



Chapter Six

CAPITAL IMPROVEMENT PROGRAM

The analyses completed in previous chapters evaluated development needs at Texarkana Regional Airport (TXK) over the next 20 years and beyond, based on forecast activity, operational safety, efficiency, and sustainability. The next step is the preparation of a capital improvement program (CIP) for those projects that are expected to be implemented over the near term. A more general discussion of the funding of the intermediate- and long-term projects is provided because of the possible demand changes that would shift the needs and priorities of those projects.

This chapter presents the description of the CIP and the resulting financial projections for TXK. The CIP is developed under the assumption that various demand-based indicators – such as annual operations, annual passenger enplanements, and based aircraft – grow in line with the aviation activity forecasts presented in Chapter Two.

TXK is owned and operated by the cities of Texarkana, Texas, and Texarkana, Arkansas, through the Texarkana Regional Airport Authority (TRAA). The daily management of TXK is overseen by the airport director. TRAA's fiscal year (FY) ends December 31. The FY 2022 numbers reflect actual amounts as of December 31, 2022. The FY 2023 numbers are estimates based on nine months of actuals and the FY 2024 numbers reflect the TRAA's 2024 budget (FY 2024 Budget).

The capital improvement program (CIP) was prepared for three planning levels: short term (FY 2024 through FY 2029), intermediate term (FY 2030 through FY 2034), and long term (FY 2035 through FY 2045). Due to the uncertainty of capital needs, funding availability, and financial metrics past a six-year timeframe, financial projections were only developed for the short-term planning period. Master plans are typically prepared every five to seven years. As a result, an updated master plan would be prepared for TXK during the intermediate timeframe, thus producing more accurate project costs for financial projections.

ACTIVITY FORECASTS

Table 6A presents the activity forecast used to develop the financial plan. Since the activity forecast included in Chapter Two (summarized in **Table 2AA** of the master plan) was prepared, actual 2021 through 2023 data became available. As a result, FY 2022 in the financial plan reflects actual activity, FY 2023 reflects actual activity through October annualized, and FY 2024 through FY 2042 activity is forecast to achieve the growth rates included in **Table 2AA** for the same time period.

Since landed weight is not forecast in **Table 2AA** and is necessary to calculate the landing fee for the financial forecast, the FY 2024 through FY 2042 landed weights are assumed to grow with the growth in operations shown in **Table 2AA**.

TABLE 6A | Activity Forecast

| Fiscal Year | Enplanements | | | | Operations | | Landed Weight | |
|---------------------------|---------------|--------------|--------------|----------|---------------|--------------|---------------|----------|
| | Per Table 2AA | Growth Rates | Reforecast | % Change | Per Table 2AA | Growth Rates | Forecast | % Change |
| 2022 | 35,699 | — | 35,699 | — | 30,745 | — | 52,787 | — |
| 2023 | 36,351 | — | 42,800 | 19.9% | 31,214 | — | 71,200 | 34.9% |
| 2024 | 37,015 | — | 43,600 | 1.9% | 31,690 | — | 72,300 | 1.5% |
| 2025 | 37,691 | — | 44,400 | 1.8% | 32,173 | — | 73,400 | 1.5% |
| 2026 | 38,379 | — | 45,200 | 1.8% | 32,663 | — | 74,500 | 1.5% |
| 2027 | 39,080 | 1.8% | 46,000 | 1.8% | 33,161 | 1.5% | 75,600 | 1.5% |
| 2028 | 39,725 | — | 46,800 | 1.7% | 33,417 | — | 76,200 | 0.8% |
| 2029 | 40,380 | — | 47,600 | 1.7% | 33,676 | — | 76,800 | 0.8% |
| 2030 | 41,046 | — | 48,400 | 1.7% | 33,936 | — | 77,400 | 0.8% |
| 2031 | 41,724 | — | 49,200 | 1.7% | 34,199 | — | 78,000 | 0.8% |
| 2032 | 42,412 | 1.6% | 50,000 | 1.6% | 34,463 | 0.8% | 78,600 | 0.8% |
| 2033 | 43,010 | — | 50,700 | 1.4% | 34,733 | — | 79,200 | 0.8% |
| 2034 | 43,617 | — | 51,400 | 1.4% | 35,005 | — | 79,800 | 0.8% |
| 2035 | 44,232 | — | 52,100 | 1.4% | 35,279 | — | 80,400 | 0.8% |
| 2036 | 44,856 | — | 52,800 | 1.3% | 35,555 | — | 81,000 | 0.7% |
| 2037 | 45,489 | — | 53,500 | 1.3% | 35,833 | — | 81,600 | 0.7% |
| 2038 | 46,131 | — | 54,300 | 1.5% | 36,114 | — | 82,200 | 0.7% |
| 2039 | 46,781 | — | 55,100 | 1.5% | 36,396 | — | 82,800 | 0.7% |
| 2040 | 47,441 | — | 55,900 | 1.5% | 36,681 | — | 83,400 | 0.7% |
| 2041 | 48,110 | — | 56,700 | 1.4% | 36,969 | — | 84,100 | 0.8% |
| 2042 | 48,789 | 1.4% | 57,500 | 1.4% | 37,258 | 0.8% | 84,800 | 0.8% |
| CAGR 2022-2042 | 1.57% | — | 2.41% | — | 0.97% | — | 2.40% | — |

CAPITAL IMPROVEMENT PROGRAM

All airports receiving federal Airport Improvement Program (AIP) funding are required to maintain a current capital improvement program, which identifies projects to be undertaken at an airport over a specified period of time, with the Federal Aviation Administration (FAA). **Exhibit 6A** presents the recommended CIP and its corresponding cost estimates, which are based on a planning level of detail and the proposed funding sources for FY 2024 through FY 2045. While accurate for master planning purposes, actual project costs will likely vary from these planning estimates once project design and engineering estimates are developed. The cost estimates – including contingencies, design costs, and construction management costs – presented in the table are presented in 2023 dollars. As shown in the table, the CIP is estimated to cost approximately \$159.6 million.



