7.0 FINANCIAL PLAN

The financial plan presents an analysis of the financial feasibility of improvements proposed for the preferred alternative (NEI, 2024). The plan describes historical revenues and expenses, presents the estimated cost of the preferred development alternatives, and explores possible funding sources.

7.1 INVENTORY OF FINANCIAL INFORMATION

7.1.1 AIRPORT FINANCIAL STRUCTURE

Wasilla Airport collects revenue primarily from lease lots and tie-down fees. The airport has operated at a financial operating loss over the last decade, 2015–2024 (City of Wasilla, 2025b, 2025c).

7.1.2 RATES AND CHARGES

Table 7-1 lists a selection of fees charged at Wasilla Airport and a few comparison airports. As seen in the table, rates charged at the Wasilla Airport tend to be at the lower end of the range for the airports included in the table.

Table 7-1: Comparison of Airport Aviation Rates and Fees

Airport	Fuel Flowage Fee ($/gal)	Land Lease ($/sf/year) (Aviation)	Land Lease ($/year) (Non-aviation)	Tie-Downs, Monthly (Paved)
Wasilla (City of Wasilla, 2023d)	-	$0.06	*same*	$50 with Electric $35 without
Big Lake (DOT&PF, 2025b)	$0.05	$0.116	$0.074	$48 (tail-in) $61 (pull-through)
Birchwood (DOT&PF) (Alaska State Legislature, 2025)	$0.05	$0.144	$0.174	$48 (tail-in) $61 (pull-through)
Kenai (City of Kenai, 2025)	$0.035 Sig $0.070 NonSig	Set rate for select parcels, otherwise subject to appraisal	Set rate for select parcels, otherwise subject to appraisal	$70 with Electric $45 without
Palmer (City of Palmer, 2025)	$0.05	$0.08	Full Market Value	$35 (33'x44') $58 (60'x61')
Talkeetna (DOT&PF) (Alaska State Legislature, 2025)	$0.05	$0.144	$0.174	$48 (tail-in) $61 (pull-through)

7.2 HISTORICAL FINANCIAL RESULTS

The Wasilla Airport has operated at a loss over the last decade (Table 7-2 and Figure 7-1). Through 2019, operating profits before depreciation had been under $100,000, but since 2020 the gap between expenses and revenues has grown. The operating loss highlights that the City has provided services to its users for less than the full cost it takes the City to provide them, resulting in this deficit. Depreciation represents about

$800,000 per year, and with depreciation included, the airport has seen an operating loss approaching $1 million annually in recent years. Depreciation is a non-cash expense, but it accounts for the wear and tear of assets as they are used and also speaks to the need to adequately fund capital replacement. While FAA funding covers a substantial portion of capital costs associated with airport development, under-charging for airport services has meant that the City has not been accumulating sufficient reserves to pay for facility refurbishment and replacement; the next section presents needed and recommended financial changes to address this situation. Detailed revenue and expense information is provided in the following sections.

Table 7-2: Summary of Wasilla Airport's Revenues and Expenses, $, FY 2015–2024

Fiscal Year	Revenue	Expenses	Operating Profit Before Depreciation	Depreciation	Operating Profit After Depreciation
2015	85,669	160,661	-74,992	778,059	-853,051
2016	86,581	156,867	-70,286	778,059	-848,345
2017	111,764	170,840	-59,076	779,778	-838,854
2018	121,189	171,355	-50,166	783,466	-833,632
2019	131,022	171,417	-40,395	792,838	-833,233
2020	139,039	214,392	-75,353	849,485	-924,838
2021	141,549	198,394	-56,845	843,912	-900,757
2022	152,458	288,725	-136,267	759,232	-895,499
2023	152,969	257,676	-104,707	795,046	-899,753
2024	152,996	287,281	-134,285	807,462	-941,747

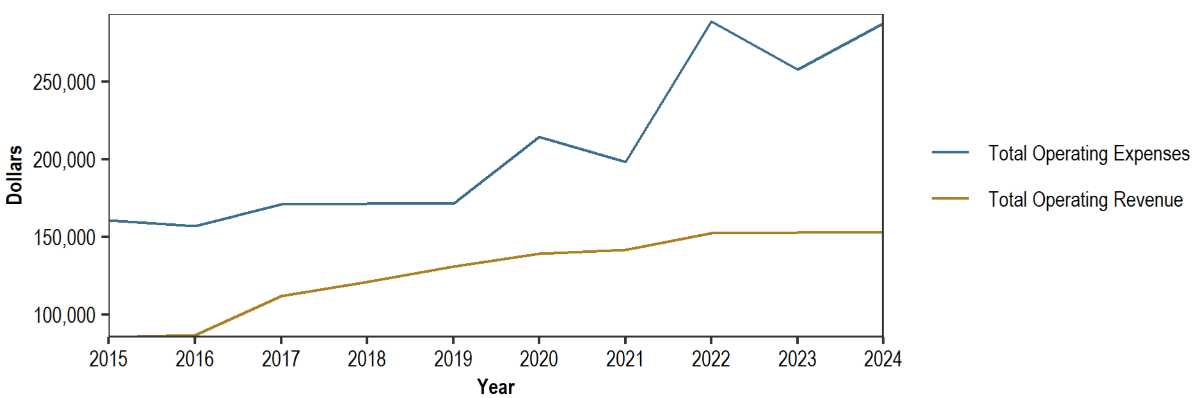

Figure 7-1: Wasilla Airport Operating Revenues and Expenses Before Depreciation, 2015–2024

Table 7-3 shows airport revenues and expenses in real 2024 dollars, using the Urban Alaska Consumer Price Index (CPI) to account for inflation (U.S. Bureau of Labor Statistics [BLS], 2025). Nominal dollars represent the amount paid or received at the time of the transaction, while real dollars are adjusted by inflation to focus on underlying trends. From 2015 to 2024, nominal revenues increased 6.66% annually, while expenses increased 6.67%. During this period, the CPI increased 2.25% annually; therefore, on a real basis, airport revenues increased 4.26% annually while expenses increased 4.27% annually.

Table 7-3: Wasilla Airport Revenues and Expenses, Real 2024 Dollars, $, FY 2012–2024

Fiscal Year	Real Revenues	Real Expenses	Real Expenses (excluding Other Purchased Services)
2015	105,140	197,176	166,204
2016	105,809	191,706	162,025
2017	135,935	207,787	174,887
2018	143,038	202,248	168,274
2019	152,526	199,551	165,108
2020	163,664	252,364	216,535
2021	158,868	222,668	188,893
2022	158,276	299,743	266,313
2023	156,398	263,452	229,976
2024	152,996	287,281	240,495

The following two subsections provide more detailed information about Wasilla Airport's revenues and expenses.

7.2.1 REVENUES

Tie downs and lease lots are the primary revenue sources for the Wasilla Airport, contributing a combined 94% of revenue in 2024, respectively (Table 7-4 and Figure 7-2) (City of Wasilla, 2025b, 2025c). Transient parking revenues remain a minor portion of total revenues, though they have been growing over the last decade. Miscellaneous revenues primarily consist of fees charged for lost gate keys (paid by the airport customer) and insurance premium refunds when assets are removed from coverage.

Table 7-4: Wasilla Airport Revenue Detail, $, FY 2015–2024

Fiscal Year	Lease Lots	Tie Downs	Transient Parking	Miscellaneous	Total Revenue
2015	42,977	41,110	1,444	138	85,669
2016	38,252	45,746	2,095	487	86,580
2017	49,993	56,613	4,799	359	111,764
2018	55,586	59,521	5,930	152	121,189
2019	57,471	63,987	7,342	2,222	131,022
2020	58,070	75,307	5,497	164	139,038
2021	55,104	79,001	7,444	0	141,549
2022	66,389	79,097	6,972	0	152,458
2023	66,344	79,355	7,270	0	152,969
2024	70,597	73,534	8,865	0	152,996

The rate for tie-downs increased once during the period shown in Table 7-4. Tie-down space fees were set at $25 per month, $125 for six months if paid in advance, and $250 yearly if paid in advance in a 1994 resolution (City of Wasilla, 1994). That resolution also set a daily transient parking rate ($5 per day, after the first six hours) and impoundment ($40 basic fee and $5 per day storage fee). In 2005, a rate for tie-downs with electrical service was set at $40 per month (City of Wasilla, 2005). These rates were increased again in 2016, when daily transient aircraft parking was set at $5 for the first six hours, $5 per day after the first six hours, and $75 monthly; monthly tie-down space fees became $35 per day without power and $50 per day with power; and impoundment fees increased to $250 for the basic fee and $5 per 24 hours of storage (City of Wasilla, 2016). Since rates remained fixed, increases in revenues from tie-downs and transient parking reflect growth in activity during those periods.

