently faces many difficulties stemming from economic recession and the terrorist attacks of September 11, 2001 (including slower-than-anticipated passenger recovery, financial difficulties, and increasing security costs), there are several factors that lend support to the ability of air carriers at the airport, over the long-term, to make required payments to RIAC, including:

- Historically, air travel demand has recovered after temporary decreases stemming from terrorist attacks, hijackings, aircraft crashes, and international hostilities.
- Airline traffic recovery at T. F. Green since September 11, 2001, has been faster relative to U.S. airports as a whole.
- Airline traffic at T. F. Green is primarily origin-destination (as opposed to connecting) and relatively low-cost in nature, suggesting that decisions regarding airline service by any one air carrier are generally less likely to affect the number of passengers using the airport.
- Southwest Airlines (the largest carrier at the airport) continues to be one of the strongest U.S. airlines (and one of the few that has continued to be profitable).

VI.5.5 Factors Affecting Financial Implications

The preliminary financial plan and estimated financial implications are based on the assumed timing and cost of Master Plan capital improvements (in turn based on demand forecasts) and assumptions regarding the availability of funds as outlined in this chapter. Events or developments that are likely to affect the actual implementation of Master Plan improvements include:

- Aviation Demand: Aviation demand could be lower than projected as a result of a potential war, terrorist events, economic slowdowns, changing tourism patterns, or other factors. Conversely, the continued development of low-fare scheduled airline service to and from T. F. Green could result in actual passenger demand that is higher than forecast. In either case, the need for facilities and the availability of certain funding sources would be affected. Passenger activity is the primary “driver” in the financial analysis because of its influence on when projects are needed, the level of AIP entitlement and PFC revenue available for project funding, non-airline revenues (in particular parking and concession revenues), and the levels of airline rates and charges.
- Facility Requirements: The requirements for airport facilities are determined primarily by the level of demand, but are affected by the intensity or efficiency with which they are used. Changes in utilization that could result from modification of existing operational policies (e.g., more productive gate use by airlines) could result in deferral of the construction of certain new facilities. Also, if demand does not materialize as expected, the need for some new facilities may be deferred.

- Alternative Funding: Significant changes in the availability of any of the sources of funds assumed for the financial plan would require RIAC to reevaluate the implementation and/or timing of Master Plan projects. A reduction in any funding source would require an offsetting increase in another source of funds or deferral of projects.

VI.5.6 Sensitivity Analysis

As discussed previously, it is possible that the EIS will result in the selection of a different location for Runway 16-34 than was analyzed in this chapter. If this is the case, the costs associated with this project and the corresponding roadway relocations could be lower or higher than assumed for the financial analysis. For purposes of a sensitivity analysis, the cost associated with Alternative A9, which requires the relocation of a portion of Post Road and greater business relocations, was considered.

The Alternative A9 costs are approximately $130 million higher than Alternative A7. These additional costs would occur in Phase 2 (FY 2006 – FY 2010). For purposes of gauging the effect of such increased costs, the additional costs under Alternative A9 were assumed to be funded with airline-supported revenue bond proceeds. This would result in an additional $12 million in annual debt service to be paid by the airlines by FY 2011, relative to the financial plan developed for Alternative A7. This would increase airline payments per passenger to levels that would not be considered reasonable.

As a result, RIAC would need to pursue alternative funding sources in order to fund Alternative A9. For example, the additional revenues from a more aggressive future concessions program in the new terminal or higher parking rates (relative to the assumptions made for the base financial analysis) could provide one source of funds. RIAC could also pursue additional Federal grant funding.

VI.6 Conclusions

The airport will continue to be developed as required to meet the needs of increased demand levels, consistent with future funding sources available to RIAC at the time of implementation. The financial feasibility of future projects will be determined by the provisions of future airline agreements, funding levels and participation rates of Federal grant-in-aid programs (assuming the future availability of such grants), the availability of PFC revenues, revenue bond capacity, and the ability to generate discretionary cash flow from RIAC operations.

Creative financing strategies will continue to be important for RIAC to face current and future challenges related to funding capacity and project development requirements. Financing near-term projects with projected longer-term cash flow will require additional debt financing backed by both revenues and certain PFC revenues, which relies on the bond market and rating agency confidence in the business plans for the airport and securing commitments for Federal and state grant funds that are essential to the Master Plan program.

