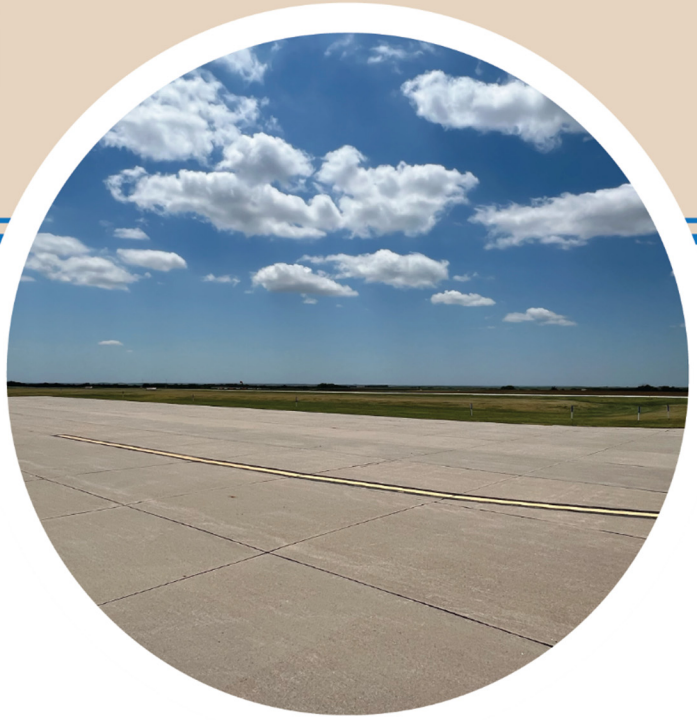
PHILLIPSBURG
Municipal Airport



Chapter 6
Capital Improvement Program

The master plan concept presented in the previous chapter outlined airside and landside improvements for Phillipsburg Municipal Airport (PHG) that provide the City of Phillipsburg with a plan to preserve and develop the airport to meet future aviation demands. Using the development concept as a guide, this chapter will provide a description and overall cost for the projects identified in the capital improvement program (CIP) and development schedule. The program has been evaluated from a variety of perspectives and represents a comparative analysis of basic budget factors, demand, and priority assignments.

The presentation of the capital program is organized into two sections. First, the airport's CIP and associated cost estimates are presented in narrative and graphic form. The CIP has been developed following Federal Aviation Administration (FAA) guidelines for master plans and primarily identifies those projects that are likely eligible for FAA and Kansas Department of Transportation (KDOT) – Aviation grant funding. Second, capital improvement funding sources on the federal, state, and local levels are identified and discussed.

AIRPORT CAPITAL IMPROVEMENT PROGRAM

With the recommended concept, specific needs, and improvements for the airport established, the next step is to determine a realistic schedule for project implementation and the associated costs for the plan. The capital program considers the interrelationships among the projects in order to determine an appropriate sequence of projects, while remaining within reasonable fiscal constraints.

The CIP is programmed by planning horizons and has been developed to cover the short-term (1-5 years), intermediate-term (6-10 years), and long-term (11-20 years) planning horizons. By using planning horizons instead of specific years, the City of Phillipsburg will have greater flexibility to adjust capital needs as demand dictates. **Table 6A** summarizes the key aviation demand milestones projected at PHG for each of the three planning horizons.

TABLE 6A | Aviation Demand Planning Horizons

	Base Year (2024)	Short-Term (1-5 Years)	Intermediate-Term (6-10 Years)	Long-Term (11-20 Years)
BASED AIRCRAFT				
Single-Engine	9	10	10	13
Multi-Engine	1	1	1	0
Turboprop	0	0	1	1
Jet	0	0	0	0
Helicopter	0	0	0	1
TOTAL BASED AIRCRAFT:	**10**	**11**	**12**	**15**
ANNUAL OPERATIONS				
Itinerant				
Air Carrier	0	0	0	0
Air Taxi	12	20	20	20
General Aviation	1,678	1,880	2,020	2,320
Military	0	0	0	0
Total Itinerant Operations:	**1,690**	**1,900**	**2,040**	**2,340**
Local				
General Aviation	2,637	2,950	3,190	3,690
Military	0	0	0	0
Total Local Operations:	**2,637**	**2,950**	**3,190**	**3,690**
TOTAL OPERATIONS:	**4,327**	**4,850**	**5,230**	**6,030**

Source: Coffman Associates analysis

A key aspect of this planning document is the use of demand-based planning milestones. The short-term planning horizon contains items of highest need and/or priority, many of which have been previously defined by airport management. As short-term horizon activity levels are reached, planning should begin for the intermediate term, based on the next activity milestones. Likewise, when the intermediate-term milestones are reached, planning should begin for the long-term activity milestones.

Many development items included in the recommended concept will need to follow these demand indicators. For example, the plan includes development of new landside facilities to support aircraft activity. Demand for new based aircraft will be a primary indicator for these projects. If based aircraft growth occurs as projected, additional hangars should be constructed to meet the demand. If growth slows or does not occur as forecast, some projects may be delayed. As a result, capital expenditures are planned on an as-needed basis, leading to more responsible use of capital assets. Some development items do not depend on demand, such as airfield improvements to meet FAA design standards. These projects need to be programmed in a timely manner, regardless of changes in demand indicators, and should be monitored regularly by airport management.

