

CHAPTER THREE – FUNDING PLAN AND TRENDS

Purpose

This chapter presents the Airports Division’s funding strategy for completion of the RAP initiatives and future trends for this region. The funding strategy helps determine our ability to accomplish priority work within acceptable time frames. The regional trends help us anticipate future demand on the aviation system.

It should be noted that the RAP is a planning tool to help with our funding strategies. It is not an FAA commitment of funds to specific projects and/or locations. Future funding depends on reauthorizations and annual congressional appropriation decisions. Notwithstanding these uncertainties, this is our best estimate of potentially available funding and our best forecast of the work that can be supported financially.

FUNDING PLAN

Funding

The total AIP discretionary funding needed for each initiative, as identified in Chapter Two, is graphically presented in chart 3-1, “Projected Annual AIP Discretionary Funds vs. Completion of Regional Initiatives.” It compares total AIP funding demands of the RAP initiatives with the projected discretionary funding levels. This comparison identifies anticipated surpluses and shortfalls for each year. Beyond the initial years, the funding numbers are subject to more adjustment, as the requirements for several initiatives have not been fully developed.

Priority

In funding projects, we strive for a balance between completing initiatives as soon as possible, and making funds available for other needs. For example, to complete all the safety areas and statutory-emphasis items, other projects and initiatives were spread over longer periods of time. Even with careful planning, there are always unanticipated issues or “pop up” work items (such as runway failure) which need to be addressed immediately. This will result in less discretionary funding being available for planned work. In such cases, the following priority is applied to the amounts of discretionary funding received:

- (1) All safety projects identified as scheduled in the RAP.
- (2) Letter-of-Intent (LOI) commitments.
- (3) Completion of phased projects already underway.
- (4) Projects that support the FAA's Operational Evolution Plan, at agreed funding levels.
- (5) Pavement preservation.
- (6) Non-safety RAP initiatives, e.g., business jet support.
- (7) Other non-RAP items.

The discipline and balance provided by the RAP makes it possible to meet the funding needs of most projects through priority six noted above.

The National Priority System (NPS) is a consideration in our regional plan. The NPS is one of the tools used for establishing project priority. It is based on factors such as type of work and size of airport. Our headquarters office establishes a threshold priority number based on national objectives and regional ACIP submittals. Each project that meets that threshold may be included in a region's ACIP. In some cases, such as special-emphasis projects, justification in our RAP can overcome a low national priority.

ACIP

The development of the Airport Capital Improvement Program (ACIP) for discretionary funding is an iterative and collaborative effort, in which a team approach is used to examine all the projects relative to the national goals and priorities, along with regional goals identified in the RAP. Funding is based on input from the sponsors through the development identified in master plans, system plans, sponsor-proposed ACIP submittals and discussions with the FAA. Once the ACIP is developed, the discretionary funds are assigned.