Assuming estimated project costs and passenger traffic levels are realized, AIP grants and PFC revenues remain a significant source of funding for RIAC projects, and based on conservative non-airline revenue assumptions, the Master Plan financial analysis suggests that RIAC should be able to fund the projects identified in the Master Plan (based on Alternative A7) while meeting the requirements of the Trust Indenture and maintaining reasonable rates to airport users. Should the EIS select an alternative that is similar to Alternative A9, which is more expensive than Alternative A7, RIAC would need to generate increased non-airline revenues and seek additional FAA funding in order to maintain competitive airline rates and charges.

The Master Plan financial projections were prepared on the basis of available information and assumptions as set forth in this chapter. It is believed that such information and assumptions provide a reasonable basis for the projections to the level of detail appropriate for an airport master plan. However, as discussed, some of the assumptions used to develop the projections may not be realized and unanticipated events and circumstances may occur. Therefore, the actual results will vary from those projected, and such variations could be material.

The financial plan is preliminary in nature and is not intended to be used to support the sale of bonds, obtain grants, or obtain other forms of financing. When RIAC decides to pursue the sale of bonds, apply for grants, or secure other forms of financing, more detailed cost estimates and financial analysis would be required.

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Table VI.3-1
T. F. Green Airport Master Plan
Master Plan Project Costs
Phase 1 (Through FY 2005)

Project Description	Year Completed	Total Cost
Airfield Improvements		
Closure of Runway 5L-23R	FY 2003	$0
Subtotal Airfield Improvements		$0
Roadway Improvements		
Short-term improvements to Terminal Loop Roadway	FY 2005	$0
Short-term improvements to Delivery Drive	FY 2005	$0
Short-term improvements to Airport Road (consolidation of curb cuts)	FY 2005	$0
Relocation of Commerce Way and Airport Road intersection	FY 2005	$4,935,000
Subtotal Roadway Improvements		$4,935,000
Parking		
Reconfigure short-term lot	FY 2005	$528,000
Subtotal Parking		$528,000
Airport Support		
Fuel farm	FY 2005	$1,563,000
SRE/Airfield Maintenance	FY 2005	14,675,000
ARFF Facility	FY 2005	1,897,000
Improvements to general aviation ramp	FY 2005	1,261,000
Subtotal Airport Support		$19,396,000
Other		
Detailed implementation planning	FY 2005	$527,000
Environmental permitting after ROD is issued	FY 2005	948,000
Demolition for aging facilities (allowance)	FY 2005	1,500,000
Land acquisition (allowance)	FY 2005	3,000,000
Subtotal Other		$5,975,000
Phase 1 Subtotal		**$30,834,000**

Notes: 1. Land acquisition costs for specific proejcts do not include legal fees and are based on the most recent tax information available. Actual costs may differ substantially.
2. Fiscal Years Ending June 30.
3. Costs reflect four percent escalation rate.

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Table VI.3-2
T. F. Green Airport Master Plan
Master Plan Project Costs
Phase 2 (FY 2006 Through FY 2010)