| | | | Funding Sources | | | | |
|-----------------------|-------------|---|-----------------|-------------|--------------|-------------|---------|
| Fiscal Year | Project No. | Project | Estimated Cost | Federal | State | TRAA | Private |
| Short-Term Projects | | | | | | | |
| 2024 | 1 | Runway 4-22 Overlay/Strengthening | \$11,300,000 | \$0 | \$10,170,000 | \$1,130,000 | \$0 |
| 2024 | 2 | Runway 4 Extension (500 feet); Relocate Localizer Antenna | \$9,000,000 | \$8,100,000 | \$250,000 | \$650,000 | \$0 |
| 2024 | 3 | Taxiway A/D Exension | \$4,300,000 | \$0 | \$3,870,000 | \$430,000 | \$0 |
| 2024 | 4 | Widen Taxiway D Fillets | \$2,428,500 | \$2,185,650 | \$188,883 | \$53,967 | \$0 |
| 2024 | 5 | Construct Additional Terminal Access Road and Roundabout at 19th Street | \$2,248,000 | \$2,023,200 | \$224,800 | \$0 | \$0 |
| 2025 | 6 | Construct Apron - Design Only | \$600,000 | \$540,000 | \$60,000 | \$0 | \$0 |
| 2025 | 7 | ARFF Truck | \$900,000 | \$810,000 | \$90,000 | \$0 | \$0 |
| 2025 | 8 | Expand Terminal Parking Lot | \$650,000 | \$0 | \$300,000 | \$350,000 | \$0 |
| 2025 | 9 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | \$0 | \$300,000 | \$75,000 | \$0 |
| 2025 | 10 | Sitework & Utilities for Future Hangars | \$222,500 | \$0 | \$200,000 | \$22,500 | \$0 |
| 2026 | 11 | Construct Apron - Phase I | \$2,475,000 | \$2,227,500 | \$247,500 | \$0 | \$0 |
| 2026 | 12 | Airport Lighting Rehabilitation/Generator | \$1,400,000 | \$1,260,000 | \$140,000 | \$0 | \$0 |
| 2026 | 13 | Miscellaneous Maintenance | \$400,000 | \$0 | \$300,000 | \$100,000 | \$0 |
| 2026 | 14 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | \$0 | \$300,000 | \$75,000 | \$0 |
| 2026 | 15 | Hangar Construction | \$555,600 | \$0 | \$500,000 | \$55,600 | \$0 |
| 2027 | 16 | Construct Apron - Phase II | \$2,475,000 | \$2,227,500 | \$247,500 | \$0 | \$0 |
| 2027 | 17 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | \$0 | \$300,000 | \$75,000 | \$0 |
| 2027 | 18 | Sitework & Utilities for Future Hangars | \$222,500 | \$0 | \$211,250 | \$11,250 | \$0 |
| 2027 | 19 | Hangar Construction | \$555,600 | \$0 | \$500,000 | \$55,600 | \$0 |
| 2028 | 20 | Construct Apron - Phase III | \$2,475,000 | \$2,227,500 | \$247,500 | \$0 | \$0 |
| 2028 | 21 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,500 | \$0 | \$300,000 | \$75,500 | \$0 |
| 2028 | 22 | Sitework & Utilities for Future Hangars | \$222,500 | \$0 | \$211,250 | \$11,250 | \$0 |
| 2028 | 23 | Hangar Construction | \$555,600 | \$0 | \$500,000 | \$55,600 | \$0 |
| 2029 | 24 | Construct Apron - Phase IV | \$2,475,000 | \$2,227,500 | \$247,500 | \$0 | \$0 |
| 2029 | 25 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | \$0 | \$300,000 | \$75,000 | \$0 |
| 2029 | 26 | Sitework & Utilities for Future Hangars | \$222,500 | \$0 | \$211,250 | \$11,250 | \$0 |
| 2029 | 27 | Hangar Construction | \$555,600 | \$0 | \$500,000 | \$55,600 | \$0 |
| Intermediate Projects | | | | | | | |
| 2030-2034 | 28 | Property Acquisition - Runway 22 RPZ - 3.5 Acres | \$53,000 | \$47,700 | \$5,300 | \$0 | \$0 |
| | 29 | Replace Runway 4 VASI with PAPI-4 | \$112,000 | \$100,800 | \$11,200 | \$0 | \$0 |
| | 30 | Construct Water Detention Pond | \$600,000 | \$540,000 | \$60,000 | \$0 | \$0 |
| | 31 | Install MALSF on Runway 4 | \$1,683,000 | \$1,514,700 | \$168,300 | \$0 | \$0 |
| | 32 | Install PAPI-4 on Runway 22 | \$87,000 | \$78,300 | \$8,700 | \$0 | \$0 |
| | 33 | Add No-Taxi Island Prior to Taxiway A1 | \$271,000 | \$243,900 | \$27,100 | \$0 | \$0 |
| | 34 | Relocate Segmented Circle/Primary Wind Cone | \$163,000 | \$146,700 | \$16,300 | \$0 | \$0 |
| | 35 | Construct Parallel Segment of Taxiway A Between A1 and B Intersections | \$10,597,000 | \$9,537,300 | \$250,000 | \$809,700 | \$0 |
| | 36 | Reconstruct Taxiway A | \$5,525,000 | \$4,972,500 | \$250,000 | \$302,500 | \$0 |
| | 37 | Demolish Old Military Facilities and Site Prep for New Development | \$2,103,000 | \$0 | \$0 | \$2,103,000 | \$0 |

| | | | Funding Sources | | | | |
|--------------------------------|-------------|--|-----------------|---------------|--------------|--------------|-------------|
| Fiscal Year | Project No. | Project | Estimated Cost | Federal | State | TRAA | Private |
| 2030-2034 | 38 | Construct Taxilanes/Aprons to Support Hangar Development Adjacent to Fuel Farm | \$2,907,000 | \$2,616,300 | \$250,000 | \$40,700 | \$0 |
| | 39 | Construct New Operations Building Adjacent to ARFF | \$3,885,000 | \$3,496,500 | \$250,000 | \$138,500 | \$0 |
| | 40 | Property Acquisition - Air Cargo Area - 24.5 Acres | \$368,000 | \$0 | \$0 | \$368,000 | \$0 |
| | 41 | Construct Air Cargo Facilities | \$17,379,000 | \$6,400,000 | \$250,000 | \$5,613,184 | \$5,115,816 |
| | 42 | Property Acquisition - East Area (N Rondo Rd) - 68 Acres | \$1,013,000 | \$0 | \$0 | \$1,013,000 | \$0 |
| | 43 | Property Acquisition - East Area (Old Post Rd) - 5.6 Acres | \$84,000 | \$0 | \$0 | \$84,000 | \$0 |
| Long-Term Projects | | | | | | | |
| 2035-2045 | 44 | Property Acquisition - Runway 22 Extension - 41 Acres | \$616,000 | \$554,400 | \$61,600 | \$0 | \$0 |
| | 45 | Runway 22 Extension (1,200 feet) | \$20,985,000 | \$18,886,500 | \$250,000 | \$1,848,500 | \$0 |
| | 46 | Extend Taxiways A/D to Ultimate Runway 22 End | \$7,122,000 | \$6,409,800 | \$250,000 | \$462,200 | \$0 |
| | 47 | Relocate Runway 22 MALSR | \$403,000 | \$362,700 | \$40,300 | \$0 | \$0 |
| | 48 | Add 200'x200' Blast Pads to Runway 4-22 | \$2,944,000 | \$2,649,600 | \$250,000 | \$44,400 | \$0 |
| | 49 | Rehabilitate Taxiway D | \$885,000 | \$796,500 | \$88,500 | \$0 | \$0 |
| | 50 | Widen Taxiway D to 75 Feet | \$6,696,000 | \$6,026,400 | \$250,000 | \$419,600 | \$0 |
| | 51 | Expand Fuel Farm - Add 12,000 Gallon Jet A Tank | \$425,000 | \$382,500 | \$42,500 | \$0 | \$0 |
| | 52 | Convert Runway 13-31 to Taxiway | \$2,371,000 | \$2,133,900 | \$237,100 | \$0 | \$0 |
| | 53 | Expand Terminal Vehicle Parking Lot | \$603,000 | \$542,700 | \$60,300 | \$0 | \$0 |
| | 54 | Reconstruct Taxiway C | \$4,908,000 | \$4,417,200 | \$250,000 | \$240,800 | \$0 |
| | 55 | Rehabilitate Runway 4-22 | \$2,667,000 | \$2,400,300 | \$250,000 | \$16,700 | \$0 |
| | 56 | Rehabilitate Terminal Apron | \$437,000 | \$393,300 | \$43,700 | \$0 | \$0 |
| | 57 | Construct Common-Use Apron - 380,000 sf | \$13,580,000 | \$12,222,000 | \$250,000 | \$1,108,000 | \$0 |
| Short-Term CIP Subtotal | | | \$48,114,400 | \$23,828,850 | \$20,917,433 | \$3,368,117 | \$0 |
| Intermediate-Term CIP Subtotal | | | \$46,830,000 | \$29,694,700 | \$1,546,900 | \$10,472,584 | \$5,115,816 |
| Long-Term CIP Subtotal | | | \$64,642,000 | \$58,177,800 | \$2,324,000 | \$4,140,200 | \$0 |
| Total Master Plan CIP | | | \$159,586,400 | \$111,701,350 | \$24,788,333 | \$17,980,901 | \$5,115,816 |