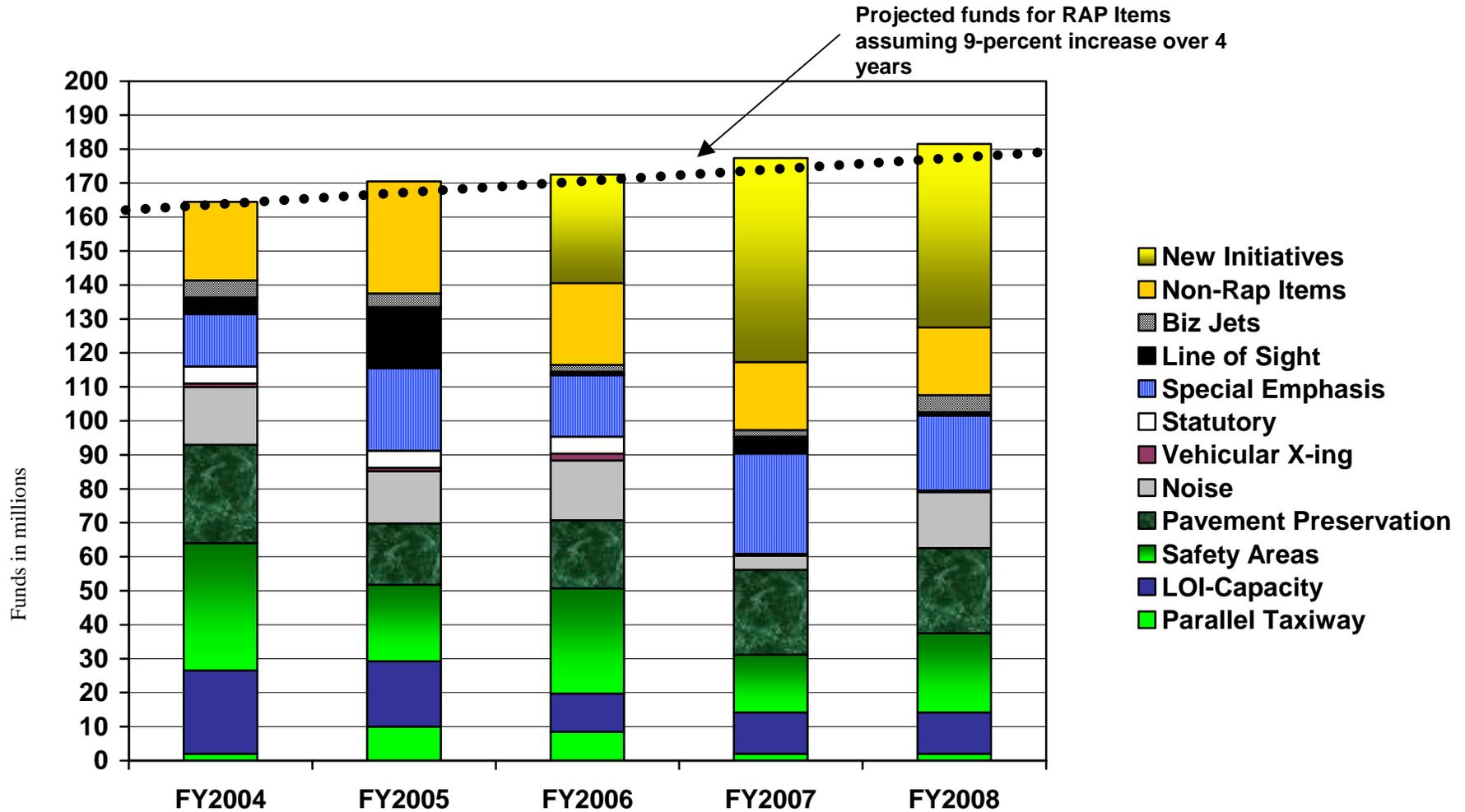
The ACIP process is designed to be flexible and allow FAA regions to develop an ACIP that addresses their needs, while also striving to consistently accommodate national interests.

**NWM Region's
Funding Plan**

As can be seen in chart 3-1, based on the recent reauthorization, we anticipate a gradual increase in available discretionary funding over the next 5 years. In the short term (FY-04 and FY-05), a large portion of the discretionary funding continues to be used for the completion of safety areas, along with continued support of pavement preservation and special-emphasis projects. However, there has been an increase in the amount of projects that are non-RAP. The reason for this may be that some projects previously had been deferred, while large amounts of discretionary funds were going to safety and security projects. In 2006 and beyond, as several of the initiatives are completed, we will be able to tackle new programs while continuing to fund ongoing initiatives.

Chart 3-1: Projected Annual AIP Discretionary Funds vs. Completion of Regional Initiatives

Costs are not adjusted for inflation



AIP FUNDING HISTORY

At the end of 2003, Congress passed and the President signed the 4-year Vision 100 AIP reauthorization legislation. The AIP level was authorized at \$3.4 billion for FY-04, and a total of \$14 billion over 4 years.

In reviewing FY-03, we can better understand the changing trends, distribution of funds, and how we plan to meet regional goals set forth in the RAP. In FY-03, out of the \$3.3 billion national AIP authorization, this region received approximately \$185 million in discretionary funds.

**Table 3-2
Total vs.
NWM AIP**

FY	National AIP (billions)	ANM Total (millions)	Percentage of National AIP	ANM Discretionary (millions)	Percentage of Total ANM AIP
1997	\$1.46	\$140.58	9.6%	\$69.31	49%
1998	\$1.70	\$183.02	10.7%	\$89.27	49%
1999	\$1.95	\$188.15	9.6%	\$96.71	51%
2000	\$1.95	\$196.41	10.1%	\$95.89	49%
2001	\$3.2	\$302.76	9.4%	\$141.01	47%
2002	\$3.3	\$338.74	10.2%	\$155.35	46%
2003	\$3.3	\$347.21	10.5%	\$184.59	53%

The table below indicates the distribution of discretionary funding by type of project. Since September 11, 2001, the AIP has played a major role in meeting new airport security requirements. As shown, we obligated 10 percent of the FY-02 and 37.4 percent of the FY-03 discretionary funds on security projects. We estimate that less than 1 percent will be used toward security in FY-04. This is because the Transportation Security Administration is taking over most security projects. As a result, the AIP will be available for other projects, including the RAP initiatives.

**Table 3-3
ANM
Discretionary
Funding
Comparison
by Project
Type**

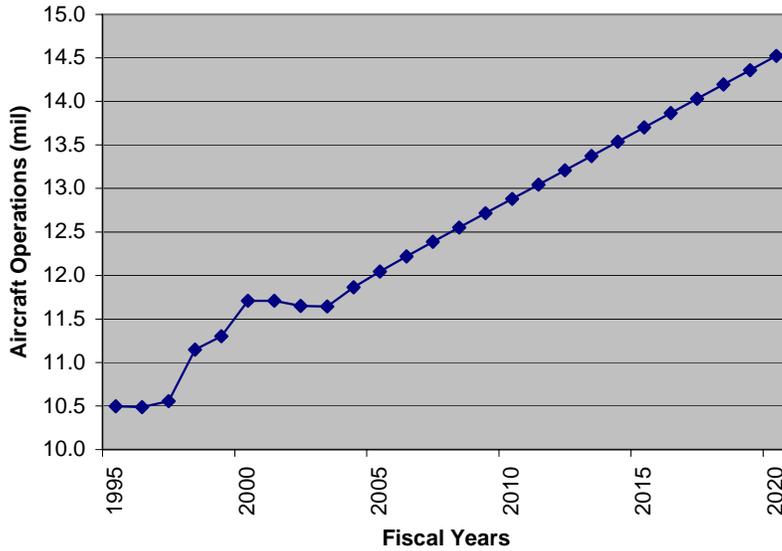
Project Type	FY 2002	FY 2003	FY 2004 (estimates)
Noise	8%	6.8%	6.9%
Planning	<1%	<1%	<1%
New Pavements, incl LOI	42%	20.9%	35%
Deicing	2%	0%	5.1%
Statutory Emphasis	8%	0%	0%
Pavement Preservation	9%	16.3%	19.4%
Line of sight	3%	0%	2.9%
Security	10%	37.4%	<1%
Safety Areas	12%	15.4%	24.6%
Runway Incursions	6%	1%	1.1%
Miscellaneous	<1%	2.3%	3.3%

AIRPORT ACTIVITY TRENDS

Aviation Activity and Trends

For the purposes of the RAP, it is assumed that in the long term, growth will continue as shown below. Region-wide trends indicated that over the forecast period, almost three million operations would be added by 2020, which is an increase of more than 25 percent.