Project Description	Year Completed	Total Cost
Airfield		
Reconstruct and extend Runway 16-34 to 7,500 feet in length	FY 2008	$46,401,000
Shift Taxiway C to allow 400 feet lateral separation from Runway 16-34	FY 2008	25,907,000
Extend Taxiways B and C to full length of Runway 16-34	FY 2008	32,584,000
Construct bypass areas for Runway 16-34	FY2008	6,536,000
Subtotal Airfield		$111,428,000
Terminal/Concourse/Apron		
Terminal improvements	FY 2006	$91,569,000
Required demolition for terminal improvements	FY 2006	1,405,000
Apron improvements	FY 2006	580,000
Terminal improvements	FY 2007	58,457,000
Apron improvements	FY 2007	23,444,000
North concourse widening	FY 2008	26,301,000
Apron improvements	FY 2008	23,368,000
Subtotal Terminal/Concourse		$225,124,000
Landside Roadway Improvements		
Access road to support facilities	FY 2006	$5,185,000
Relocation of Airport Road/Post Road intersection	FY 2007	22,264,000
Required building demolition	FY 2007	5,929,000
Required land acquisition/relocation costs	FY 2007	20,181,000
Rework access to Delivery Drive from Post Road	FY 2007	2,237,000
Subtotal Landside Roadway Improvements		$55,796,000
Terminal Roadway Improvements		
Relocation of Post Road access/Terminal Loop Road intersection	FY 2008	$8,094,000
Relocation of airport access on Post Road/Donald Road	FY 2008	899,000
Required building demolition	FY 2008	1,560,000
Required relocation costs	FY 2008	2,234,000
Construction of Terminal Loop Roadway to Coronado	FY 2008	994,000
Elimination of airport access at Donald Ave	FY 2008	2,892,000
Off ramp from Airport Connector	FY 2010	5,128,000
Subtotal Terminal Roadway Improvements		$21,801,000
Parking		
Extend long-term surface lot to Hillsgrove	FY 2006	$18,469,000
Demolition for long-term lot	FY 2006	899,000
Construct employee lot	FY 2006	2,638,000
Construction of parking in plaza parcel	FY 2007	601,000
Required demolition	FY 2007	3,539,000
Required land acquisition/relocation costs	FY 2007	9,779,000
Construct surface lot on Post Road between garages/antenna farm	FY 2010	16,586,000
Required building demolition	FY 2010	11,352,000
Required land acquisition	FY 2010	76,360,000
Construction of 250-300 spaces south of Airport connector	FY 2010	3,085,000
Subtotal Parking		$143,308,000
Cargo		
Air cargo	FY 2006	$22,347,000
Air cargo	FY 2010	5,133,000
Belly cargo	FY 2006	1,559,000
Subtotal Cargo		$29,039,000
Airport Support		
GSE Maintenance	FY 2006	$4,689,000
Fuel farm	FY 2010	1,933,000
SRE/Airfield Maintenance	FY 2010	3,545,000
Subtotal Airport Support		$10,167,000
Other		
Master Plan Update	FY 2008	$940,000
Potential Environmental Assessment	FY 2008	251,000
FAR Part 150 Noise Compatibility Study Update	FY 2009	626,000
Demolition for aging facilities (allowance)	FY 2006/10	2,500,000
Land acquisition (allowance)	FY 2006/10	5,000,000
Subtotal Other		$9,317,000
Phase 2 Subtotal		**$605,980,000**

Notes: 1. Land acquisition costs for specific proejcts do not include legal fees and are based on the most recent ta
information available. Actual costs may differ substantially
2. Fiscal Years Ending June 30.
3. Costs reflect four percent escalation rate

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Table VI.3-3
T. F. Green Airport Master Plan
Master Plan Project Costs
Phase 3 (FY 2011 Through FY 2020)

Project Description	Year Completed	Total Cost
Airfield		
Extend Runway 5R-23L to 7,500 feet in length	FY 2011	$9,457,000
Relocate Taxiway M/S	FY 2011	46,037,000
Extend Taxiway M/S to full length of Runway 5R-23L	FY 2011	28,401,000
Construct bypass areas for Runway 5R/23L on Taxiway M/S	FY 2011	6,518,000
New taxiway for Runway 5R-23L	FY 2015	36,178,000
Subtotal Airfield		$126,591,000
Terminal/Concourse/Apron		
Terminal improvements	FY 2020	$117,703,000
Apron improvements	FY 2020	15,448,000
Subtotal Terminal/Concourse		$133,151,000
Parking		
Parking garage (5-level)	FY 2015	$143,169,000
Construct surface lot between Airport Connector and Terminal Road	FY 2015	6,395,000
Required land acquisition/relocation costs	FY 2015	79,496,000
Required building demolition	FY 2015	6,970,000
Subtotal Parking		$236,030,000
Cargo		
Air cargo	FY 2015	$6,099,000
Belly cargo	FY 2015	2,827,000
Subtotal Cargo		$8,926,000
Airport Support		
Fuel farm	FY 2020	$2,446,000
GSE Maintenance	FY 2020	2,163,000
SRE/Airfield Maintenance	FY 2020	4,482,000
Subtotal Airport Support		$9,091,000
Other		
Master Plan Update	FY 2015	$2,473,000
FAR Part 150 Noise Compatibility Study Update	FY 2015	824,000
Environmental processing for projects outside EIS	FY 2015	4,000,000
Demolition for aging facilities (allowance)	FY 2015/2020	7,500,000
Land acquisition (allowance)	FY 2015/2020	15,000,000
Subtotal Other		$29,797,000
Phase 3 Subtotal		**$543,586,000**
TOTAL MASTER PLAN		**$1,180,400,000**

Notes: 1. Land acquisition costs for specific proejcts do not include legal fees and are based on the most recent tax information available. Actual costs may differ substantially.
2. Fiscal Years Ending June 30.
3. Costs reflect four percent escalation rate.