Note: Hangar projects are assumed to be privately funded. FBO facility development, including fuel storage facilities, are assumed to be funded wholly or partially with private funding. Aprons for exclusive use by one operator are assumed to be funded privately. Fiscal years are applied only to short-term projects.

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Due to the uncertainty of the cost estimates for the intermediate- and long-term planning periods, the funding plan is only presented for the short-term planning period projects which total approximately \$48.1 million (in 2023 dollars). The funding plan for the short-term planning period is presented in **Table 6B** and is described in the following subsections.

TABLE 6B | Funding Sources of the Short-Term CIP

| Proj. # | Project Description | Project Costs | Federal | | | State | Economic Development Program | TRAA | Total Funding Sources |
|----------|---|---------------|-------------|---------------|---------------|-------------|------------------------------|-------------|-----------------------|
| | | | Entitlement | Discretionary | Total Federal | | | | |
| 2024 | | | | | | | | | |
| 1 | Runway 4-22 Overlay/ Strengthening | \$11,300,000 | \$0 | \$0 | \$0 | \$0 | \$10,170,000 | \$1,130,000 | \$11,300,000 |
| 2 | Runway 4 Extension (500 feet); Relocate Localizer Antenna | \$9,000,000 | 0 | 8,100,000 | 8,100,000 | 0 | 250,000 | 650,000 | 9,000,000 |
| 3 | Taxiway A/D Extension | \$4,300,000 | 0 | 0 | 0 | 0 | 3,870,000 | 430,000 | 4,300,000 |
| 4 | Widen Taxiway D Fillets | \$2,428,500 | 0 | 2,185,650 | 2,185,650 | 0 | 188,883 | 53,967 | 2,428,500 |
| 5 | Construct Additional Terminal Access Road and Roundabout at 19th Street | \$2,248,000 | 1,000,000 | 1,023,200 | 2,023,200 | 224,800 | 0 | 0 | 2,248,000 |
| 2025 | | | | | | | | | |
| 6 | Construct Apron - Design Only | \$600,000 | 540,000 | 0 | 540,000 | 0 | 60,000 | 0 | 600,000 |
| 7 | ARFF Truck | \$900,000 | 760,000 | 50,000 | 810,000 | 90,000 | 0 | 0 | 900,000 |
| 8 | Expand Terminal Parking Lot | \$650,000 | 0 | 0 | 0 | 300,000 | 0 | 350,000 | 650,000 |
| 9 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | 0 | 0 | 0 | 300,000 | 0 | 75,000 | 375,000 |
| 10 | Sitework & Utilities for Future Hangars | \$222,500 | 0 | 0 | 0 | 200,000 | 0 | 22,500 | 222,500 |
| 2026 | | | | | | | | | |
| 11 | Construct Apron - Phase I | \$2,475,000 | 1,300,000 | 927,500 | 2,227,500 | 0 | 247,500 | 0 | 2,475,000 |
| 12 | Airport Lighting Rehabilitation/ Generator | \$1,400,000 | 0 | 1,260,000 | 1,260,000 | 140,000 | 0 | 0 | 1,400,000 |
| 13 | Miscellaneous Maintenance | \$400,000 | 0 | 0 | 0 | 300,000 | 0 | 100,000 | 400,000 |
| 14 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | 0 | 0 | 0 | 300,000 | 0 | 75,000 | 375,000 |
| 15 | Hangar Construction | \$555,600 | 0 | 0 | 0 | 500,000 | 0 | 55,600 | 555,600 |
| 2027 | | | | | | | | | |
| 16 | Construct Apron - Phase II | \$2,475,000 | 1,300,000 | 927,500 | 2,227,500 | 0 | 247,500 | 0 | 2,475,000 |
| 17 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | 0 | 0 | 0 | 300,000 | 0 | 75,000 | 375,000 |
| 18 | Sitework & Utilities for Future Hangars | \$222,500 | 0 | 0 | 0 | 211,250 | 0 | 11,250 | 222,500 |
| 19 | Hangar Construction | \$555,600 | 0 | 0 | 0 | 500,000 | 0 | 55,600 | 555,600 |
| 2028 | | | | | | | | | |
| 20 | Construct Apron - Phase III | \$2,475,000 | 1,300,000 | 927,500 | 2,227,500 | 0 | 247,500 | 0 | 2,475,000 |
| 21 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,500 | 0 | 0 | 0 | 300,000 | 0 | 75,500 | 375,500 |
| 22 | Sitework & Utilities for Future Hangars | \$222,500 | 0 | 0 | 0 | 211,250 | 0 | 11,250 | 222,500 |
| 23 | Hangar Construction | \$555,600 | 0 | 0 | 0 | 500,000 | 0 | 55,600 | 555,600 |
| 2029 | | | | | | | | | |
| 24 | Construct Apron - Phase IV | \$2,475,000 | 1,300,000 | 927,500 | 2,227,500 | 0 | 247,500 | 0 | 2,475,000 |
| 25 | Pavement Maintenance - Crack Seal/Seal Coat/Remarking | \$375,000 | 0 | 0 | 0 | 300,000 | 0 | 75,000 | 375,000 |
| 26 | Sitework & Utilities for Future Hangars | \$222,500 | 0 | 0 | 0 | 211,250 | 0 | 11,250 | 222,500 |
| 27 | Hangar Construction | \$555,600 | 0 | 0 | 0 | 500,000 | 0 | 55,600 | 555,600 |
| Subtotal | | \$48,114,400 | \$7,500,000 | \$16,328,850 | \$23,828,850 | \$5,388,550 | \$15,528,883 | \$3,368,117 | \$48,114,400 |

Exhibit 6B graphically presents the master plan projects color-coded by planning period. A brief discussion of key projects in each period follows.



SHORT-TERM IMPROVEMENTS

The short-term projects are those anticipated to be implemented in fiscal years (FY) 2024 through 2029. The list of projects is divided into yearly timeframes and the projects are prioritized based on the needs of the airport. The focus of short-term projects is on making improvements to the airfield to accommodate a potential MRO operator and the aircraft it will service, including up to Boeing 747 and 777 wide-body aircraft. This involves improving runway pavement strength; improving Taxiway D fillets to accommodate the larger aircraft; extending Runway 4-22 by 500 feet to achieve a length of 7,101 feet; and preparing a site for the construction of new hangar and apron facilities. Due to the large capital funding requirements for these projects, several projects are being phased across multiple years. Additional short-term projects include acquiring a new aircraft rescue and firefighting (ARFF) truck, expanding the terminal vehicle parking lot, and routine airfield pavement maintenance.