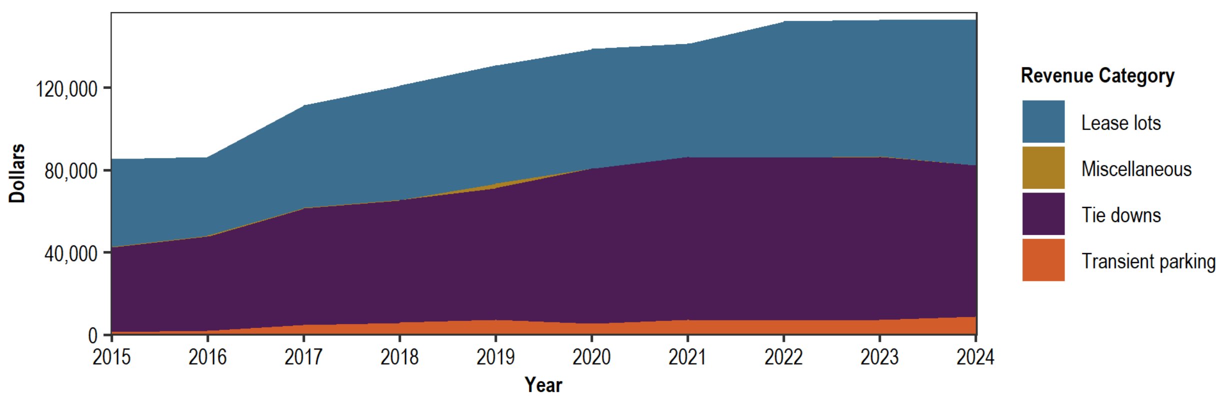

Figure 7-2: Wasilla Airport Operating Revenue Detail, FY 2015–2024

Table 7-5 shows inflation-adjusted revenues.

Table 7-5: Wasilla Airport Revenue Detail, Adjusted to 2024 $, FY 2015–2024

Fiscal Year	Lease Lots	Tie Downs	Transient Parking	Miscellaneous	Total Revenue
2015	52,745	50,453	1,772	169	105,140
2016	46,747	55,906	2,560	595	105,809
2017	60,805	68,857	5,837	437	135,935
2018	65,607	70,252	6,999	179	143,038
2019	66,904	74,489	8,547	2,587	152,526
2020	68,355	88,645	6,471	193	163,664
2021	61,846	88,667	8,355	0	158,868
2022	68,922	82,115	7,238	0	158,276
2023	67,831	81,134	7,433	0	156,398
2024	70,597	73,534	8,865	0	152,996

7.2.2 EXPENSES

Expenses at the Wasilla Airport are shown in Table 7-6 and Figure 7-3 (City of Wasilla 2025b, 2025c). Salaries and benefits account for a growing portion of the total expenses. Higher professional services expenses were incurred in 2013–2016 as the City pursued planning-level design in support of FAA funding for projects and planning updates: 2017 Airport Layout Plan update, 2017 Apron expansion, 2018 70 Acres purchase for GA expansion, 2019 Apron E expansion, 2021 Runway crack repair, 2022 Master plan update, 2023 Apron E PH II. Maintenance expenses increased because of more apron, more equipment, and more repairs of aging equipment. The one-time drop in supplies in 2021 is thought to have been a reallocation to replacement equipment (City of Wasilla, 2023e). Salaries and Benefits have also increased due to the allocation of additional staff time to airport operations. The airport's salaries and benefits expense shown below include allocations from other Public Works positions and a Finance position. In FY 2020 and prior, the allocation was 0.25 full-time equivalent (FTE) roads supervisor, 0.05 FTE roads tech II, and 0.05 FTE financial clerk. For FY 2021, the allocated roads tech II position increased to 0.60 FTE.

Table 7-6: Wasilla Airport Expense Detail, $, FY 2015–2024

Fiscal Year	Salaries and Benefits	Professional and Technical Services	Repair and Maintenance	Other Purchased Services	Supplies	Total Expenses
2015	48,710	4,027	37,076	25,236	45,612	160,661
2016	55,106	6,498	24,564	24,287	46,412	156,867
2017	59,083	1,287	34,574	27,050	48,846	170,840
2018	47,174	216	37,600	28,785	57,580	171,355
2019	48,701	322	37,644	29,587	55,163	171,417
2020	80,605	381	51,349	30,438	51,619	214,392
2021	114,526	398	25,482	30,093	27,895	198,394
2022	145,227	415	67,759	32,201	43,123	288,725
2023	92,316	320	32,091	32,742	100,207	257,676
2024	115,682	725	47,312	46,786	76,776	287,281

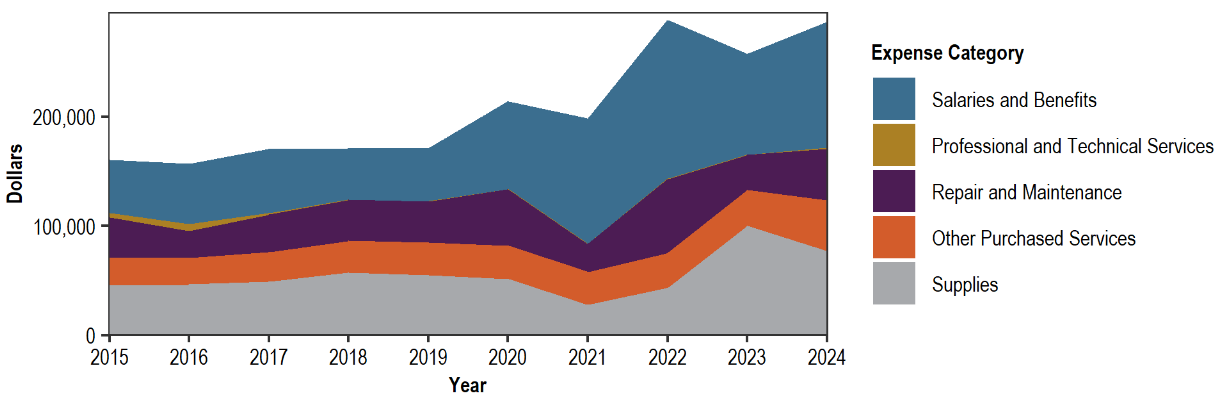

Figure 7-3: Wasilla Airport Operating Expense Detail, FY 2015–2024

Table 7-7 shows inflation-adjusted expenses.

Table 7-7: Wasilla Airport Expense Detail, Adjusted to 2024 $, FY 2015–2024

Fiscal Year	Salaries and Benefits	Professional and Technical Services	Repair and Maintenance	Other Purchased Services	Supplies	Total Expenses
2015	59,781	4,942	45,503	30,972	55,979	197,176
2016	67,345	7,941	30,019	29,681	56,720	191,706
2017	71,861	1,565	42,051	32,900	59,410	207,787
2018	55,679	255	44,379	33,975	67,961	202,248
2019	56,694	375	43,822	34,443	64,217	199,551
2020	94,881	448	60,444	35,829	60,761	252,364
2021	128,538	447	28,600	33,775	31,308	222,688
2022	150,769	431	70,345	33,430	44,769	299,743
2023	94,385	327	32,810	33,476	102,453	263,452
2024	115,682	725	47,312	46,786	76,776	287,281

7.3 NEEDED AND RECOMMENDED FINANCIAL CHANGES

The plan recommends that the City increase airport rates and establish new rates for financial sustainability. Specifically, the plan recommends the City:

- Increase the aviation lease rate to $0.10 per square foot per year in 2026 and to $0.12 per square foot per year in 2027, after which apply annual inflation increases starting in 2028. Over the last decade, the CPI has increased 2.25% annually, an amount that would be applied on top of the two large cost increases.
- Create a new non-aviation lease rate based on full market value. The annual rate should be consistent with City policy regarding the capitalization rate; if no rate is codified, a rate of 8% to 10% is recommended. Include annual inflation increases in lease agreements, as well as a re-appraisal every 5 years or whenever a new lease is signed. This plan assumes the non-aviation lease rate is 84% higher than the aviation lease rate.
- Establish a fuel flowage fee of $0.05 per gallon of fuel sold at the airport, with annual inflation adjustments to the fee starting in 2027.
- Apply annual inflation adjustments to tie-down fees and all other rates and charges.

As the airport development progresses, the City of Wasilla will be adding a full-time Airport Manager and will eventually reach three full-time maintenance and operations staff. These changes are described in more detail in Section 7.6.