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Table VI.4-1
T. F. Green Airport Master Plan
Phase 1 Funding Plan

Project Description	Year Completed	Total Cost	Sources of Funds: AIP Discretionary Grants	AIP Entitlement Grants	PFC Paygo Funds	RIAC Funds	Other Funds	PFC Bond Proceeds	RIAC Funded Bond Proceeds	Airline Funded Bond Proceeds
Roadway Improvements										
Relocation of Commerce Way and Airport Road intersectio	FY 2005	$4,935,000			$4,935,000					$0
Subtotal Roadway Improvements		$4,935,000	$0	$0	$4,935,000	$0	$0	$0	$0	$0
Parking										
Reconfigure short-term lot	FY 2005	$528,000				$528,000				$0
Subtotal Parking		$528,000	$0	$0	$0	$528,000	$0	$0	$0	$0
Airport Support										
Fuel farm	FY 2005	$1,563,000				$1,563,000				$0
SRE/Airfield Maintenance	FY 2005	14,675,000			2,587,000	2,588,000	9,500,000			0
ARFF Facility	FY 2005	1,897,000			1,897,000					0
Improvements to general aviation ramp	FY 2005	1,261,000				1,261,000				0
Subtotal Airport Support		$19,396,000	$0	$0	$4,484,000	$5,412,000	$9,500,000	$0	$0	$0
Other										
Detailed implementation planning	FY 2005	$527,000				$527,000				$0
Environmental permitting after ROD is issued	FY 2005	948,000				948,000				0
Demolition for aging facilities (allowance)	FY 2005	1,500,000				1,500,000				0
Land acquisition (allowance)	FY 2005	3,000,000				3,000,000				0
Subtotal Other		$5,975,000	$0	$0	$0	$5,975,000	$0	$0	$0	$0
Phase 1 Subtotal		**$30,834,000**	**$0**	**$0**	**$9,419,000**	**$11,915,000**	**$9,500,000**	**$0**	**$0**	**$0**

Note: Fiscal Years Ending June 30

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Table VI.4-2 (page 1 of 2)
T. F. Green Airport Master Plan
Phase 2 Funding Plan