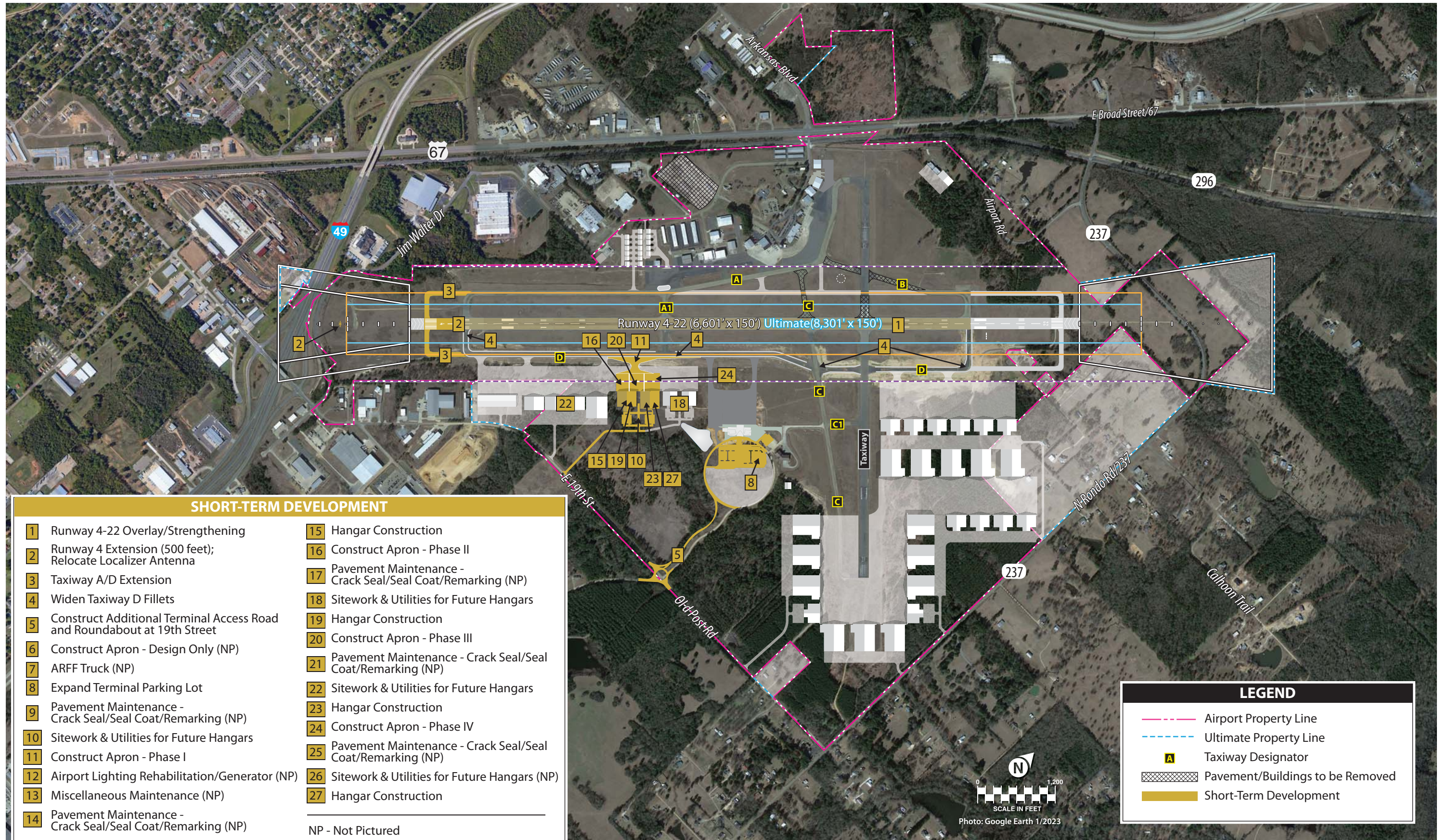
INTERMEDIATE-TERM IMPROVEMENTS

Intermediate-term projects are those that are anticipated to be necessary in fiscal years 2030 through 2034. These projects are not tied to specific years for implementation; instead, they have been prioritized so that the TRAA has the flexibility to determine when they need to be pursued based on the conditions at the time of implementation. It is not unusual for certain projects to be delayed or advanced based on changing conditions, such as funding availability or changes in the aviation industry.

Intermediate-term projects focus on property acquisitions to support future landside developments, including a potential air cargo handling facility and associated apron and truck staging/parking lot. Taxiway A is planned to be extended to create a full-length taxiway parallel to Runway 4-22 and new taxilanes are planned to support future box hangar developments. An approach lighting system is also planned to be installed on Runway 4 to achieve $\frac{3}{4}$ -mile instrument approach visibility minimums. The old military facilities at the airport are planned to be demolished during this period to support new non-aeronautical developments that will support revenue diversification for the airport.

LONG-TERM IMPROVEMENTS

Long-term projects are those considered for fiscal years 2035 through 2045. Projects in this period include property acquisitions and site preparation for the 1,200-foot extension to Runway 4-22, which would increase the full length of the runway to 8,301 feet. In support of further MRO/SASO developments on the east side, Taxiway D is planned to be widened to 75 feet and new common-use apron areas will be developed. It is also anticipated that Runway 13-31 will be decommissioned and converted to a taxiway during this period, opening landside development opportunities on both sides of Runway 4-22.