The combination of rate increases, inflation adjustments, new fuel flowage fee, and growth in the airport's use and capacity (tie-downs, lease lots, and private hangar space). These changes are expected to result in the airport reaching financial break-even with its operations.

The plan also includes development of sites for new facilities, including a parking lot to support vehicle rentals and long-term parking, an Aviation Business Center, a Fire and Rescue Facility, and a hotel. These developments are described in more detail in Sections 7.6 *Financial Implementation Analysis of the Preferred*

Alternative (which summarizes financial assumptions) and 7.7 *Revenue Enhancement* (which discusses development of additional facilities).

7.4 FINANCIAL PLAN

7.4.1 CAPITAL IMPROVEMENT PROGRAM FUNDING NEEDS

Table 7-8 summarizes the estimated cost by year for the preferred alternative, with a total cost of $278.9 million from 2025 through 2042. The plan moving forward considers the payback of the sponsor's share only ($54.3 million, or 19.5%) and not the full project cost. See Chapter 6.0 for detailed estimates for the sponsor's share of the preferred alternative's costs.

Table 7-8: Engineer's Cost Estimate and Schedule for the Preferred Alternative, 2025–2042

Fiscal Year	Total Project Estimate ($)	AIP Funding ($)	Sponsor Share ($)
2025	21,663,608	9,345,681	12,317,9278
2026	0	0	0
2027	25,831,700	24,217,220	1,614,480
2028	899,600	0	899,600
2029	0	0	0
2030	3,128,000	2,209,331	918,669
2031	4,078,100	3,823,219	254,881
2032	0	0	0
2033	93,528,200	70,179,375	23,348,825
2034	0	0	0
2035	52,027,200	45,854,251	6,172,949
2036	0	0	0
2037	0	0	0
2038	0	0	0
2039	0	0	0
2040	0	0	0
2041	0	0	0
2042	77,712,300	68,984,064	8,728,236
Total	**278,868,708**	**224,613,141**	**54,255,567**

7.4.2 CAPITAL IMPROVEMENT PROGRAM FUNDING SOURCES

This section discusses four potential sources of funding for the preferred alternative: federal funding, internally generated funds (rates and charges), third-party development, and bonds.

<u>FEDERAL FUNDING</u>

The FAA, through its AIP, provides grants to public agencies for planning and development of public-use airports. Since 1988, Wasilla Airport has received over $32 million of AIP grant funding (DOT&PF, 2025a).

Traditionally, AIP funding covers 93.75% of eligible project costs, with a local match of 6.25%. It is estimated that AIP funding will cover $224.6 million (80.5%) of the estimated $278.9 million cost, including projects ineligible for funding, leaving $54.3 million for the City to fund (See Appendix G for additional CIP funding details).

INTERNALLY GENERATED FUNDS (RATES AND CHARGES)

Wasilla Airport has historically operated at a loss, as discussed in Section 7.3. However, the City is investigating means of increasing revenues through a combination of raising rates, adding a fuel flowage fee, adding tie-downs, and expanding leasable area.

At present, the City only has a lease rate for aviation uses, at $0.06 per square foot or $2,613.60 per acre. It is recommended that the City double its current aviation lease rate, in two separate steps of 50% in 2026 and 2028, to allow market adjustment, and implement a new non-aviation lease rate that is based on full market value. Based on vacant land listed for sale at the time of this plan, it assumes a non-aviation lease rate that is 84% higher than the aviation rate. This rate is based on three parcels of vacant land listed for sale in mid-August 2025, each of which was located south of the Parks Highway along Knik-Goose Bay Road. The parcel sizes were 1.84 acres, 18.05 acres, and 32.00 acres. The list price per acre ranged from $42,500 to $54,400, with an average of $48,000. Applying a 10% capitalization rate would suggest an annual lease rate of $4,800 per acre, or 11 cents per square foot. Properties for sale that were along the Parks Highway, in the City's core, or considered to be outliers were omitted from this analysis. Land available at the airport may charge an additional premium beyond the market values used for the analysis. Each rate should be increased annually to adjust for inflation and evaluated every 5 years (or, in the case of non-aviation leases, any time the lessee changes) for changes to market rates. Recommended annual lease rates are shown in Figure 7-4.

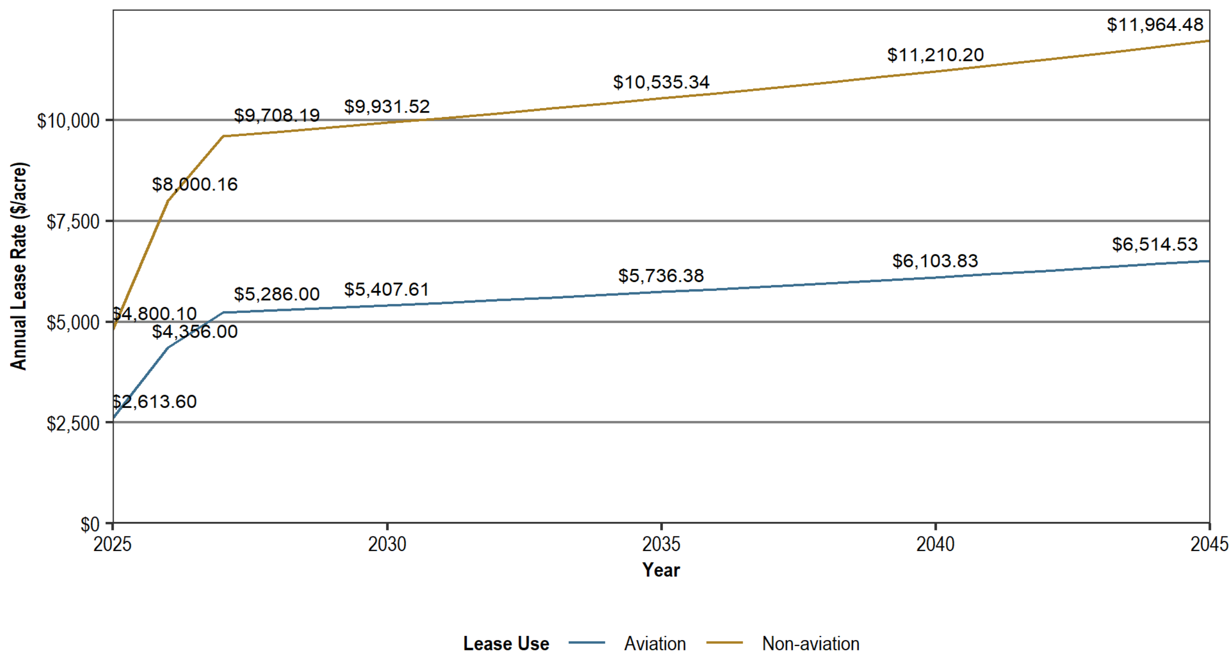

Figure 7-4: Recommended Annual Lease Rates

The City generates revenue from tie-downs, currently priced at $50 per month with electric and $35 without. Revenues will increase as additional tie-downs are developed. The City should adjust tie-down rates annually for inflation, moving in $5 increments every 3 to 4 years. Figure 7-5 shows projected tie-down revenues.

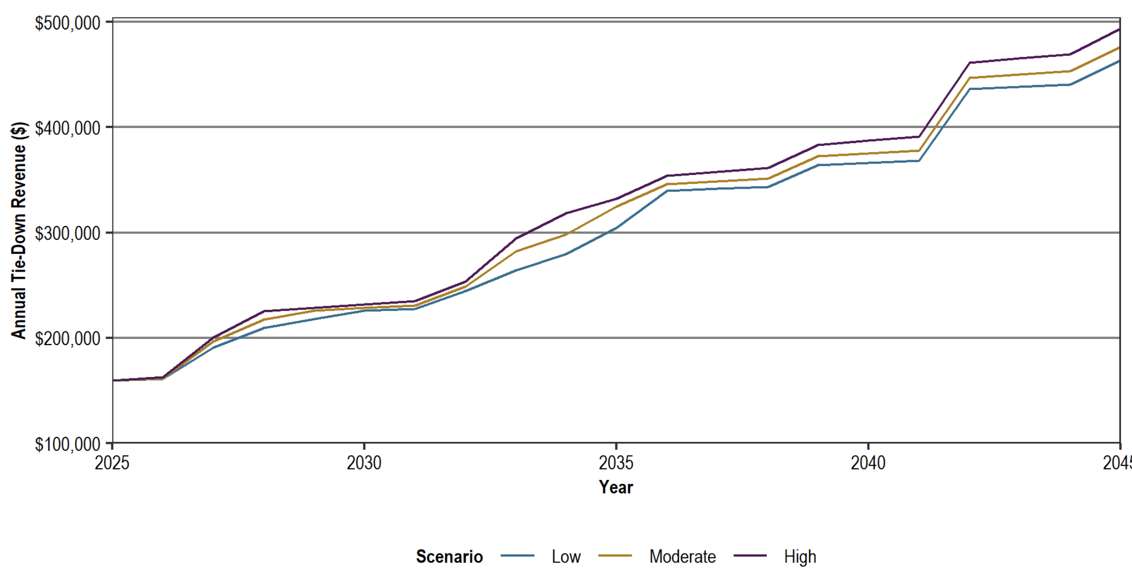

Figure 7-5: Projected Tie-Down Revenue

The preferred alternative includes site development for additional private hangars. The land would be leased at the aviation lease rate, including inflation adjustments. Based on occupancy assumptions as sites are made available, Table 7-9 shows projected revenues from private hangar developments.