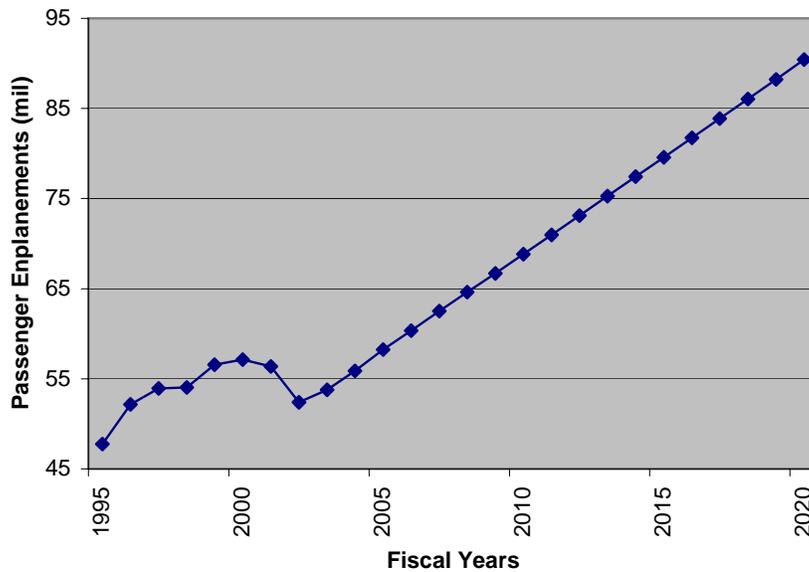
**Chart 3-4
Regional Trends – Operations**



Source: 2002 FAA Terminal Area Forecasts

Enplanements appear to be growing at a slightly faster rate than operations, and will increase by 40 million by 2020.

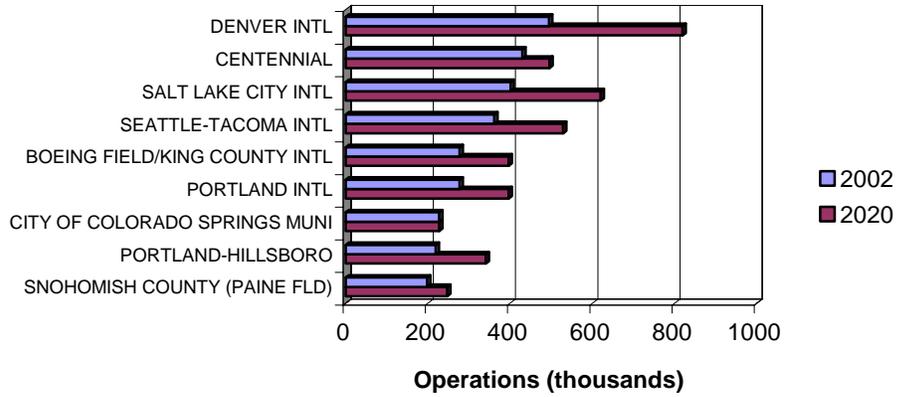
**Chart 3-5
Regional Trends-Enplanements**



Source: 2002 FAA Terminal Area Forecasts

Looking into the future, the following locations will be our region's busiest airports by 2020.

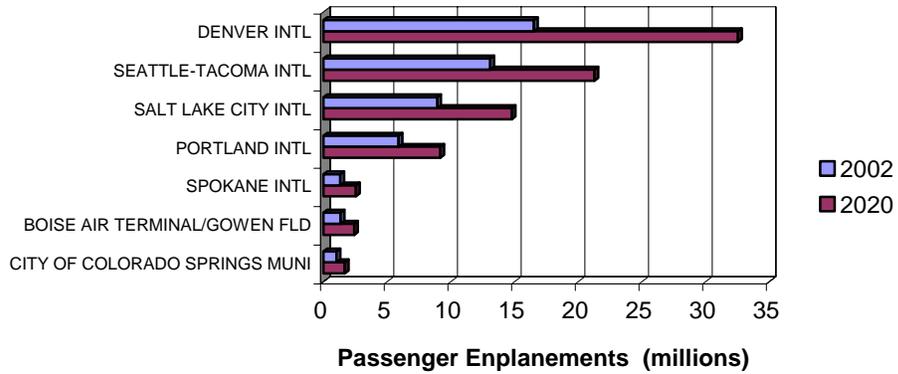
**Figure 3-6
Busiest
Airports-
Operations**



Source: 2002 FAA Terminal Area Forecasts

The airports with the most enplanements by 2020 are shown in the figure below.

**Figure 3-7.
Busiest
Airports-
Enplanements**



Source: 2002 FAA Terminal Area Forecasts