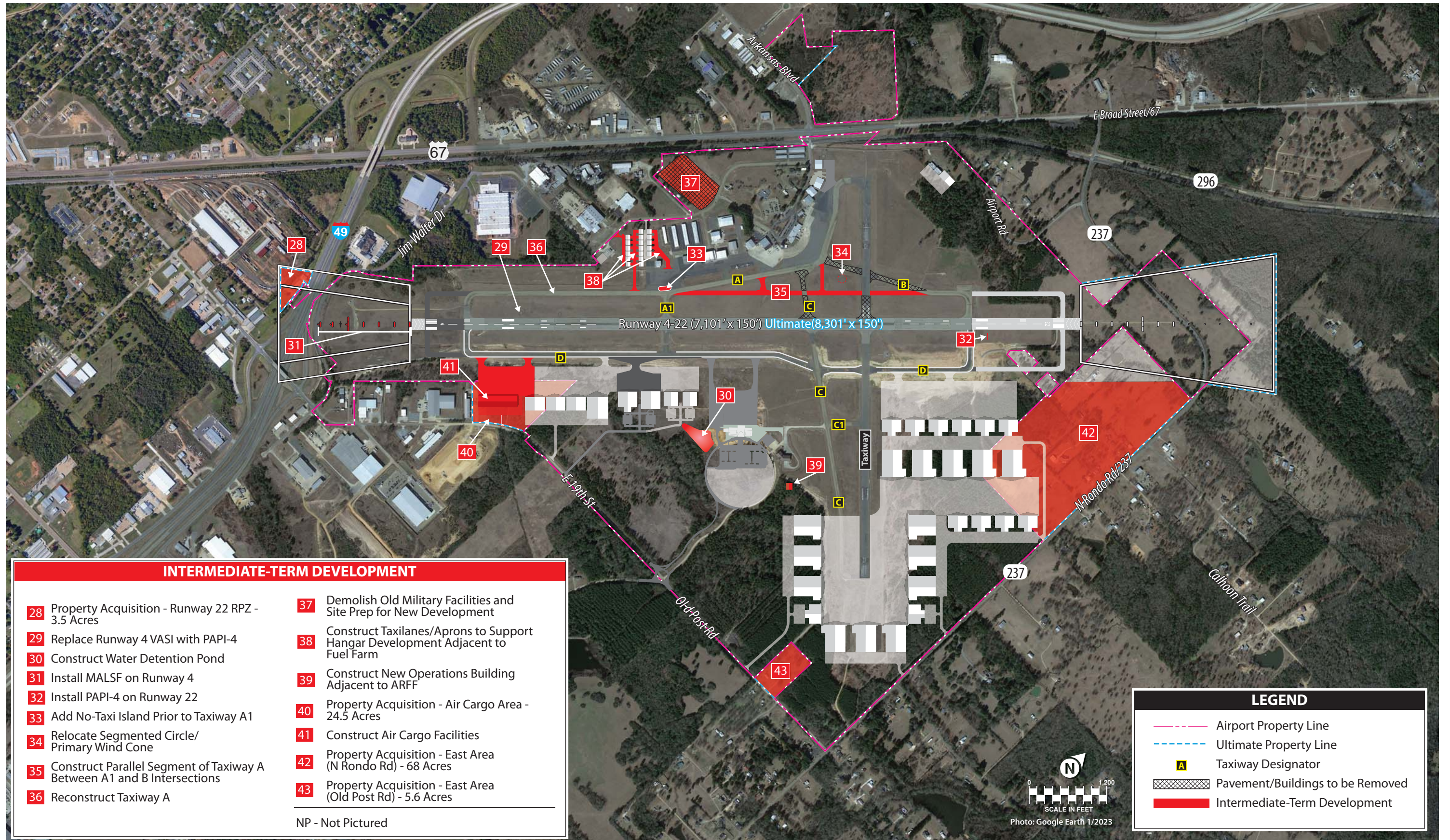


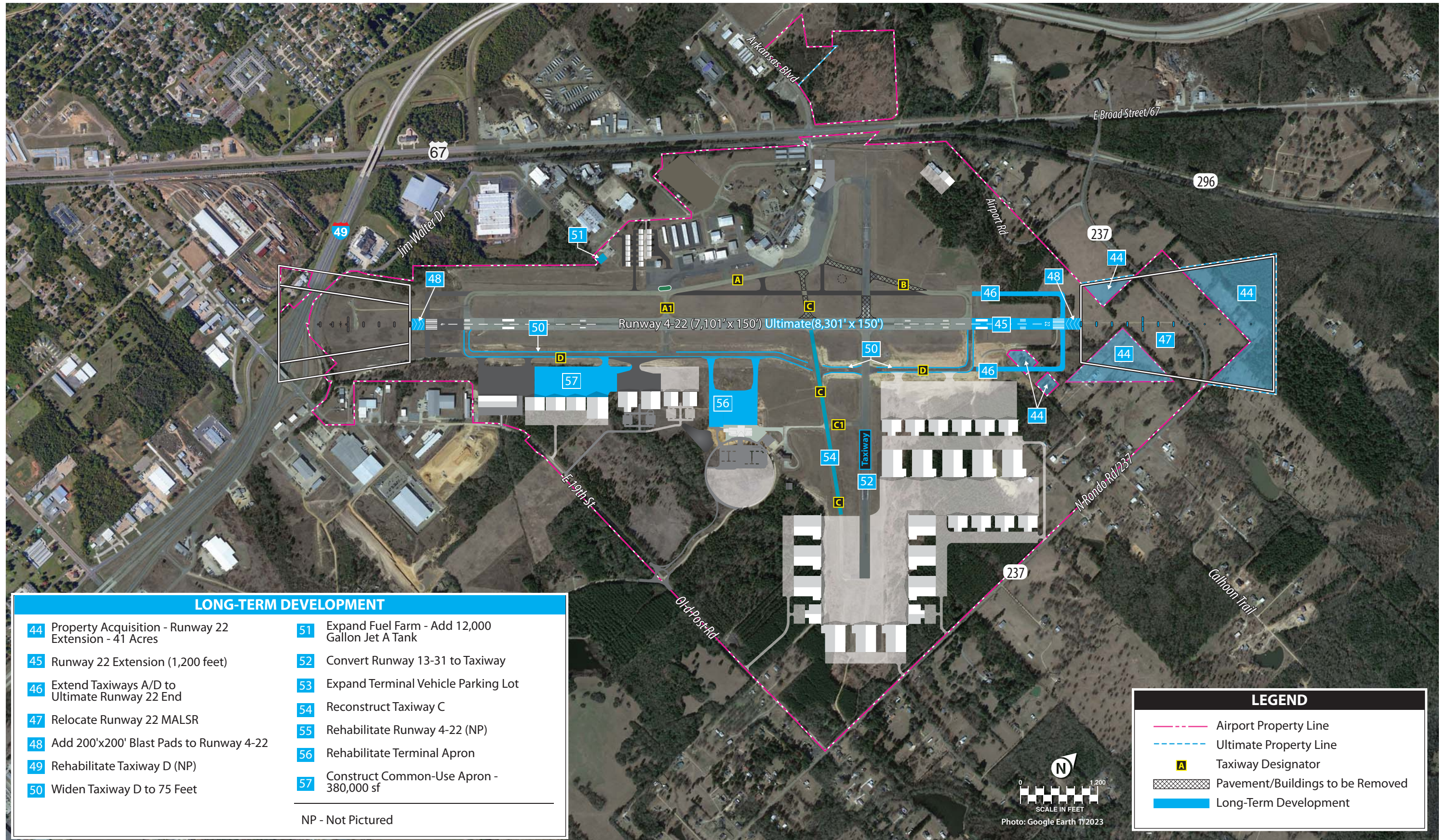
SHORT-TERM DEVELOPMENT

- | | |
|---|---|
| 1 Runway 4-22 Overlay/Strengthening | 15 Hangar Construction |
| 2 Runway 4 Extension (500 feet); Relocate Localizer Antenna | 16 Construct Apron - Phase II |
| 3 Taxiway A/D Extension | 17 Pavement Maintenance - Crack Seal/Seal Coat/Remarking (NP) |
| 4 Widen Taxiway D Fillets | 18 Sitework & Utilities for Future Hangars |
| 5 Construct Additional Terminal Access Road and Roundabout at 19th Street | 19 Hangar Construction |
| 6 Construct Apron - Design Only (NP) | 20 Construct Apron - Phase III |
| 7 ARFF Truck (NP) | 21 Pavement Maintenance - Crack Seal/Seal Coat/Remarking (NP) |
| 8 Expand Terminal Parking Lot | 22 Sitework & Utilities for Future Hangars |
| 9 Pavement Maintenance - Crack Seal/Seal Coat/Remarking (NP) | 23 Hangar Construction |
| 10 Sitework & Utilities for Future Hangars | 24 Construct Apron - Phase IV |
| 11 Construct Apron - Phase I | 25 Pavement Maintenance - Crack Seal/Seal Coat/Remarking (NP) |
| 12 Airport Lighting Rehabilitation/Generator (NP) | 26 Sitework & Utilities for Future Hangars (NP) |
| 13 Miscellaneous Maintenance (NP) | 27 Hangar Construction |
| 14 Pavement Maintenance - Crack Seal/Seal Coat/Remarking (NP) | |
- NP - Not Pictured