Table 7-9: Projected Revenue from Additional Private Hangars

Year	Lease Area (ac)	Occupancy	Leased Area (ac)	Lease Rate ($/ac)	Annual Lease Amount
2026	0.00	0%	0.00	$2,613.60	$0
2027	0.00	0%	0.00	$4,356.00	$0
2028	0.00	0%	0.00	$5,227.20	$0
2029	15.45	50%	7.73	$5,286.00	$40,834
2030	15.45	60%	9.27	$5,346.13	$49,559
2031	15.45	70%	10.82	$5,407.61	$58,483
2032	15.45	80%	12.36	$5,470.47	$67,615
2033	15.45	90%	13.91	$5,534.74	$76,961
2034	15.45	100%	15.45	$5,600.46	$86,527
2035	15.45	100%	15.45	$5,667.66	$87,565
2036	30.90	75%	23.18	$5,736.38	$132,941
2037	30.90	80%	24.72	$5,806.63	$143,540
2038	30.90	85%	26.27	$5,878.47	$154,398
2039	30.90	90%	27.81	$5,951.93	$165,523
2040	30.90	95%	29.36	$6,027.04	$176,924
2041	30.90	100%	30.90	$6,103.83	$188,608
2042	30.90	100%	30.90	$6,182.36	$191,035
2043	30.90	100%	30.90	$6,262.65	$193,516
2044	30.90	100%	30.90	$6,344.75	$196,053
2045	30.90	100%	30.90	$6,428.70	$198,647

It is also recommended that the City implement a new fuel flowage fee of $0.05 per gallon. This is the rate charged at the Palmer Airport as well as DOT&PF rural airports. After establishing the rate, the City should increase it annually for inflation starting in 2027. Based on an estimated 300,000 gallons of fuel sold (see Table 7-10 in Section 7.6) and growth over time as the number of tie-downs increases, Figure 7-6 shows the projected revenue from this fuel flowage fee.

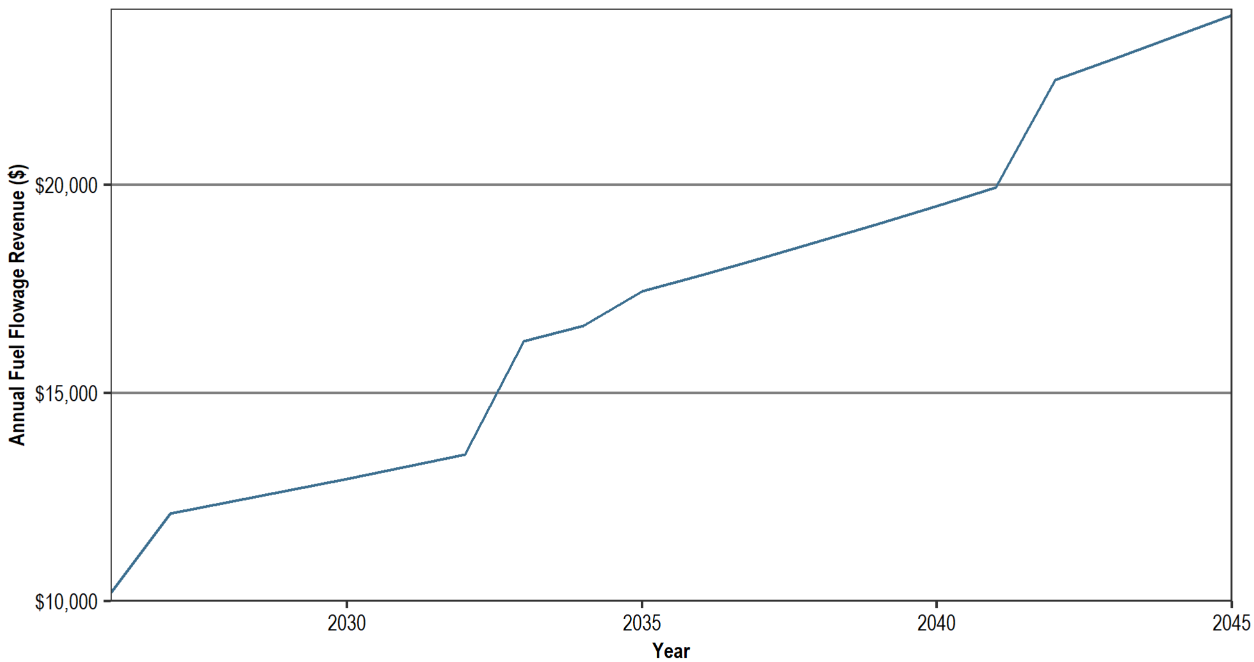

Figure 7-6: Projected Fuel Flowage Fee Revenues

The preferred alternative includes the development of sites for future facility development (including an aviation fueling facility, business center, Fire and Rescue Facility, and hotel), and the airport should be able to increase revenue over costs. See Section 7.7 *Revenue Enhancement* for a discussion about additional fees and developments.

With additional infrastructure included in this plan, the airport's revenue-generating capacity will be increased. However, significant rate increases and changes to the rate structure will be needed to achieve financial sustainability.

A potential structural change not included in this plan is changing leases to have personal/GA and commercial rates and splitting out aviation.

7.4.3 THIRD PARTY DEVELOPMENT

There are four areas planned for third-party development that have the potential to generate revenue for the airport:

1. Fuel service center
2. Building and parking area for rental vehicles
3. Fire and Rescue Facility
4. Hotel

The potential revenue of each development is discussed in more detail below, in Section 7.7 *Revenue Enhancement*.

7.4.4 BONDS

Another approach the City could take would be to issue general obligation or revenue bonds to fund improvements. The plan already assumes that costs borne by the City under the preferred alternative would be spread over a 20-year period. Revenue bonds could be issued on specific revenue-generating improvements such as a fuel facility or hotel, though a more detailed agreement would be needed to ensure each would generate sufficient revenue.

7.5 FINANCIAL IMPLEMENTATION ANALYSIS OF THE PREFERRED ALTERNATIVE

This section provides a pro forma cash flow forecast for the preferred alternative using the three growth scenarios described in the Aviation Activity Forecast.

The preferred alternative increases apron space to accommodate additional tie-down areas and also acquires property to maximize lease lot development and airport revenue generation. It provides separation of future GA and commercial aircraft operations, provides a safe alignment of the Aviation Avenue extension, and provides area for future development of an intermodal connection between the airport and the railroad. The estimated capital cost is $278.9 million, as shown in the implementation plan. After the federal share, estimated at $224.6 million, $54.3 million would need to be covered by the City.

The preferred alternative is anticipated to have the same level of growth as Alternatives 1 and 2 (1.15% to 1.89% annually, with proportional increases in revenues and expenses) and would see additional revenue and expense increases associated with expanded parking, tie-down, and lease areas. Specifically, tie-down and lease area revenue is expected to increase over time as additional spaces are added. Likewise, maintenance costs are expected to increase as the airport's maintainable area grows, and electricity costs are expected to increase with the addition of electrified tie-downs.

Table 7-10 presents assumptions about additional revenues and expenses resulting from the expansion of tie-downs and lease lots, implementation of a fuel flowage fee, and other developments such as the Aviation Business Center and clearing of a lot for a future hotel. See Section 5.6 to see where these improvements would occur.