Project Description	Year Completed	Total Cost	Sources of Funds: AIP Discretionary Grants	AIP Entitlement Grants	PFC Paygo Funds	RIAC Funds	Other Funds	PFC Bond Proceeds	RIAC Funded Bond Proceeds	Airline Funded Bond Proceeds
Airfield										
Reconstruct and extend Runway 16-34 to 7,500 feet in length	FY 2008	$46,401,000	$34,801,000							$11,600,000
Shift Taxiway C to allow 400 feet lateral separation from Rwy 16-	FY 2008	25,907,000	19,430,000							6,477,000
Extend Taxiways B and C to full length of Runway 16-34	FY 2008	32,584,000	24,438,000							8,146,000
Construct bypass areas for Runway 16-34	FY2008	6,536,000	4,902,000							1,634,000
Subtotal Airfield		$111,428,000	$83,571,000	$0	$0	$0	$0	$0	$0	$27,857,000
Terminal/Concourse/Apron										
Terminal improvements (2006)	FY 2006	$91,569,000				$17,000,000		$60,000,000		$14,569,000
Required demolition for terminal improvements	FY 2006	1,405,000								1,405,000
Apron improvements	FY 2006	580,000	435,000							145,000
Terminal improvements	FY 2007	58,457,000				12,000,000		20,000,000		26,457,000
Apron improvements	FY 2007	23,444,000	17,583,000							5,861,000
North concourse widening	FY 2008	26,301,000				4,436,000				21,865,000
Apron improvements	FY 2008	23,368,000	17,526,000	4,637,000						1,205,000
Subtotal Terminal/Concourse		$225,124,000	$35,544,000	$4,637,000	$0	$33,436,000	$0	$80,000,000	$0	$71,507,000
Landside Roadway Improvements										
Access road to support facilities	FY 2006	$5,185,000			$682,000				$2,252,000	$2,251,000
Relocation of Airport Road/Post Road intersection	FY 2007	22,264,000			11,132,000				5,566,000	5,566,000
Required building demolition	FY 2007	5,929,000			2,965,000				1,483,000	1,481,000
Required land acquisition/relocation costs	FY 2007	20,181,000			10,091,000				5,046,000	5,044,000
Rework access to Delivery Drive from Post Road	FY 2007	2,237,000			1,119,000				560,000	558,000
Subtotal Landside Roadway Improvements		$55,796,000	$0	$0	$25,989,000	$0	$0	$0	$14,907,000	$14,900,000
Terminal Roadway Improvements										
Relocation of Post Road access/Terminal Loop Road intersectio	FY 2008	$8,094,000							$4,047,000	$4,047,000
Relocation of airport access on Post Road/Donald Road	FY 2008	899,000							450,000	449,000
Required building demolition	FY 2008	1,560,000							780,000	780,000
Required relocation costs	FY 2008	2,234,000							1,117,000	1,117,000
Construction of Terminal Loop Roadway to Coronado	FY 2008	994,000							497,000	497,000
Elimination of airport access at Donald Ave.	FY 2008	2,892,000							1,446,000	1,446,000
Off ramp from Airport Connector	FY 2010	5,128,000							2,564,000	2,564,000
Subtotal Terminal Roadway Improvements		$21,801,000	$0	$0	$0	$0	$0	$0	$10,901,000	$10,900,000

Table VI.4-2 (page 2 of 2)
T. F. Green Airport Master Plan
Phase 2 Funding Plan

Project Description	Year Completed	Total Cost	Sources of Funds: AIP Discretionary Grants	AIP Entitlement Grants	PFC Paygo Funds	RIAC Funds	Other Funds	PFC Bond Proceeds	RIAC Funded Bond Proceeds	Airline Funded Bond Proceeds
Parking										
Extend long-term surface lot to Hillsgrove	FY 2006	$18,469,000				$18,469,000			$0	0
Demolition for long-term lot	FY 2006	899,000							899,000	0
Construct employee lot	FY 2006	2,638,000				2,638,000				0
Construction of parking in plaza parcel	FY 2007	601,000							601,000	0
Required demolition	FY 2007	3,539,000							3,539,000	0
Required land acquisition	FY 2007	9,779,000							9,779,000	0
Construct surface lot on Post Road between garages/antenna fa	FY 2010	16,586,000				16,586,000			0	0
Required building demolition	FY 2010	11,352,000							11,352,000	0
Required land acquisition/relocation costs	FY 2010	76,360,000							76,360,000	0
Construction of 250-300 spaces south of Airport connector	FY 2010	3,085,000				3,085,000			0	0
Subtotal Parking		$143,308,000	$0	$0	$0	$40,778,000	$0	$0	$102,530,000	$0
Cargo										
Air cargo	FY 2006	$22,347,000							$22,347,000	$0
Air cargo	FY 2010	5,133,000							5,133,000	0
Belly cargo	FY 2006	1,559,000								1,559,000
Subtotal Cargo		$29,039,000	$0	$0	$0	$0	$0	$0	$27,480,000	$1,559,000
Airport Support										
GSE Maintenance	FY 2006	$4,689,000							$4,689,000	0
Fuel farm	FY 2010	1,933,000								1,933,000
SRE/Airfield Maintenance	FY 2010	3,545,000			1,773,000					1,772,000
Subtotal Airport Support		$10,167,000	$0	$0	$1,773,000	$0	$0	$0	$4,689,000	$3,705,000
Other										
Master Plan Update	FY 2008	$940,000	$705,000			$235,000				$0
Potential Environmental Assessment	FY 2008	251,000	188,000			63,000				0
FAR Part 150 Noise Compatibility Study Update	FY 2009	626,000	470,000			156,000				0
Demolition for aging facilities (allowance)	FY 2006/10	2,500,000				2,500,000				0
Land acquisition (allowance)	FY 2006/10	5,000,000				5,000,000				0
Subtotal Other		$9,317,000	$1,363,000	$0	$0	$7,954,000	$0	$0	$0	$0
Phase 2 Subtotal		**$605,980,000**	**$120,478,000**	**$4,637,000**	**$27,762,000**	**$82,168,000**	**$0**	**$80,000,000**	**$160,507,000**	**$130,428,000**

Note: Fiscal Years Ending June 3C

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Table VI.4-3
T. F. Green Airport Master Plan
Phase 3 Funding Plan

Project Description	Year Completed	Total Cost	Sources of Funds: AIP Discretionary Grants	AIP Entitlement Grants	PFC Paygo Funds	RIAC Funds	Other Funds	PFC Bond Proceeds	RIAC Funded Bond Proceeds	Airline Funded Bond Proceeds
Airfield										
Extend Runway 5R-23L to 7,500 feet in length	FY 2011	$9,457,000	7,093,000			2,364,000				0
Relocate Taxiway M/S	FY 2011	46,037,000	34,528,000			11,509,000				0
Extend Taxiway M/S to full length of Runway 5R-23L	FY 2011	28,401,000	21,301,000		3,183,000	3,917,000				0
Construct bypass areas for Runway 5R/23L on Taxiway M/S	FY 2011	6,518,000	4,889,000		815,000	814,000				0
New taxiway for Runway 5R-23L	FY 2015	36,178,000	27,134,000		4,522,000					4,522,000
Subtotal Airfield		$126,591,000	$94,945,000	$0	$8,520,000	$18,604,000	$0	$0	$0	$4,522,000
Terminal/Concourse/Apron										
Terminal improvements	FY 2020	$117,703,000		$11,000,000	$70,000,000					$36,703,000
Apron improvements	FY 2020	15,448,000		4,029,000				11,419,000		0
Subtotal Terminal/Concourse		$133,151,000	$0	$15,029,000	$70,000,000	$0	$0	$11,419,000	$0	$36,703,000
Parking										
Parking garage (5-level)	FY 2015	$143,169,000				$143,169,000			$0	$0
Construct surface lot between Airport Connector and Terminal Road	FY 2015	6,395,000				6,395,000				0
Required land acquisition/relocation costs	FY 2015	79,496,000				79,496,000			$0	0
Required building demolition	FY 2015	6,970,000				6,970,000				0
Subtotal Parking		$236,030,000	$0	$0	$0	$236,030,000	$0	$0	$0	$0
Cargo										
Air cargo	FY 2015	$6,099,000				$6,099,000				$0
Belly cargo	FY 2015	2,827,000								2,827,000
Subtotal Cargo		$8,926,000	$0	$0	$0	$6,099,000	$0	$0	$0	$2,827,000
Airport Support										
Fuel farm	FY 2020	$2,446,000								$2,446,000
GSE Maintenance	FY 2020	2,163,000			1,082,000					1,081,000
SRE/Airfield Maintenance	FY 2020	4,482,000			2,241,000					2,241,000
Subtotal Airport Support		$9,091,000	$0	$0	$3,323,000	$0	$0	$0	$0	$5,768,000
Other										
Master Plan update	FY 2015	$2,473,000	$1,855,000			$618,000				$0
FAR Part 150 Noise Compatibility Study Update	FY 2015	824,000	618,000			206,000				0
Environmental processing for projects outside EIS	FY 2015	4,000,000	3,000,000			1,000,000				0
Demolition for aging facilities (allowance)	FY 2015/2020	7,500,000				7,500,000				0
Land acquisition (allowance)	FY 2015/2020	15,000,000				15,000,000				0
Subtotal Other		$29,797,000	$5,473,000	$0	$0	$24,324,000	$0	$0	$0	$0
Phase 3 Subtotal		**$543,586,000**	**$100,418,000**	**$15,029,000**	**$81,843,000**	**$285,057,000**	**$0**	**$11,419,000**	**$0**	**$49,820,000**
TOTAL MASTER PLAN		**$1,180,400,000**	**$220,896,000**	**$19,666,000**	**$119,024,000**	**$379,140,000**	**$9,500,000**	**$91,419,000**	**$160,507,000**	**$180,248,000**

Note: Fiscal Years Ending June 30

01/24/03

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