LEGEND

- Airport Property Line
- Ultimate Property Line
- A Taxiway Designator
- ▨ Pavement/Buildings to be Removed
- Short-Term Development





LONG-TERM DEVELOPMENT

- | | |
|--|--|
| 44 Property Acquisition - Runway 22 Extension - 41 Acres | 51 Expand Fuel Farm - Add 12,000 Gallon Jet A Tank |
| 45 Runway 22 Extension (1,200 feet) | 52 Convert Runway 13-31 to Taxiway |
| 46 Extend Taxiways A/D to Ultimate Runway 22 End | 53 Expand Terminal Vehicle Parking Lot |
| 47 Relocate Runway 22 MALSR | 54 Reconstruct Taxiway C |
| 48 Add 200'x200' Blast Pads to Runway 4-22 | 55 Rehabilitate Runway 4-22 (NP) |
| 49 Rehabilitate Taxiway D (NP) | 56 Rehabilitate Terminal Apron |
| 50 Widen Taxiway D to 75 Feet | 57 Construct Common-Use Apron - 380,000 sf |

NP - Not Pictured

LEGEND

- Airport Property Line
- Ultimate Property Line
- A Taxiway Designator
- Pavement/Buildings to be Removed
- Long-Term Development

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FUNDING SOURCES

FEDERAL GRANTS

Grants administered by the FAA through the AIP are a critical capital funding source to implement the projects recommended in the CIP. Passenger entitlement grants are allocated to airports by a formula based on enplanements; cargo entitlement grants are allocated based on historical cargo landed weight market share; and discretionary grants are allocated in accordance with FAA guidelines. FAA grants are subject to annual congressional appropriation. The AIP expires periodically and federal reauthorization is required to continue. The U.S. Congress passed a five-year reauthorization bill for the FAA in October 2018: the *FAA Reauthorization Act of 2018*. Despite the multi-year reauthorization, the FAA must receive annual appropriation approval from Congress. Congress is currently reviewing a new five-year reauthorization bill for the FAA which has not yet been approved.

The U.S. Department of Transportation (DOT) classifies TXK as a nonhub airport; therefore, the AIP formula stipulates that TXK is entitled to receive 90 percent in federal funding for AIP-eligible projects. AIP funds can be used for most improvement needs but not for operating costs; however, AIP funds are typically not available for revenue-generating projects, so for the purpose of this analysis, AIP funds were not assumed for revenue-generating projects.

The federal *Infrastructure Investment and Jobs Act of 2021* – usually referred to as *Bipartisan Infrastructure Law* (BIL) Airport Infrastructure Grants (AIG) – was passed in 2021, providing approximately \$20 billion in grants for infrastructure development at U.S. airports for 2022 through 2026. TXK has committed its BIL AIG funds entirely to the terminal project that is estimated to be complete in FY 2024. As a result, BIL AIG funds are not available to fund the CIP.

As shown in **Table 6B**, approximately \$23.8 million in federal grants is forecast to fund the CIP projects from FY 2024 through FY 2029. The application of federal grants by year is presented in **Table 6C** and is described in greater detail in the following subsections.

Entitlement Grants

Entitlement funds are distributed through grants by formula based on the number of enplanements at individual airports and the amount of landed weight of arriving cargo at individual airports for the most recent federal fiscal year. In cases where entitlement funds are not used during the current federal fiscal year, these funds are redistributed to other airport sponsors as discretionary funds in the next federal fiscal year. If an airport received scheduled or unscheduled air service from a large, certificated air carrier and had more than 10,000 passenger boardings in the calendar year used to calculate entitlements, it qualifies to receive a minimum of \$1,000,000 in entitlement grants. This amount increases to \$1,300,000 in the new five-year reauthorization bill for the FAA, which has not yet been approved.

Table 6C presents TXK's AIP passenger entitlement calculation. As shown in the table, TXK qualifies to receive the minimum entitlement amount previously described. As a result, it is estimated that TXK will receive approximately \$7.5 million in passenger entitlement grants from FY 2024 through FY 2029. Given that TXK has more AIP-eligible projects than available AIP entitlement grant proceeds, TXK will need AIP discretionary funds to make up the shortfall.



TABLE 6C | Application of Federal Grants

| | Source Table | Total | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|--------------------------------------|--------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Enplanements | 6A | — | 43,600 | 44,400 | 45,200 | 46,000 | 46,800 | 47,600 |
| % Increase | — | — | 1.9% | 1.8% | 1.8% | 1.8% | 1.7% | 1.7% |
| FAA Formula | | | | | | | | |
| \$7.80 for First 50,000 Enplanements | — | — | \$340,080 | \$346,320 | \$352,560 | \$358,800 | \$365,040 | \$371,280 |
| \$5.20 for Next 50,000 Enplanements | — | — | 0 | 0 | 0 | 0 | 0 | 0 |
| \$2.60 for Next 400,000 Enplanements | — | — | 0 | 0 | 0 | 0 | 0 | 0 |
| \$0.65 for Next 500,000 Enplanements | — | — | 0 | 0 | 0 | 0 | 0 | 0 |
| \$0.50 for Remaining Enplanements | — | — | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Calculated Entitlements | — | — | \$340,080 | \$346,320 | \$352,560 | \$358,800 | \$365,040 | \$371,280 |
| Calculated Entitlement x2 | — | — | \$680,160 | \$692,640 | \$705,120 | \$717,600 | \$730,080 | \$742,560 |
| Minimum amount per FAA | — | — | \$1,000,000 | \$1,300,000 | \$1,300,000 | \$1,300,000 | \$1,300,000 | \$1,300,000 |
| Beginning Balance | — | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Plus: Federal Grants | | | | | | | | |
| Entitlement | — | \$7,500,000 | \$1,000,000 | \$1,300,000 | \$1,300,000 | \$1,300,000 | \$1,300,000 | \$1,300,000 |
| Discretionary | — | \$16,328,850 | \$11,308,850 | \$50,000 | \$2,187,500 | \$927,500 | \$927,500 | \$927,500 |
| Less: CIP Funded with Federal | 6B | (\$23,828,850) | (\$12,308,850) | (\$1,350,000) | (\$3,487,500) | (\$2,227,500) | (\$2,227,500) | (\$2,227,500) |
| Ending Balance | — | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Discretionary Grants

At the beginning of each federal fiscal year, the FAA sets aside discretionary funds to cover the Letter of Intent (LOI) payment schedules. LOIs are entered into with the FAA to help fund large-scale capacity projects at primary or reliever airports by providing funds over multiple budget cycles. The total discretionary funds in all LOIs subject to future obligation are limited to approximately 50 percent of the forecast discretionary funds available for that purpose. The authorizing statute directs the FAA to allocate certain discretionary funding to specific airport types, as well as set-aside categories (noise, reliever airports, and military airport programs) and projects relating to capacity, safety, security, and noise; however, the FAA has some discretion in funding specific projects within these discretionary funding set-aside categories. The FAA approves discretionary funds for use on specific projects after consideration of project priority and other selection criteria.