Table 7-10: Revenue and Expense Assumptions for Preferred Alternative

Assumption	Value	Notes
Tie-downs added	4 added in 2025, 35 in 2027, 44 in 2033, 8 in 2035, and 32 in 2042	Chapter 6.0, Implementation Plan
Tie-downs occupancy	Occupancy rate dips with the larger additions in 2027 and 2033, returning to full occupancy over time (3 years in low case, two in moderate, and one in high).	NEI assumption
Tie-downs rate increases	Rates increased in $5 increments to roughly match with inflation (2.25%) each year. Tie-downs with electric would be $50 per month for 2025–2027, $55 for 2028–2031, $60 for 2032–2035, $65 for 2036–2038, $70 for 2039–2041, $75 for 2042–2044, and $80 for 2045.	BLS (2025) and NEI assumption
Lease lots added	17.8 acres added in 2025, 2.5 in 2032, and 1.0 in 2034	HDL (2025b)
Lease lot occupancy	Occupancy of new lots increases gradually from 50% in 2025 in each case to 100% in 2035 under low case, 2030 in moderate, and 2029 in high.	NEI assumption
Lease lot rates for aviation use	Rate increased to $0.10 per square foot per month in 2026 and to $0.12 per square foot per month in 2027, after which inflation (2.25%) is applied each year	City of Wasilla input, BLS (2025), and NEI assumption
Lease lot rates for non-aviation use	Non-aviation rate established based on full market value, assumed in this analysis to be 84% higher than the aviation rate	Alaska MLS (2025) and NEI analysis
Lease lot ratio of aviation to non-aviation use	Lease lot mix reaches 80% aviation and 20% non-aviation by 2030, with a 5% increase in non-aviation use each year starting in 2027	City of Wasilla input (ratio) and NEI assumption (shift in ratio)
Tie-downs rate increases	Rates increased with inflation (2.25%) each year	NEI assumption
Lease lots added	17.8 acres added in 2025, 2.5 in 2032, and 1.0 in 2034	Chapter 6.0, Implementation Plan
Lease lots occupancy	Occupancy of new lots increases gradually from 50% in 2025 in each case to 100% in 2035 under low case, 2030 in moderate, and 2029 in high.	NEI assumption
Lease lot rates for aviation use	Rates increased with inflation (2.25%) each year, plus 50% increases in 2026 and 2028	NEI assumption
Lease lot rates for non-aviation use	Non-aviation rate established based on full market value, assumed in this analysis to be 50% higher than the aviation rate	NEI assumption
Fuel flowage volume	Just over 300,000 gallons of fuel are used, based on tie-down capacity, total registered aircraft in Alaska, total 100LL fuel volume used in the state, and a 50% adjustment to account for transients.	Aircraft One.com (2025), Aircraft Owners and Pilots Association (2025), Chapter 1.0, Inventory, and NEI analysis and assumptions
Fuel flowage fee	$0.05 per gallon	NEI assumption

Assumption	Value	Notes
Private hangar revenue	New hangars lots added according to implementation plan (NT-7 and MT-10) with gradual increase in occupancy from 50% to 100% over 5 years after each area is developed, leased at the current aviation lease rate	Chapter 6.0, Implementation Plan and NEI assumption
Fuel service center revenue	Assumed to be 40,000 sf (200 ft by 200 ft area) at the aviation lease rate, beginning in 2034	NEI assumption
Parking lot and business center revenue	50% of the lot and building leased at the aviation lease rate, beginning in 2034	Chapter 6.0, Implementation Plan and NEI assumption
Fire and rescue facility revenue	Matanuska-Susitna Borough assumed to pay the City 5% of the development cost annually, beginning in 2043	Chapter 6.0, Implementation Plan and NEI assumption
Hotel revenue	Assumed 50 acre area for lot and hotel, leased at a new non-aviation lease rate, beginning in 2043	Chapter 6.0, Implementation Plan and NEI assumption
Increase in land maintenance based on additional areas	Based on maintained area added relative to existing, applied as a percentage to the current expense	Chapter 6.0, Implementation Plan and NEI assumption
Staffing	Airport manager added at $100,000 annually in 2030. Maintenance staff added at $80,000 annually (each) in 2032, 2038, and 2044.	NEI assumption
Additional electricity cost from added tie-downs	0.8A draw from 12V/8A or 24V/4A charger, with 85% conversion efficiency for AC/DC and 75% run time for battery chargers	Battery charge amperage draw from VDC Electronics (2025) and incremental electrical rates from Matanuska Electric Association (2025). AC/DC conversion efficiency and run time assumed.
Growth rates applied to base revenues and expenses	1.15% in low case, 1.48% in moderate, and 1.89% in high	Chapter 3.0, Aviation Activity Forecast

The plan assumes that the sponsor's share will be spread over time through bonding or internal financing. Land acquisitions would be spread over 50 years, while development of the business center would be spread over 20 years, to more closely match the depreciable life of the assets. Figure 7-7 presents the annual sponsor share of expenses over time, representing the bond payments due each year. The large rise from 2033 to 2052 is due to funding of the Aviation Business Center.

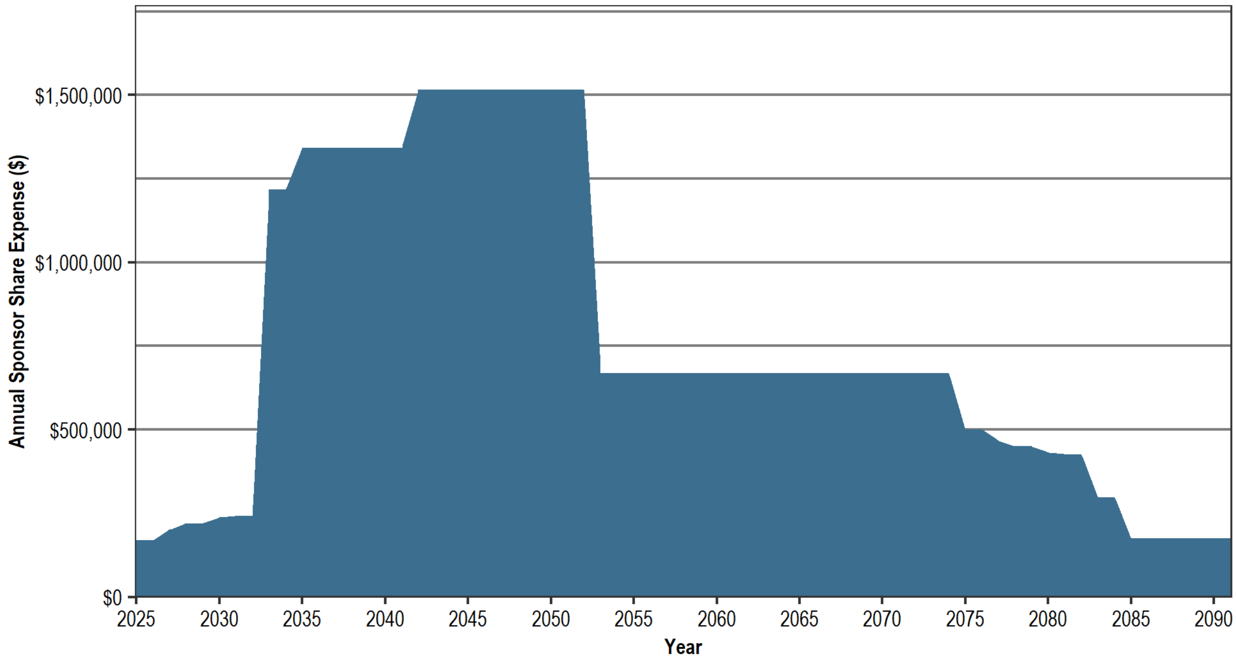

Figure 7-7: Annual Sponsor Share of Expenses

Figure 7-8 shows the pro forma cash flow forecast for the airport's operations, based on the low, moderate, and high rates of growth, for 2024 through 2045. The forecast includes implementation of the recommended increases to aviation lease rates and the new rates for non-aviation leases and fuel flowage. As shown in Figure 7-8, the airport's operations would break even financially prior to including the sponsor's share of costs in expenses. As these costs are incurred over time, the airport will operate at an increasing financial loss.

Tables 7-11 through 7-13 present a detailed look at the annual forecasts.

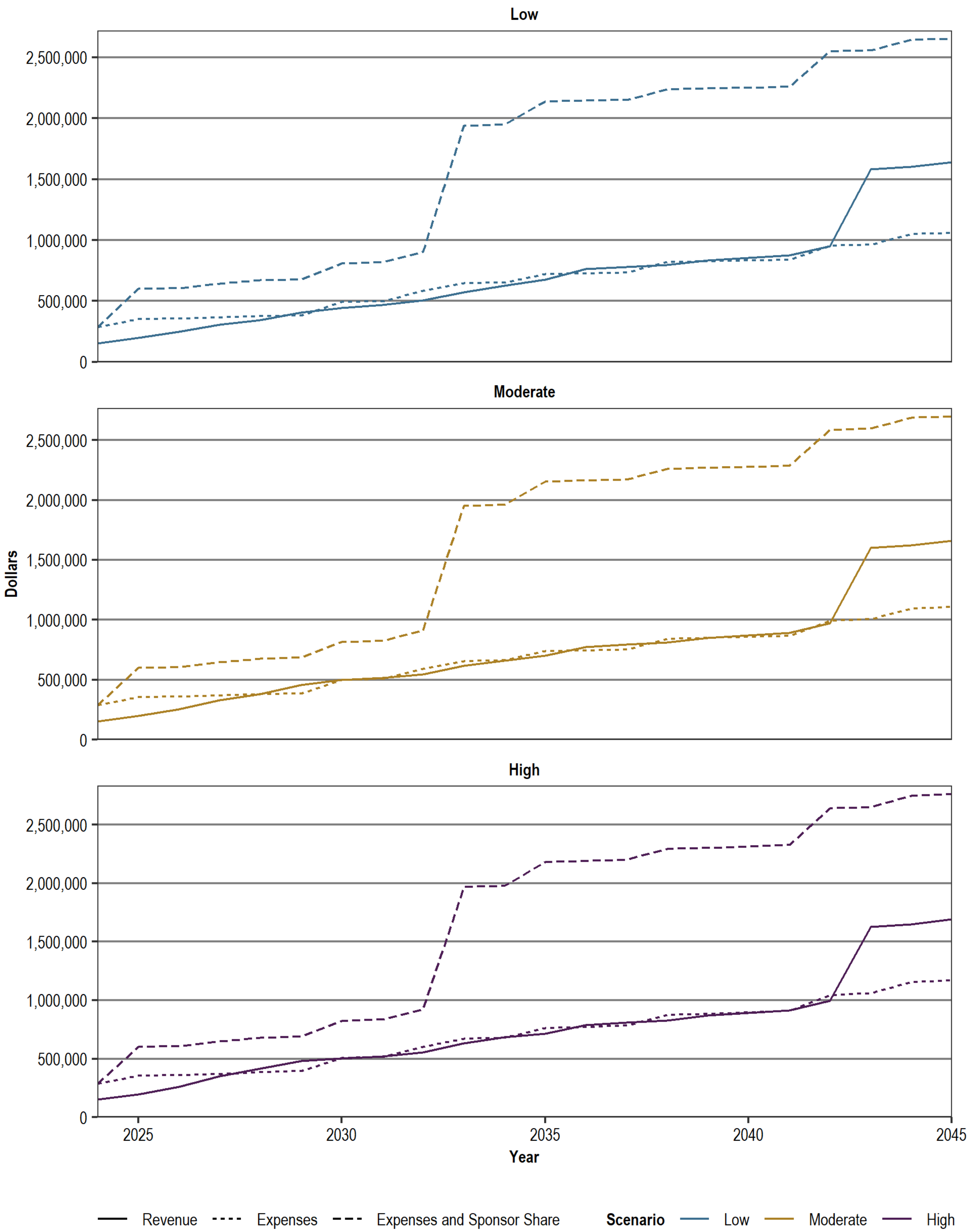

Figure 7-8: Projected Revenues and Expenses, Preferred Alternative, FY 2024–2045

Table 7-11: Projected Revenues and Expenses, Preferred Alternative Low Scenario, 2024$, FY 2015–2045

Fiscal Year	Revenue	Expenses	Sponsor Share of Project	Operating Profit	Cumulative Operating Profit, 2025–
Historical					
2015	105,140	197,176		-92,036	
2016	105,809	191,706		-85,897	
2017	135,935	207,787		-71,852	
2018	143,038	202,248		-59,210	
2019	152,526	199,551		-47,025	
2020	163,664	252,364		-88,700	
2021	158,868	222,668		-63,800	
2022	158,276	299,743		-141,467	
2023	156,398	263,452		-107,054	
2024	152,996	287,281		-134,285	
Projected					
2025	196,987	353,736	246,359	-403,108	-403,108
2026	246,542	357,799	246,359	-357,615	-760,723
2027	307,963	365,479	278,648	-336,165	-1,096,888
2028	342,182	377,385	296,640	-331,843	-1,428,731
2029	407,913	381,679	296,640	-270,406	-1,699,136
2030	442,848	493,950	315,014	-366,115	-2,065,251
2031	467,149	498,435	320,111	-351,397	-2,416,648
2032	507,226	582,971	320,111	-395,856	-2,812,504
2033	572,546	645,735	1,295,156	-1,368,344	-4,180,849
2034	624,814	650,993	1,295,156	-1,321,335	-5,502,184
2035	677,615	721,055	1,418,615	-1,462,054	-6,964,238
2036	762,812	727,171	1,418,615	-1,382,974	-8,347,212
2037	780,545	733,356	1,418,615	-1,371,426	-9,718,638
2038	798,660	819,613	1,418,615	-1,439,567	-11,158,205
2039	835,408	825,942	1,418,615	-1,409,148	-12,567,353
2040	854,320	832,343	1,418,615	-1,396,638	-13,963,991
2041	873,646	838,819	1,418,615	-1,383,787	-15,347,778
2042	952,232	956,107	1,593,179	-1,597,054	-16,944,832
2043	1,583,351	963,968	1,593,179	-973,796	-17,918,629
2044	1,601,524	1,051,919	1,593,179	-1,043,574	-18,962,203
2045	1,640,226	1,059,962	1,593,179	-1,012,915	-19,975,119

Table 7-12: Projected Revenues and Expenses, Preferred Alternative Moderate Scenario, 2024$, FY 2015–2045

Fiscal Year	Revenue	Expenses	Sponsor Share of Project	Operating Profit	Cumulative Operating Profit, 2025–
Historical					
2015	105,140	197,176		-92,036	
2016	105,809	191,706		-85,897	
2017	135,935	207,787		-71,852	
2018	143,038	202,248		-59,210	
2019	152,526	199,551		-47,025	
2020	163,664	252,364		-88,700	
2021	158,868	222,668		-63,800	
2022	158,276	299,743		-141,467	
2023	156,398	263,452		-107,054	
2024	152,996	287,281		-134,285	
Projected					
2025	196,987	353,680	246,359	-403,052	-403,052
2026	254,021	358,909	246,359	-351,247	-754,299
2027	331,504	367,302	278,648	-314,446	-1,068,746
2028	378,326	380,512	296,640	-298,826	-1,367,571
2029	456,329	386,092	296,640	-226,403	-1,593,975
2030	498,584	499,813	315,014	-316,243	-1,910,218
2031	514,211	505,680	320,111	-311,580	-2,221,798
2032	545,287	591,633	320,111	-366,457	-2,588,254
2033	617,323	656,658	1,295,156	-1,334,490	-3,922,745
2034	658,874	663,604	1,295,156	-1,299,886	-5,222,631
2035	701,809	737,402	1,418,615	-1,454,208	-6,676,839
2036	773,539	745,533	1,418,615	-1,390,609	-8,067,447
2037	792,401	753,784	1,418,615	-1,379,997	-9,447,444
2038	811,674	842,157	1,418,615	-1,449,098	-10,896,542
2039	849,607	850,654	1,418,615	-1,419,662	-12,316,204
2040	869,733	859,277	1,418,615	-1,408,159	-13,724,362
2041	890,303	868,028	1,418,615	-1,396,339	-15,120,701
2042	970,163	993,322	1,593,179	-1,616,338	-16,737,039
2043	1,602,586	1,004,015	1,593,179	-994,608	-17,731,647
2044	1,622,096	1,094,866	1,593,179	-1,065,949	-18,797,596
2045	1,662,166	1,105,877	1,593,179	-1,036,891	-19,834,487

Table 7-13: Projected Revenues and Expenses, Preferred Alternative High Scenario, 2024$, FY 2015–2045

Fiscal Year	Revenue	Expenses	Sponsor Share of Project	Operating Profit	Cumulative Operating Profit, 2025–
Historical					
2015	105,140	197,176		-92,036	
2016	105,809	191,706		-85,897	
2017	135,935	207,787		-71,852	
2018	143,038	202,248		-59,210	
2019	152,526	199,551		-47,025	
2020	163,664	252,364		-88,700	
2021	158,868	222,668		-63,800	
2022	158,276	299,743		-141,467	
2023	156,398	263,452		-107,054	
2024	152,996	287,281		-134,285	
Projected					
2025	196,987	353,680	246,359	-403,052	-403,052
2026	261,687	360,358	246,359	-345,030	-748,082
2027	353,168	370,248	278,648	-295,728	-1,043,810
2028	415,310	385,101	296,640	-266,430	-1,310,240
2029	480,095	392,314	296,640	-208,859	-1,519,099
2030	503,891	507,885	315,014	-319,008	-1,838,107
2031	520,687	515,529	320,111	-314,953	-2,153,061
2032	552,970	603,318	320,111	-370,459	-2,523,520
2033	633,455	672,044	1,295,156	-1,333,745	-3,857,265
2034	683,111	681,205	1,295,156	-1,293,250	-5,150,516
2035	714,166	760,006	1,418,615	-1,464,454	-6,614,970
2036	787,361	770,816	1,418,615	-1,402,069	-8,017,039
2037	807,735	781,831	1,418,615	-1,392,711	-9,409,750
2038	828,565	873,054	1,418,615	-1,463,103	-10,872,853
2039	868,105	884,489	1,418,615	-1,434,999	-12,307,852
2040	889,886	896,140	1,418,615	-1,424,868	-13,732,720
2041	912,163	908,012	1,418,615	-1,414,463	-15,147,183
2042	993,781	1,044,581	1,593,179	-1,643,980	-16,791,163
2043	1,628,015	1,059,205	1,593,179	-1,024,369	-17,815,532
2044	1,649,390	1,154,105	1,593,179	-1,097,894	-18,913,426
2045	1,691,381	1,169,286	1,593,179	-1,071,084	-19,984,510

7.6 REVENUE ENHANCEMENT

Revenue enhancements are additional sources of revenue outside of aeronautical activities. FAA AC 150/5070-6B, *Airport Master Plans*, notes that these revenues could include concession, airline, and non-aeronautical revenues (FAA, 2015). As noted earlier, there are four areas planned for third-party development that have the potential to generate revenue for the airport: a fuel service center, a building and parking area for airport management and support businesses, a Fire and Rescue Facility operated by the MSB, and a hotel.

The City presently has a lease rate of $0.06 for all uses, with plans to increase it to $0.10 in 2026 and $0.12 in 2027. This plan recommends the City institute a new non-aviation lease rate based on full market value, and make adjustments to the aviation rate annually for inflation and every 5 years for market value changes of non-aviation leases. In addition to a non-aviation lease rate, code changes could be required for some future developments, in particular, a lease lot for a hotel.

Figure 7-9 shows projected revenues from the four areas planned for development. Following the figure, these facilities are discussed in more detail.

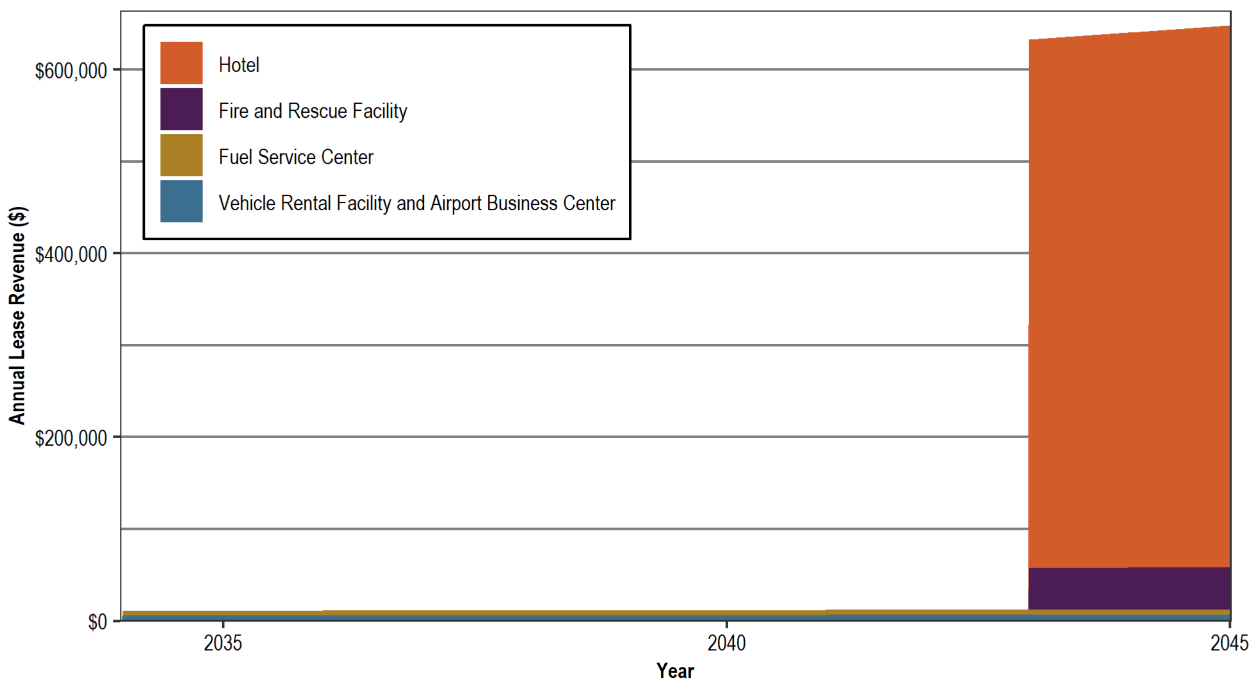

Figure 7-9: Projected Revenues from Revenue Enhancements

The plan includes a vehicle rental facility consisting of a new 79,000-square-foot lot and 160 parking spaces for both public and rental vehicle parking. The City would also construct a 13,300 square foot Aviation Business Center. City airport management staff will be based there, along with city hangar space and classrooms to rent. Space will be rented out to businesses and pilots. The plan assumes that 50% of the lot (39,500 square feet) and 50% of the available space in the business center (5,653 square feet, after adjusting for common area) would be leased at the aviation lease rate. Development of the parking lot and building would occur in 2033, and the plan assumes leases would be in effect in 2034. This would result in annual lease revenue of $5,805 in 2034, as shown in Table 7-14.

Table 7-14: Projected Lease Revenue from Parking Lot and Business Center

Year	Lease Area, Lot (sf)	Lease Area, Building (sf)	Lease Area, Total (sf)	Lease Rate ($/sf)	Annual Lease Amount
2034	39,500	5,653	45,153	$0.129	$5,805
2035	39,500	5,653	45,153	$0.130	$5,875
2036	39,500	5,653	45,153	$0.132	$5,946
2037	39,500	5,653	45,153	$0.133	$6,019
2038	39,500	5,653	45,153	$0.135	$6,093
2039	39,500	5,653	45,153	$0.137	$6,170
2040	39,500	5,653	45,153	$0.138	$6,247
2041	39,500	5,653	45,153	$0.140	$6,327
2042	39,500	5,653	45,153	$0.142	$6,408
2043	39,500	5,653	45,153	$0.144	$6,492
2044	39,500	5,653	45,153	$0.146	$6,577
2045	39,500	5,653	45,153	$0.148	$6,664

The City would develop a lease lot for a new fuel service center, adjacent to the business center. The plan assumes the center would occupy a 200-foot by 200-foot area, for a total of 40,000 square feet. Development of the lease lot would take place in 2033, and the plan assumes a lease would be in effect in 2034, generating $5,143 of revenue in its first year, as shown in Table 7-15.

Table 7-15: Projected Lease Revenue from Fuel Service Center

Year	Lease Area (sf)	Lease Rate ($/sf)	Annual Lease Amount
2034	40,000	$0.129	$5,143
2035	40,000	$0.130	$5,204
2036	40,000	$0.132	$5,268
2037	40,000	$0.133	$5,332
2038	40,000	$0.135	$5,398
2039	40,000	$0.137	$5,465
2040	40,000	$0.138	$5,534
2041	40,000	$0.140	$5,605
2042	40,000	$0.142	$5,677
2043	40,000	$0.144	$5,751
2044	40,000	$0.146	$5,826
2045	40,000	$0.148	$5,903

The plan includes site preparation for a future Fire and Rescue Facility, to be operated by the MSB, to enhance safety and response at the airport. The plan assumes that the City and MSB would enter into a lease agreement to cover the City's site development costs over a 20-year period (5% of the $911,700 development cost, or $45,585 annually). This development work would occur in 2042, and the analysis assumes the lease agreement would take effect in 2043.

Long-term, the plan includes site development for an eventual hotel to handle overnight stays from increased passenger traffic, offering a convenient, onsite location for airport users. The hotel development is anticipated to generate lease revenue and help support other activities at the airport. This development would occur in 2042, and the analysis assumes that outreach would have occurred in advance so that a hotel developer/operator would be ready to begin building immediately, with lease revenue beginning at $575,094 in 2043, as shown in Table 7-16.

Table 7-16: Projected Lease Revenue from Hotel

Year	Lease Area, Lot (ac)	Lease Rate ($/ac)	Annual Lease Amount
2043	50	$11,501.88	$575,094
2044	50	$11,652.67	$582,633
2045	50	$11,806.84	$590,342

An important consideration with a number of these developments, especially the hotel, is that water and wastewater service would likely need to be extended to the area to support the increased population. Though it is beyond the scope of this plan's financial analysis, a community wastewater facility would likely be required to serve the commercial area and hotel.