At PHG, the Quonset hangar is owned and managed by the City of Phillipsburg, while other hangars are privately owned and managed on land leased from the airport. Because of economic realities, many airports rely on private developers to construct new hangars. In some cases, private developers can keep

construction costs lower, which lowers the monthly lease rates necessary to amortize a loan. The CIP for PHG assumes that the majority of hangar construction will be private, so costs associated with the construction of these facilities and associated apron pavement are not included. Cost estimates for the community hangar/terminal and the T-hangars are included, however, as the construction of these facilities is more likely to be funded by the local sponsor. Ultimately, the City of Phillipsburg will determine whether to self-fund landside facility development or rely on private developers based on demand and the specific needs of a potential developer.

Because a master plan is a conceptual document, implementation of the capital projects should only be undertaken after further refinement of their designs and costs through architectural and/or engineering analysis. Moreover, a project may require additional infrastructure improvements (e.g., drainage improvements, extension of utilities, etc.) that may increase the estimated cost of the project or the timeline for completion.

Once a list of necessary projects was identified and refined, project-specific cost estimates were prepared. **Capital costs presented here should be viewed only as order-of-magnitude estimates that are subject to further refinement during engineering/architectural design**; nevertheless, they are considered sufficient for planning purposes. Cost estimates for all of the development projects in the CIP are based on present-day construction and administration costs. Adjustments will need to be applied over time to account for inflation, as well as changes in construction and capital equipment costs. Cost estimates for all of the development projects in the CIP are in current (2025) dollars.

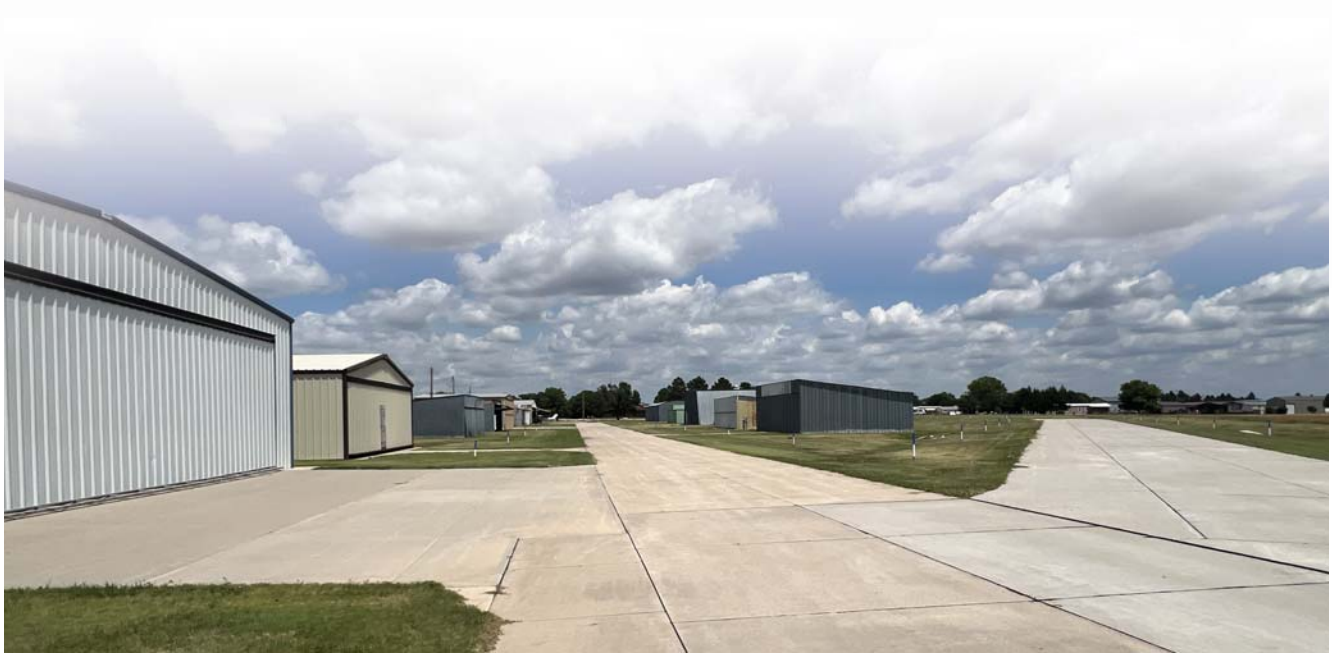
Exhibit 6A presents the proposed 20-year CIP for PHG. Most, but not all, of the projects identified are eligible for *Airport Improvement Program* (AIP) grant funding because this master plan follows FAA guidelines and focuses on those projects that are eligible for funding assistance. Another source for federal grants is the *Infrastructure Investment and Jobs Act* (IIJA), which was signed into law in 2022 and plans for $25 billion to be invested into America's airports over a five-year period. The airport will have a variety of capital expenses that are not eligible for grant funding, and which are not presented in detail in this CIP. **AIP-funded projects are eligible for up to 90 percent of the total project cost; the local sponsor is responsible for a 10 percent match[1].**

The FAA utilizes a priority ranking system to help objectively evaluate potential airport projects. Projects are weighted toward safety, infrastructure preservation, standards, and capacity enhancement. The FAA will participate in the highest priority projects before considering lower priority projects, even if a lower priority project is considered a more urgent need by the local sponsor; nevertheless, the project should remain a priority for the airport and funding support should continue to be requested in subsequent years.