As shown in **Table 6C**, approximately \$16.3 million in discretionary grants is needed to fund the shortfall in available entitlement funds to fund the eligible projects in the short-term CIP. If TXK does not receive this discretionary funding, TXK will need to identify alternative funding sources, delay the projects until funding sources become available, or cancel the projects.

STATE GRANTS

For AIP-eligible projects, the Arkansas Department of Aeronautics (ADA) funds the local 10 percent match. As a result, TXK would not need to apply local funds to those projects; however, TXK would need to front the match for the projects and get reimbursed upon completion. As shown in **Table 6B**, approximately \$5.4 million in ADA grants is required to fund the CIP from FY 2024 through FY 2029.



ECONOMIC DEVELOPMENT PROGRAM

TXK anticipates receiving funding from the Arkansas Department of Economic Development (ADED) for the CIP. As shown in **Table 6B**, TXK is forecast to receive approximately \$15.5 million in ADED funds from FY 2024 through FY 2029. The ADED has not yet indicated the allocation of its funds; as a result, TXK would need to identify alternative funding sources, delay the projects until funding sources become available, or cancel the projects if the ADED funds are not received.

TRAA FUNDS

TXK generates revenue through parking, rental cars, fixed base operator (FBO), hangar and ground rents, and airline revenues. These revenues are used to cover maintenance and operating expenses, as well as capital expenditures at TXK. As shown in **Table 6B**, approximately \$3.4 million in TXK funds (excluding financing costs) is required to fund the remainder of the CIP.

FINANCIAL FEASIBILITY

This section of the financial analysis presents the projected operating expenses and revenues resulting from the daily operation of TXK. In addition, the funding of the CIP was layered into the projections to determine if it is feasible for TXK to undertake the program in the short-term planning period (FY 2024 through FY 2029).

OPERATING EXPENSES

Operating expenses at TXK include administrative expenses, insurance, building and ground maintenance, landside consumables, payroll, permits and taxes, utilities, ARFF, and other expenses. **Table 6D** presents operating expenses by line item for FY 2022 through FY 2029.

TABLE 6D | Operating Expenses

| | Actual 2022 | Estimate 2023 | Budget 2024 | Forecast | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | 2025 | 2026 | 2027 | 2028 | 2029 |
| 50000 · Administration Expense | \$195,145 | \$221,000 | \$430,521 | \$443,400 | \$456,700 | \$470,400 | \$484,500 | \$499,000 |
| 50100 · Liability Insurance Expense | \$60,222 | \$93,000 | \$72,000 | \$74,200 | \$76,400 | \$78,700 | \$81,100 | \$83,500 |
| 50200 · Building & Grounds Maintenance Expense | \$155,884 | \$159,200 | \$487,200 | \$501,800 | \$516,900 | \$532,400 | \$548,400 | \$564,900 |
| 50300 · Landside Consumables Expense | \$25,799 | \$20,800 | \$26,700 | \$27,500 | \$28,300 | \$29,100 | \$30,000 | \$30,900 |
| 50400 · Payroll Expenses | \$666,218 | \$678,300 | \$882,196 | \$908,700 | \$936,000 | \$964,100 | \$993,000 | \$1,022,800 |
| 50500 · Permits & Taxes | \$76,497 | \$95,600 | \$68,225 | \$70,300 | \$72,400 | \$74,600 | \$76,800 | \$79,100 |
| 50600 · Utilities | \$150,572 | \$162,000 | \$167,000 | \$172,000 | \$177,200 | \$182,500 | \$188,000 | \$193,600 |
| 50700 · ARFF Expenses | \$295,286 | \$469,600 | \$304,600 | \$313,700 | \$323,100 | \$332,800 | \$342,800 | \$353,100 |
| 50800 · LEO Expenses | \$109,276 | \$129,700 | \$143,630 | \$147,900 | \$152,300 | \$156,900 | \$161,600 | \$166,400 |
| 50900 · Terminal Expenses | \$0 | \$0 | \$140,500 | \$144,700 | \$149,000 | \$153,500 | \$158,100 | \$162,800 |
| Total Operating Expenses | \$1,734,899 | \$2,029,200 | \$2,722,572 | \$2,804,200 | \$2,888,300 | \$2,975,000 | \$3,064,300 | \$3,156,100 |
| % Change Over Prior Year | — | 17.0% | 34.2% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| CAGR from 2024 | — | — | — | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |

Operating expenses are projected based on a review of historical trends and the anticipated effects of inflation assumed at three percent annually. Terminal expenses have been increased beginning in FY 2024 to reflect the completion of the new terminal project. As shown in the table, operating expenses are budgeted to be approximately \$2.7 million in FY 2024 and are forecast to increase to approximately \$3.2 million in FY 2029, reflecting a compound annual growth rate (CAGR) of three percent from FY 2024 through FY 2029.

OPERATING REVENUES

Major sources of operating revenue at TXK are derived from non-airline and airline sources. Non-airline revenues accounted for 97 percent of TXK’s operating revenues in FY 2022 and include parking, rental car revenues, terminal concessions, passenger facility charges, FBO fees, ground rents, hangar rentals, and other operating revenues. Airline revenues accounted for three percent of TXK’s revenues in FY 2022 and include revenues generated from airline landing fees, ground handling fees, and terminal rentals.

Operating revenues are projected based on the following:

- Historical trends, lease provisions, and inflation.
- Revenues from parking, terminal concessions, and rental cars are projected to increase with prospective enplanement growth.
- Landing fee revenues are assumed to grow with landed weights; however, no increase in the landing fee rate was assumed to support the airfield portion of the CIP.
- It was assumed that TXK would renegotiate airline leases during the planning period with terms and conditions that would implement changes in rate structures and business practices, as necessary, to maintain positive financial performance.
- Terminal revenues have been increased beginning in FY 2024 to reflect the completion of the new terminal project.

Table 6E presents operating revenues for FY 2022 through FY 2029. As shown, operating revenues are budgeted to be \$1.4 in FY 2024 and are forecast to increase to approximately \$1.5 million in FY 2029, reflecting a CAGR of 1.7 percent.

Table 6F presents the airline cost per enplanement for FY 2022 through FY 2029. As shown in the table, TXK’s cost per enplanement (CPE) is \$2.53 per enplaned passenger in FY 2024 and is forecasted to be \$3.00 in FY 2029.