7.7 OTHER FINANCIAL CONSIDERATIONS

This section discusses some additional financial considerations that have not been incorporated into the financial analysis but that should be considered during the financial planning process.

7.7.1 POTENTIAL FIXED BASE OPERATOR

An FBO could enter an arrangement with the City of Wasilla to manage some aspects of the airport operations, such as fuel sales, aircraft towing, hangar management, ramp operations, and security. An FBO could also manage facilities, infrastructure maintenance, and administrative tasks like billing and compliance. The scope of services would depend on the agreement with the airport. Two potential FBO arrangements are of interest to the City: on-call fueling and airport management.

FBO OFFERING ON-CALL FUELING SERVICE

One option for an FBO would be an on-call fueling services provider, with fuel trucks stationed in a designated area. The financial arrangement could involve multiple components, which could include paying a lease fee for the use of the staging area, allowing the FBO to collect a portion of the recommended fuel flowage fee, or a revenue-sharing component in which the City collects a portion of the fuel sales revenue. Ultimately, the arrangement should reflect each party's interests and whether having the fuel service helps to achieve a higher level of activity or fuel volumes at the airport.

FBO MANAGING OPERATION AND MAINTENANCE OF THE AIRPORT

An FBO could also take on a larger role in the operation and maintenance of the airport. The cost savings the City could experience would depend on the scope of services outsourced and the FBO's efficiency. To illustrate the potential financial implications of bringing in a full-service FBO, the plan considers two levels of cost savings

(10% and 30%), which would depend on the FBO's experience and processes, its ability to streamline operations and identify efficiencies, and potentially the ability to achieve economies of scale through bulk purchasing and shared resources if the FBO were to operate multiple airports in the region. It will be critical for the City to conduct a detailed analysis to understand the specific cost savings it might be able to achieve at the airport.

Figure 7-10 presents hypothetical financial projections if the City were to achieve cost savings with an FBO. The top row of the figure compares revenues and expenses under the baseline, as presented earlier in this plan. The middle row shows the impact on expenses and the operating profits that a 10% reduction in costs could achieve. Finally, the bottom row shows how a 30% reduction in expenses could rapidly lead to the airport operating with an operating profit, which could then be used to cover depreciation and financing of proposed improvements.

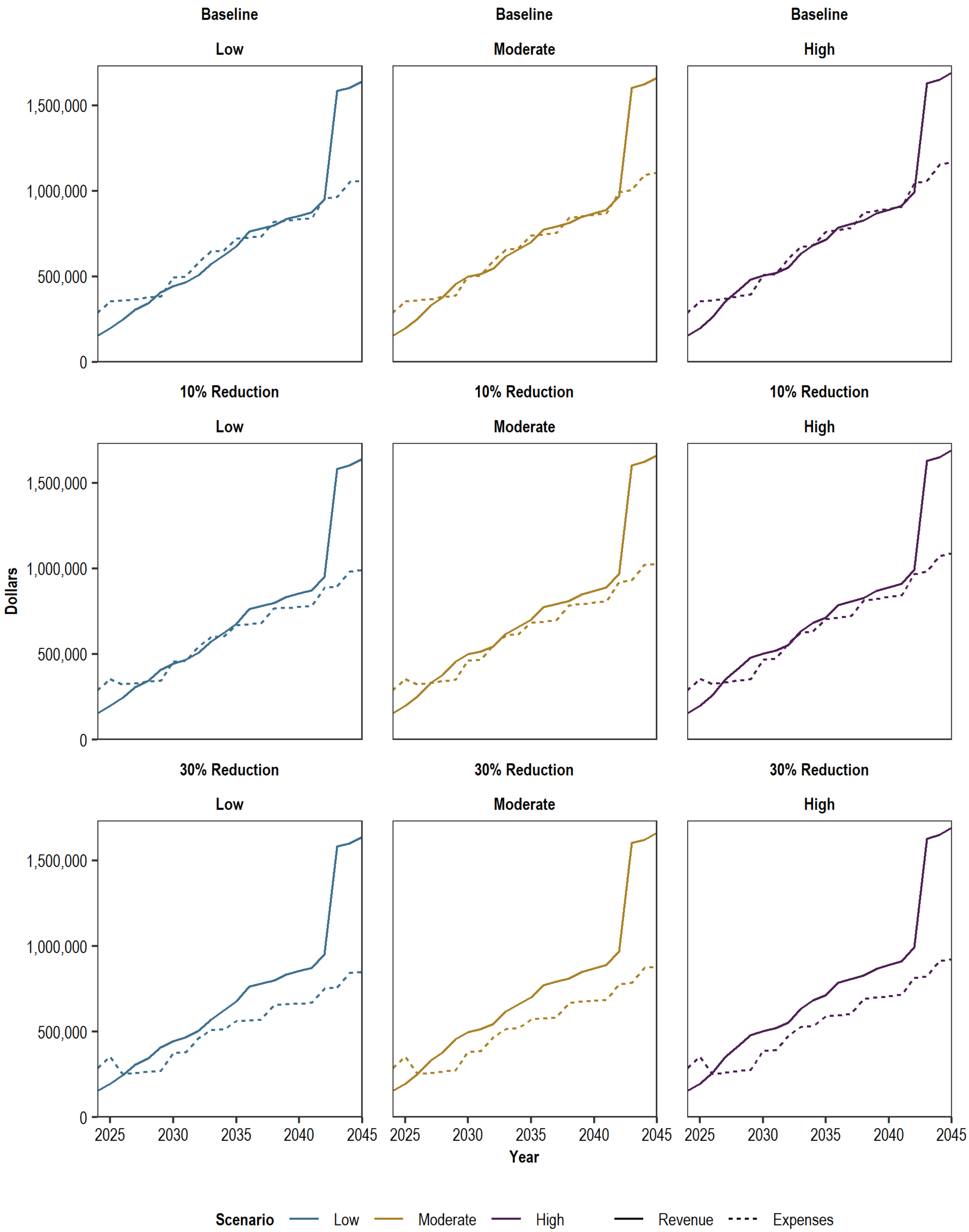

Figure 7-10: Hypothetical Financial Projections with an FBO

7.7.2 FINANCIAL IMPACTS OF ANNEXATION FOR EXPANSION

The *Implementation Plan* (Chapter 6) includes annexation of land to support the expansion and development of the airport. This expansion will support the airport's development and promote broader economic growth in the region. Leasing and development of this land will benefit the airport through lease revenues and additional activity, along with the potential for additional tax revenues to be collected by the City in its general fund. However, beyond the lease revenue, the City does not levy a property tax, and therefore, development of the land will not provide property tax revenue. Since the MSB assesses property tax, it will also benefit from the development of land annexed for the airport at the City's cost. This dynamic means that the City needs to consider how its investment in airport development will align with its broader fiscal goals.

7.8 CONCLUSION

This plan has evaluated the cost and funding of the recommended alternative, Alternative 3, with an estimated cost of $278.9 million. The Implementation Plan anticipates that FAA funding will cover 80.5% of the cost of improvements, resulting in a sponsor share of $54.3 million that the City of Wasilla will need to cover. The analysis finds that a number of rate changes will allow the airport to operate at breakeven from a financial perspective, as listed below, though additional rate increases or rate structure changes will be needed to cover the full cost of development.

The plan recommends the following changes to the airport's rates and charges:

- Increase the aviation lease rate to $0.10 per square foot per year in 2026 and to $0.12 per square foot per year in 2027, after which apply annual inflation increases starting in 2028.
- Create a new non-aviation lease rate based on full market value. The annual rate should be consistent with City policy regarding the capitalization rate; if no rate is codified, a rate of 8% to 10% is recommended. Include annual inflation increases in lease agreements, as well as a re-appraisal every five years or whenever a new lease is signed. (This plan assumes the non-aviation lease rate is 84% higher than the aviation lease rate.)
- Establish a fuel flowage fee of $0.05 per gallon of fuel sold at the airport. Apply annual inflation adjustments to the fee starting in 2027.
- Apply annual inflation adjustments to tie-down fees, using stepped increases of $5 every 3 to 4 years to approximate inflation.

The No Build alternative would incur only minimal capital expense; absent rate increases, it would continue to generate an operating loss that would need to be covered from other sources. With rate increases, it could achieve a financial breakeven, but it would not mitigate any existing issues or account for future demand of airport facilities, which could result in a greater burden on the airport and City of Wasilla fund over time.