The most important feature of the CIP is that future projects for which the airport may request AIP/ KDOT funding are included on the list. The CIP is updated and reviewed with these agencies on an annual basis. Projects on the CIP will be moved higher and lower on the list, depending on priority and funding availability. Periodically, new projects will arise that can be added to the CIP and presented to the FAA/KDOT.

[1] For projects programmed for fiscal year (FY) 2026, the federal share is 95 percent of the total project cost, with the remaining five percent a local responsibility.

Fiscal Year	Project No.	PROJECT DESCRIPTION	Total Project Cost Estimate	AIP / KDOT	Airport Sponsor
SHORT TERM (Years 1-5)					
2026	1	Fuel Facility Removal and Replacement	$1,099,375	$1,044,406	$54,969
2028	2	Relocate Wind Cone and Segmented Circle	$157,300	$141,570	$15,730
2030	3	Acquire Property Easement to Protect Existing/Ultimate RPZs	$229,500	$206,550	$22,950
SHORT TERM TOTAL			**$1,486,175**	**$1,392,526**	**$93,649**
INTERMEDIATE TERM (Years 6-10)					
	4	Construct Community Hangar/Terminal	$1,906,250	$-	$1,906,250
	5	Install Fencing - Phase 1	$248,950	$224,055	$24,895
	6	Decommission Runway 3-21 and Construct Turf Runway 6-24	$436,800	$393,120	$43,680
	7	Construct Parallel Taxiway - Phase 1; Mitigate Direct Access	$1,765,000	$1,588,500	$176,500
	8	Install MITL	$297,700	$267,930	$29,770
	9	Routine Pavement Maintenance	$383,500	$345,150	$38,350
INTERMEDIATE TERM TOTAL			**$5,038,200**	**$2,818,755**	**$2,219,445**
LONG TERM (Years 11-20+)					
	10	Construct Parallel Taxiway - Phase 2	$2,931,250	$2,638,125	$293,125
	11	Install MITL	$442,000	$397,800	$44,200
	12	Acquire Property to Protect Ultimate ROFA	$145,000	$130,500	$14,500
	13	Widen Runway 13-31 to 75'	$2,314,375	$2,082,938	$231,438
	14	Install PAPI-4s - Runway 13-31	$503,750	$453,375	$50,375
	15	Construct Access Road for Future Hangar Development	$631,800	$568,620	$63,180
	16	Construct Taxilane for Hangar Access	$141,250	$127,125	$14,125
	17	Construct T-hangars	$2,818,750	$-	$2,818,750
	18	Install Fencing and Motorized Gate - Phase 2	$330,525	$297,473	$33,053
	19	Terminal Apron Expansion	$604,375	$543,938	$60,438
	20	Routine Pavement Maintenance	$578,500	$520,650	$57,850
LONG TERM TOTAL			**$11,441,575**	**$7,760,543**	**$3,681,033**
TOTAL CIP			**$17,965,950**	**$11,971,824**	**$5,994,126**



Many of the projects identified in the CIP will require environmental documentation. The level of documentation necessary for each project must be determined in consultation with the FAA. There are three major levels of environmental review to be considered under the *National Environmental Policy Act* (NEPA): categorical exclusion (CATEX), environmental assessment (EA), and environmental impact statement (EIS). Each level requires more time to complete and more detailed information. Guidance on the level of documentation required for a specific project is provided in FAA Order 1050.1F, *Environmental Impacts: Policies and Procedures.* The Environmental Overview presented in Chapter Five addresses NEPA and provides an evaluation of various environmental categories for PHG.

The following sections will describe, in greater detail, the projects identified for the airport over the next 20 years. The projects are grouped based on a detailed evaluation of existing and projected demand, safety, rehabilitation needs, and local priority. While the CIP identifies the priority rankings of the projects, the list should be evaluated and revised on a regular basis. It is also important to note that certain projects, while listed separately for purposes of evaluation in this study, could be combined with other projects during the time of construction/implementation.

SHORT-TERM PROGRAM

The short-term projects are those anticipated to be needed during fiscal years (FY) 2026 through 2030. The projects listed are subject to change, based on federal and state funding priorities. Projects that relate to safety and maintenance generally have the highest priority. This applies to two of the three projects identified in the short-term CIP. **Exhibit 6B** illustrates the staging of each project included in the overall CIP, and the following provides a detailed breakdown of each project.

FY 2026 – Project #1: Fuel Facility Removal and Replacement

Description | The existing underground fuel tanks are more than 20 years old and have reached the end of their useful life. The fuel pedestal and communication system are also aging and in need of replacement. This project plans for removal of the existing equipment and environmental cleanup of the underground storage tanks. New aboveground tanks (4,000 gallons each for 100LL and JetA fuel) and a new self-service pump and card reader are planned to be installed in a new location northwest of the terminal building. To access this location, additional apron pavement is planned to be constructed, extending from the taxiway segment that provided access to Runway 13 prior to its extension. An access road is also planned as part of this project.

Cost Estimate | $1,099,375

Funding Breakdown | IIJA – 95% / Airport Sponsor – 5%

FY 2028 – Project #2: Relocate Wind Cone and Segmented Circle

Description | The wind cone and co-located segmented circle obstruct the existing and ultimate runway visibility zone (RVZ). This project is planning for the relocation of this equipment to a new location outside of the RVZ, west of the runways' intersection.

Cost Estimate | $157,300

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

FY 2030 – Project #3: Acquire Property Easement to Protect Existing/Ultimate RPZs

Description | Approximately 3.1 acres of property within the Runway 31 runway protection zone (RPZ) is not owned by the airport or protected via easement. While much of this area encompasses State Highway 183, the airport sponsor should pursue an avigation easement where feasible. Similarly, property within the ultimate Runway 6 and Runway 24 RPZs (7.0 and 7.2 acres, respectively) extends beyond the airport's property line. This project includes the acquisition of easement over a total of 17.3 acres to protect these safety areas.

Cost Estimate | $229,500

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Short-Term Program Summary

The short-term CIP includes projects that enhance the overall safety, efficiency, and maintenance of the airfield. The total investment necessary for the short-term CIP is approximately $1.5 million, as detailed on **Exhibit 6A**. Of the overall short-term CIP total, approximately $1.4 million is eligible for federal and state funding assistance. Sponsor funding is estimated at approximately $94,000 for the short-term program.

INTERMEDIATE-TERM PROGRAM

The intermediate-term projects are those that are anticipated to be necessary in years six through 10 of the master plan. These projects are not tied to specific years of implementation; instead, they have been prioritized so that airport management has the flexibility to determine when they need to be pursued, based on current conditions. It is not unusual for certain projects to be delayed or advanced because of changing conditions, such as funding availability or changes in the aviation industry. This planning horizon includes six projects for the five-year timeframe, as listed on **Exhibit 6A** and depicted on **Exhibit 6B**. The following section includes a description of each project.

Project #4: Construct Community Hangar/Terminal

Description | PHG does not currently have a hangar to store transient aircraft. This project includes the construction of a community hangar sized 12,500 square feet (sf) to provide covered storage for transient aircraft. A portion of the hangar is planned to be reserved for terminal facilities/services, and the existing terminal building is planned to be demolished. This project also includes the construction of apron pavement that will connect to the existing apron, as well as the new fueling area described in Project #1. A portion of the existing airport access road is planned to be realigned as part of this project.

Cost Estimate | $1,906,250

Funding Breakdown | AIP – 0% / Airport Sponsor – 100%

LEGEND

- Airport Property Line
- Existing Easements
- Ultimate Airport Property Line
- A — Ultimate Taxiway Designation
- Runway Protection Zone
- Pavement to be Removed
- Ultimate Avigation Easement
- Property to be Acquired
- Short Term Projects
- Intermediate Term Projects
- Long Term Projects

Short Term (Years 1-5)		
2026	1	Fuel Facility Removal and Replacement
2028	2	Relocate Wind Cone and Segmented Circle
2030	3	Acquire Property Easement to Protect Existing/Ultimate RPZs

Intermediate Term (Years 6-10)	
4	Construct Community Hangar/Terminal
5	Install Fencing - Phase 1
6	Decommission Runway 3-21 and Construct Turf Runway 6-24
7	Construct Parallel Taxiway - Phase 1; Mitigate Direct Access
8	Install MITL (Not Pictured)
9	Routine Pavement Maintenance (Not Pictured)

Long Term (Years 11-20+)	
10	Construct Parallel Taxiway - Phase 2
11	Install MITL (Not Pictured)
12	Acquire Property to Protect Ultimate ROFA
13	Widen Runway 13-31 to 75'
14	Install PAPI-4s - Runway 13-31
15	Construct Access Road for Future Hangar Development
16	Construct Taxilane for Hangar Access
17	Construct T-hangars
18	Install Fencing and Motorized Gate - Phase 2
19	Terminal Apron Expansion
20	Routine Pavement Maintenance (Not Pictured)

E Santa Fe Road
Center Rd
Runway 13-31 (5,101' x 60') - Ultimate Runway 14-32 (5,101' x 75')
Runway 6-24 (2,340' x 60')
Ultimate Runway 6-24 (2,340' x 60')
183
7.3 Acres
3.1 Acres
2.2 Acres
A1 A2 A A3 A4
0 600
SCALE IN FEET
Photo Source: Google Earth 02/2024

Scale: 1" = 400'

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Project #5: Install Fencing – Phase 1

Description | To enhance airfield security, the north side of the airport is planned to be enclosed, as feasible, with fencing. Phase 1 of the fencing plan includes the installation of 8-foot chain-link extending along the east side of the airport access road, extending around the public parking area, and terminating at the community hangar. This project also includes the installation of a motorized gate on the access road leading to the fuel station.

Cost Estimate | $248,950

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #6: Decommission Runway 3-21 and Construct Turf Runway 6-24

Description | In its current orientation, the turf runway (Runway 3-21) offers limited utility in terms of runway length and impedes eastward expansion of the landside area. The runway is planned to be decommissioned and a new turf runway, oriented as Runway 6-24, is planned to be constructed at 2,340 feet long and 60 feet wide. Standard turf runway markers and low intensity runway lighting (LIRL) are included in the cost of this project.

Cost Estimate | $436,800

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #7: Construct Parallel Taxiway – Phase 1; Mitigate Direct Access

Description | Runway 13-31 is not equipped with a parallel taxiway, which forces pilots to back-taxi. This is not a preferred condition in terms of airfield safety or efficiency, so the plan includes the construction of a 35-foot-wide full-length parallel taxiway, separated from the runway (centerline-to-centerline) by 240 feet. Given the current funding climate, this project has been divided into two phases. Phase 1 includes the construction of taxiway pavement (ultimate Taxiway A) extending from the Runway 13 threshold to the eastern edge of the apron. Removal of a portion of apron pavement and a connector taxiway is also included to mitigate the direct access that currently exists from the apron to the runway (via Taxiway A2). The construction of Taxiway A and removal of this apron pavement functions to force pilots to make a turn prior to entering the runway environment. Lastly, the project includes removal of the existing tiedowns and installation of new tiedowns along the south side of the existing apron, as well as installation of LED location/directional signage. It should also be noted that costs to remove and re-mark Runway 13-31 as Runway 14-32 are included with this project[2] (refer to Chapter Three for additional information on redesignation of the runway).

Cost Estimate | $1,765,000

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

[2] Redesignation of the runway should occur when new signage is introduced in Project #7 or during the next pavement maintenance project, whichever occurs first.

Project #8: Install MITL

Description | Medium intensity taxiway lighting (MITL) is planned to enhance visibility of the partial-parallel taxiway and connectors at night and during poor weather conditions.

Cost Estimate | $297,700

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #9: Routine Pavement Maintenance

Description | Airfield pavement rehabilitation to preserve useful life.

Cost Estimate | $383,500

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Intermediate-Term Program Summary

The total costs associated with the intermediate-term program are estimated at $5.0 million and presented on **Exhibit 6A**. Of this total, approximately $2.8 million could be eligible for federal/state funding, and the airport sponsor share is projected at $2.2 million. The majority of the estimated sponsor costs are associated with design and construction of the community hangar/terminal.

LONG-TERM PROGRAM

The long-term planning horizon considers 11 projects for the 10+ year period that are mainly demand-driven. These projects and their associated costs are listed on **Exhibit 6A** and graphically depicted on **Exhibit 6B**.

Project #10: Construct Parallel Taxiway – Phase 2

Description | Phase 2 of the parallel taxiway construction project includes extension of Taxiway A to the southeast, from the terminal apron to the Runway 31 threshold. The project also includes construction of an exit taxiway (ultimate Taxiway A3), as well as installation of LED signage.

Cost Estimate | $2,931,250

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #11: Install MITL

Description | MITL is planned to be installed on the remainder of Taxiway A and Taxiways A3 and A4.

Cost Estimate | $442,000

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #12: Acquire Property to Protect Ultimate ROFA

Description | In anticipation of a transition from a B-I design to a B-II design on Runway 13-31, approximately 2.2 acres of property on the southwest side of the runway is planned to be acquired fee simple. This acquisition is necessary to protect the runway object free area (ROFA), which increases in size when moving from a B-I design to B-II.

Cost Estimate | $145,000

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #13: Widen Runway 13-31 to 75 Feet

Description | When the airport has 500 or more documented operations by B-II aircraft, the Runway Design Code (RDC) for Runway 13-31 will become B-II-5000. The standard width for this design group is 75 feet. This project plans for the construction of additional pavement on each side of the runway to increase the width to 75 feet. The project also includes relocation of the medium intensity runway lighting (MIRL).

Cost Estimate | $2,314,375

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #14: Install PAPI-4s (Runway 13-31)

Description | Two-box precision approach path indicators (PAPI-2s) are installed at each end of Runway 13-31 to serve as a visual aid for pilots on approach. The FAA recommends that four-box systems (PAPI-4s) be made available for runways that support jet traffic. As there is no operational trigger to determine justification for this upgrade, this project should be closely coordinated with the FAA to determine timing and need. When implemented, the PAPIs should be LED.

Cost Estimate | $503,750

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #15: Construct Access Road for Future Hangar Development

Description | This project serves as a placeholder for the development of an access road to serve existing and future hangars. While the construction costs of hangars are assumed to be either privately funded or funded by the city, access roads to hangar facilities are eligible for grant funding assistance. The estimated project cost is for construction of an access road, as pictured on Exhibit 6B.

Cost Estimate | $631,800

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #16: Construct Taxilane for Hangar Access

Description | Taxilanes and aprons that are not exclusively used by a single tenant are eligible for grant funds. This project includes the construction of a 25-foot-wide taxilane connecting to Taxiway A and extending north to provide access to executive box and T-hangars.

Cost Estimate | $141,250

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #17: Construct T-hangars

Description | This project includes the construction of two 8-unit T-hangars.

Cost Estimate | $2,818,750

Funding Breakdown | AIP – 0% / Airport Sponsor – 100%

Project #18: Install Fencing and Gate – Phase 2

Description | The second phase of the fencing plan for the north side of the airport includes the installation of chain-link fencing extending from the northeast corner of airport property and connecting to the section of fence constructed in Phase 1 (along the airport access road). A motorized gate is also included.

Cost Estimate | $330,525

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #19: Terminal Apron Expansion

Description | The terminal apron is planned to be expanded to provide additional aircraft parking space (tiedowns). This project includes the construction of apron pavement in the central portion of the terminal area and the addition of five tiedowns.

Cost Estimate | $604,375

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Project #20: Routine Pavement Maintenance

Description | Airfield pavement rehabilitation to preserve useful life.

Cost Estimate | $578,500

Funding Breakdown | AIP – 90% / Airport Sponsor – 10%

Long-Term Program Summary

The total investment necessary for the long-term CIP (detailed on **Exhibit 6A**) is approximately $11.4 million. Approximately $7.8 million is eligible for federal/state funding assistance. The sponsor share of long-term projects is projected at $3.7 million; the majority of these costs are associated with construction of the T-hangar units.

CAPITAL IMPROVEMENT PROGRAM SUMMARY

The CIP is intended as a road map of improvements to help guide the City of Phillipsburg, the FAA, and KDOT Aviation. The plan, as presented, will help accommodate increases in forecast demand at PHG over the next 20 years and beyond. The sequence of projects may change due to availability of funds or changing priorities, based on the annual review by airport management, the FAA, and KDOT Aviation; nevertheless, this is a comprehensive list of capital projects the airport should consider in the next 20 years.

The total CIP proposes approximately $18.0 million in airport development needs. Of this total, approximately $12.0 million could be eligible for federal and/or state funding assistance. The sponsor funding estimate for the proposed CIP is $6.0 million, which includes costs to construct the community hangar/terminal and T-hangars.

CAPITAL IMPROVEMENT FUNDING SOURCES

Generally, four different sources of funds are used to finance airport development:

- Airport cash flow
- Revenue and general obligation bonds
- Federal/state/local grants
- Passenger facility charges (PFCs) (reserved for commercial service airports)

Access to these sources of financing varies widely among airports. Some large airports maintain substantial cash reserves, and smaller commercial service and general aviation airports often require subsidies from local governments to fund operating expenses and finance modest improvements.

Financing for capital improvements at PHG will not rely solely on the financial resources of the City of Phillipsburg. Capital improvement funding is available through various grant-in-aid programs on both the federal and state levels. Historically, the airport has received both federal and state grants. While more funds could be available some years, the CIP was developed with project phasing to remain realistic and within the range of anticipated grant assistance. The following discussion outlines key sources of potential funding for capital improvements at the airport.

FEDERAL GRANTS

Through federal legislation over the years, various grant-in-aid programs have been established to develop and maintain the system of public-use airports across the United States. The purpose of this system and its federally based funding is to maintain national defense and promote interstate commerce.

Recently, the *FAA Reauthorization Act of 2024* (enacted on May 16, 2024) authorized the FAA's AIP at $4.0 billion for fiscal years 2025 through 2028. Section 708 of the law increases the federal share of allowable AIP-funded project costs at nonhub and nonprimary airports to 95 percent for FY 2025 and FY 2026. After FY 2026, the federal share reverts to 90 percent for AIP-funded projects.

The source for AIP funds is the Aviation Trust Fund, which was established in 1970 to provide funding for aviation capital investment programs (aviation development, facilities and equipment, and research and development). The Aviation Trust Fund also finances the operation of the FAA. It is funded by user fees, including taxes on airline tickets, aviation fuel, and various aircraft parts.

Several projects identified in the CIP are eligible for FAA funding through the AIP, which provides entitlement funds to airports based (in part) on their annual enplaned passengers and pounds of landed cargo weight. Additional AIP funds that are designated as discretionary may also be used for eligible projects, based on the FAA's national priority system. Although the AIP has been reauthorized several times and the funding formulas have been periodically revised to reflect changing national priorities, the program has remained essentially the same. Public-use airports that serve civil aviation – like PHG – may receive AIP funding for eligible projects, as described in the FAA's *Airport Improvement Program Handbook*. The airport must fund the remaining project costs through a combination of other funding sources, which are discussed in the following sections.

Funding for AIP-eligible projects is undertaken through a cost-sharing arrangement in which the FAA provides up to 90 percent of the cost and the airport sponsor invests the remaining 10 percent. In exchange for this level of funding, the airport sponsor is required to meet various grant assurances, including maintaining the improvement for its useful life (usually 20 years).

As previously stated, IIJA provides another source of funding for airports. IIJA grants $25 billion to public-use airports, with the funds sourced from the U.S. Treasury General Fund and split into two funding buckets: $20 billion for Airport Infrastructure Grants (AIG) and $4.85 billion for the Airport Terminal Program (ATP). Under the IIJA, PHG has been allocated a total of $493,000, with $224,129[3] in available funds as of July 2025. This money can be used for repair and maintenance of existing infrastructure or construction of new facilities (i.e., airfield pavement, navigational aids, lighting, terminal building, etc.). The federal share for AIG is the same as an AIP grant (90 percent with a local 10 percent match, and 95 percent in FY 2025 and 2026 with a five percent local match). The grant assurances that apply to AIP grants also apply to IIJA grants.

Apportionment (Entitlement) Funds

The AIP provides funding for eligible projects at airports through an apportionment (entitlement) program. Nonprimary airports that are included in the *National Plan of Integrated Airport Systems* (NPIAS), such as PHG, receive a guaranteed minimum level of $150,000 each year in nonprimary entitlement (NPE) funds. These funds can be carried over and combined for up to four years, thereby allowing for the completion of a more expensive project. The FAA also provides a state apportionment, based on a federal formula that considers land area and population.

[3] https://www.faa.gov/bil/airport-infrastructure

Small Airport Fund

If a large- or medium-hub commercial service airport chooses to institute a PFC, which is a fee of up to $4.50 per airline ticket for the funding of capital improvement projects, its apportionment is reduced. A portion of the reduced apportionment goes to the small airport fund. The *FAA Reauthorization Act of 2024* includes a pilot program that will allow general aviation airports to use the Small Airport Fund for runway extension projects that might otherwise be ineligible under the AIP.

The Small Airport Fund is reserved for small-hub primary commercial service, nonhub commercial service, reliever, and general aviation airports. As a general aviation airport, PHG is eligible for funds from this source.

Discretionary Funds

An airport may face major projects that will require funds in excess of the airport's annual entitlements; thus, additional funds from discretionary apportionments under the AIP become desirable. The primary element of discretionary funds is that they are distributed on a priority basis. The priorities are established by the FAA, using a code system under which projects are ranked by purpose. Projects ensuring airport safety and security are ranked as the most important priorities, followed by maintaining current infrastructure development, mitigating noise and other environmental impacts, meeting design standards, and increasing system capacity.

It is important to note that competition for discretionary funding is not limited to airports in the State of Kansas or those within the FAA's Central Region. The funds are distributed to all airports in the country and, as such, are more difficult to obtain. High priority projects will often fare favorably, while lower priority projects may not receive discretionary grants.

Set-Aside Funds

Portions of AIP funds are set-asides that are designed to achieve specific funding minimums for noise compatibility planning and implementation, certain former military airfields (Military Airports Program), and certain reliever airports. PHG does not qualify for set-aside funding.

FAA Facilities and Equipment (F&E) Program

The Airway Facilities Division of the FAA administers the F&E Program. This program provides funding for the installation and maintenance of various navigational aids and equipment of the National Airspace System (NAS). Under the F&E Program, funding is provided for FAA airport traffic control towers (ATCTs), enroute navigational aids, on-airport navigational aids, and approach lighting systems.

While the F&E Program still installs and maintains some navigational aids, on-airport facilities at general aviation airports have not been prioritized; therefore, airports often request funding assistance for navigational aids through the AIP and maintain the equipment on their own.[4]

[4] Guidance on the eligibility of a project for federal AIP grant funding can be found in FAA Order 5100.38D, *Airport Improvement Program Handbook*, Change 1 (effective February 26, 2019). This document will be updated as a result of the *FAA Reauthorization Act of 2024*; however, an updated version is not available, as of the time of this writing.

STATE GRANTS

The State of Kansas recognizes the valuable contribution of airports to the state's transportation economy; therefore, KDOT administers the Kansas Airport Improvement Program (KAIP) to maintain airports in the state. The maximum state participation in any project is $800,000, except construction of new paved runways, which is eligible for up to $1.6 million. Full-depth reconstruction of existing paved runways is eligible for up to $1.2 million.

The purpose of the KAIP program is the preservation and enhancement of the Kansas airport system. The program goals and objectives are:

- Maintain the system's runways to a Pavement Condition Index (PCI) of 65 or better
- Minimize surface travel time to air ambulance pick-up locations
- Improve safety
- Enhance airport and community economic development appeal

Project Eligibility

1. Scope of eligible projects:

    a. Projects addressing safety and preservation concerns

    b. Projects focused on development needs identified in the *Kansas Airport System Plan* (KASP)

    c. All projects deemed by the sponsor to be critical to the airport's ability to support the community

2. Projects should be capable of completion in one year of project start and must be started within two years of grant award.

3. Grant offers shall be accepted within 120 calendar days of the initial offer.

4. Projects must comply with applicable current FAA standards. Utilization of engineering consultants for design and construction engineering is highly recommended. KDOT Aviation will coordinate with the FAA for compliance and certification when required.

Project Types

1. System Preservation Projects

    a. Infrastructure Improvements – includes maintenance, repair and rehabilitation activities intended to keep existing landside and airside facilities in good, functioning condition

    b. Routine pavement maintenance projects that do not require any changes in length, width, or alignment will incorporate standard KDOT maintenance procedures and recommendations

2. Modernization Projects

    a. Geometric Improvements – projects that increase the capacity of existing facilities, change the alignment, resolve line-of-sight problems, or clear obstructions are considered modernization

    b. Vertical Development – includes projects that create new facilities/vertical development

3. Equipment and Facilities Projects

    a. Equipment – includes the purchase of equipment, such as snow removal equipment and mowers

4. Planning and Design Projects

    a. Any project that evaluates or establishes priorities for the airport's continued use and development, including aeronautical surveys and airport layout drawings; this category also includes project design efforts when required in special circumstances

Sponsor Participation

Any airport sponsor accepting state funding must commit to keeping the airport open to the public for a minimum of 10 years. Airport sponsors must financially participate in the ratios presented below:

1. System Preservation, Modernization, Design and Planning Projects (90/10)
2. Equipment and Hangar Projects (50/50)
3. Maximum State participation in local match to Federally funded project (50/50)

LOCAL FUNDING

After consideration has been given to grants, the balance of project costs must be funded through local resources. A goal for any airport is to generate enough revenue to cover all operating and capital expenditures, if possible. There are several local financing options to consider when funding future development at airports, including airport revenues, issuance of a variety of bond types, leasehold financing, implementing a customer facility charge (CFC), pursuing non-aviation development potential, and collecting money from special events. These strategies could be used to fund the local matching share or complete a project if grant funding cannot be arranged. The following is a brief description of the most common local funding options.

Airport Revenues

An airport's daily operations are conducted through the collection of various rates and charges. These airport revenues are generated specifically by airport operations. There are restrictions on the use of revenues collected by the airport. All receipts, excluding bond proceeds or related grants and interest, are irrevocably pledged to the punctual payment of operating and maintenance expenses, payment of debt service for as long as bonds remain outstanding, or additions or improvements to airport facilities.

All airports should establish standard basis rates for various leases. All lease rates should be set to adjust to a standard index, such as the consumer price index (CPI), to ensure that fair and equitable rates continue to be charged in the future. Many factors will impact what the standard lease rate should be for a particular facility or ground parcel. For example, ground leases for aviation-related facilities should have a different lease rate than non-aviation leases. A separate facility lease rate should be charged for airport-owned hangars. The lease rate for any individual parcel or hangar may vary due to availability of utilities, condition, location, and other factors; nevertheless, standard lease rates should fall within an acceptable range.

Bonding

Bonding is a common method of financing large capital projects at airports. A bond is an instrument of indebtedness of the bond issuer to the bond holder(s); a bond is a form of loan or "IOU." While bond terms are negotiable, the bond issuer is typically obligated to pay the bond holder interest at regular intervals and/or repay the principal at a later date.

Leasehold/Third-Party Financing

Leasehold or third-party financing refers to a developer or tenant financing improvements under a long-term ground lease. The advantage of this arrangement is that it relieves the airport of the responsibility of raising capital funds for the improvement. As an example, a hangar developer might consider constructing hangars and charging fair market lease rates, while paying the airport for a ground lease. A fuel farm can be established in the same manner, with the developer of the facility paying the airport a fuel flowage fee.

Many airports use third-party (private entity) funding when the planned improvements will primarily be used by a private business or other organization. Such projects are not ordinarily eligible for federal funding. Projects of this kind typically include hangars, fixed base operator facilities, fuel storage, exclusive aircraft parking aprons, industrial aviation-use facilities, non-aviation office/commercial/ industrial developments, and other similar projects. Private development proposals are considered on a case-by-case basis. Airport funds for infrastructure, preliminary site work, and site access are often required to facilitate privately developed projects on airport property.

Customer Facility Charge (CFC)

A CFC is the imposition of an additional fee charged to customers for the use of certain facilities. The most common example is when an airport constructs a consolidated rental car facility and imposes a fee for each rental car contract. That fee is then used by the airport to pay down the debt incurred from building the facility.

Non-Aeronautical Development

In addition to generating revenue from traditional aviation sources, airports with excess land can permit compatible non-aeronautical development. Generally, an airport will extend a long-term lease for land that is not anticipated to be needed for aviation purposes in the future. The developer will then pay the

monthly lease rate and construct and use a compatible facility. For airports in rural locations, such as PHG, land can also be leased for farming, though best practices should be utilized to minimize potential wildlife attractants. The recommended master plan concept identifies three areas that can be used for non-aeronautical development, including farming (each of these areas is currently leased for this purpose). It should be noted that any proposed non-aviation development must be reviewed and approved by the FAA.

Special Events

Another common revenue-generating option is permitted use of airport property for temporary or single events. Airports can permit portions of their facilities to be used for non-aviation special events, such as car shows or video production of commercials. This type of revenue generation must be approved by the FAA.

MASTER PLAN IMPLEMENTATION

To implement the master plan recommendations, it is key to recognize that planning is a continuous process and does not end with approval of this document. The airport should implement measures that allow it to track various demand indicators, such as based aircraft, hangar demand, and operations. The issues upon which this master plan is based will remain valid for several years. The primary goal is for PHG to best serve the air transportation needs of the region while achieving economic self-sufficiency.

The CIP and phasing program presented will change over time. An effort has been made to identify and prioritize all major capital projects that would require federal or state grant funding; nevertheless, the airport, FAA, and KDOT Aviation will review the five-year CIP on an annual basis.

The primary value of this study lies in keeping the issues and objectives at the forefront of the minds of decision-makers. In addition to adjustments in aviation demand, decisions on when to undertake the improvements recommended in this master plan will impact how long the plan remains valid. The format of this plan reduces the need for formal and costly updates by allowing for simple adjustments to the timing of project implementation. Updates can be made by airport management, thereby improving the plan's effectiveness; nevertheless, airports are typically encouraged to update their master plans every seven to 10 years, or sooner if significant changes occur in the interim.

In summary, the planning process requires the City of Phillipsburg to consistently monitor the progress of the airport. The information obtained from continually monitoring activity will provide the data necessary to determine if the development schedule should be accelerated or decelerated.