TABLE 6E | Operating Revenues

| | Actual 2022 | Estimate 2023 | Budget 2024 | Forecast | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | 2025 | 2026 | 2027 | 2028 | 2029 |
| 40001 · Small Building Revenue | \$43,815 | \$42,500 | \$43,815 | \$45,130 | \$46,480 | \$47,870 | \$49,310 | \$50,790 |
| 40002 · FBO Revenue | \$104,915 | \$105,400 | \$105,432 | \$108,590 | \$111,850 | \$115,210 | \$118,670 | \$122,230 |
| 40003 · Ground Revenue/Aircraft Storage Fee | \$25,823 | \$36,800 | \$26,000 | \$26,780 | \$27,580 | \$28,410 | \$29,260 | \$30,140 |
| 40004 · Hangar Revenue | \$164,032 | \$166,900 | \$163,992 | \$168,910 | \$173,980 | \$179,200 | \$184,580 | \$190,120 |
| 40005 · House Revenue (a) | \$55,650 | \$64,400 | \$57,600 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 40006 · Fuel Flowage Revenue | \$58,584 | \$55,500 | \$58,584 | \$60,340 | \$62,150 | \$64,010 | \$65,930 | \$67,910 |
| 40008 · Landing Fees Revenue | \$76,439 | \$90,200 | \$75,000 | \$67,528 | \$68,540 | \$69,552 | \$70,104 | \$70,656 |
| 40009 · Misc. Revenue - Other (b) | \$118,611 | \$103,000 | \$5,000 | \$5,150 | \$5,300 | \$5,460 | \$5,620 | \$5,790 |
| 40010 · Parking Revenue | \$331,271 | \$369,800 | \$330,000 | \$336,060 | \$342,120 | \$348,180 | \$354,240 | \$360,300 |
| 40011 · Airline Rental Revenue | \$35,370 | \$35,370 | \$35,370 | \$68,230 | \$69,230 | \$70,230 | \$71,230 | \$72,230 |
| 40012 · Rental Car Revenue | \$297,658 | \$292,300 | \$280,000 | \$285,140 | \$290,280 | \$295,420 | \$300,560 | \$305,700 |
| 40013 · TSA Building Rents - Other | \$51,662 | \$52,200 | \$51,662 | \$42,300 | \$42,300 | \$42,300 | \$42,300 | \$42,300 |
| 40015 · Fuel Tax Income | \$63,096 | \$71,800 | \$60,000 | \$61,800 | \$63,650 | \$65,560 | \$67,530 | \$69,560 |
| 40017 · Advertising Revenue | \$4,035 | \$10,100 | \$5,000 | \$21,300 | \$21,940 | \$22,600 | \$23,280 | \$23,980 |
| 40019 · LEO Grant Reimbursement | \$43,800 | \$43,700 | \$43,560 | \$43,560 | \$43,560 | \$43,560 | \$43,560 | \$43,560 |
| 40020 · Miller County Tax Passthru | \$30,010 | \$40,700 | \$26,000 | \$26,780 | \$27,580 | \$28,410 | \$29,260 | \$30,140 |
| 40022 · Building Utilities | \$7,213 | \$15,000 | \$4,000 | \$4,120 | \$4,240 | \$4,370 | \$4,500 | \$4,640 |
| 40023 · Terminal Vending | \$449 | \$500 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Operating Revenues | \$1,512,433 | \$1,596,170 | \$1,371,015 | \$1,371,718 | \$1,400,780 | \$1,430,342 | \$1,459,934 | \$1,490,046 |
| % Change Over Prior Year | — | 5.5% | -14.1% | 0.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| CAGR from 2024 | — | — | — | 0.1% | 1.1% | 1.4% | 1.6% | 1.7% |

(a) This revenue represents rent for the houses located on the airport. These tenants are required to vacate by December 2024.

(b) FY 2023 estimates includes an insurance claim that would not be budgeted in FY 2024.

TABLE 6F | Airline Cost per Enplanement

| | Source Table | Actual 2022 | Estimate 2023 | Budget 2024 | Forecast | | | | |
|--------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | | 2025 | 2026 | 2027 | 2028 | 2029 |
| 40008 · Landing Fees Revenue | 6E | \$76,439 | \$90,200 | \$75,000 | \$67,528 | \$68,540 | \$69,552 | \$70,104 | \$70,656 |
| 40011 · Airline Rental Revenue | 6E | \$35,370 | \$35,370 | \$35,370 | \$68,230 | \$69,230 | \$70,230 | \$71,230 | \$72,230 |
| Total Airline Revenues | — | \$111,809 | \$125,570 | \$110,370 | \$135,758 | \$137,770 | \$139,782 | \$141,334 | \$142,886 |
| Enplanements | 6A | 35,699 | 42,800 | 43,600 | 44,400 | 45,200 | 46,000 | 46,800 | 47,600 |
| CPE | — | \$3.13 | \$2.93 | \$2.53 | \$3.06 | \$3.05 | \$3.04 | \$3.02 | \$3.00 |

PRO FORMA CASH FLOW

Table 6G presents the pro forma cash flow of TXK for the short-term planning period, based on the projection of operating revenues and operating expenses previously discussed. As shown in the table, TXK requires a subsidy from the cities of Texarkana, Texas, and Texarkana, Arkansas, to fund its operating shortfall, as well as the local share of the CIP, which is approximately \$3.4 million (according to **Table 6B**). The subsidy is split between the two cities based on the population census. In FY 2024, the subsidy was allocated approximately 55 percent to Texarkana, Texas, and 45 percent to Texarkana, Arkansas. As shown in the table, the subsidy is budgeted to be approximately \$3.6 million in FY 2024 and \$1.8 million in FY 2029.

The TRAA has a line of credit (LOC) to assist in funding the CIP prior to federal and state reimbursement. Since the TRAA is uncertain regarding the funds required by the LOC, this analysis assumes the subsidy funds the entire local share of the CIP without the use of the LOC.



TABLE 6G | Pro Forma Cash Flow

| | Source Table | Actual 2022 | Estimate 2023 | Budget 2024 | Forecast | | | | |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | 2025 | 2026 | 2027 | 2028 | 2029 |
| Revenues | | | | | | | | | |
| Operating | 6E | \$1,512,433 | \$1,596,170 | \$1,371,015 | \$1,371,718 | \$1,400,780 | \$1,430,342 | \$1,459,934 | \$1,490,046 |
| Transfer from Capital Improvement Account | — | \$77,330 | \$3,245 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| CRRSA Grant (Grant 50) | — | \$718,084 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARPA Grant (Grant 52) | — | \$223,722 | \$808,342 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | — | \$2,531,569 | \$2,407,757 | \$1,371,015 | \$1,371,718 | \$1,400,780 | \$1,430,342 | \$1,459,934 | \$1,490,046 |
| Less: Operating Expenses | 6D | (\$1,734,899) | (\$2,029,200) | (\$2,722,572) | (\$2,804,200) | (\$2,888,300) | (\$2,975,000) | (\$3,064,300) | (\$3,156,100) |
| Net Ordinary Income | — | \$796,670 | \$378,557 | (\$1,351,557) | (\$1,432,482) | (\$1,487,520) | (\$1,544,658) | (\$1,604,366) | (\$1,666,054) |
| 51000 · Transfer to Capital Improvement | 6B | (\$345,500) | (\$285,118) | (\$2,263,967) | (\$447,500) | (\$230,600) | (\$141,850) | (\$142,350) | (\$141,850) |
| 53000 · Transfer to Capital LOC | — | (\$500,000) | (\$1,410,722) | TBD | TBD | TBD | TBD | TBD | TBD |
| Net After Transfers | — | (\$845,500) | (\$1,695,839) | (\$2,263,967) | (\$447,500) | (\$230,600) | (\$141,850) | (\$142,350) | (\$141,850) |
| Net Loss | — | (\$48,830) | (\$1,317,282) | (\$3,615,524) | (\$1,879,982) | (\$1,718,120) | (\$1,686,508) | (\$1,746,716) | (\$1,807,904) |
| 40016 · Cities Subsidy | — | \$499,429 | \$1,317,282 | \$3,615,524 | \$1,879,982 | \$1,718,120 | \$1,686,508 | \$1,746,716 | \$1,807,904 |
| Net Income | — | \$450,600 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |