

TOWN OF WEST YELLOWSTONE

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DEPT. OF TRANSPORTATION
DOCKETS

02 APR 19 AM 11:15

April 18, 2002

Dockets and Media Management Division
SVC 124, Room PL 104
Department of Transportation
400 7th St SW
Washington DC 20590

Re: Proposal under the Small Community Air Service Development Pilot Program
Docket OST-2002-11590-46
Town of West Yellowstone, Montana, Sponsor

The Town of West Yellowstone is pleased to submit the enclosed proposal under the Small Community Air Service Development Pilot Program.

West Yellowstone is in the middle of a period of change as Yellowstone National Park revises its Winter Use Plan. The pilot program proposal would install de-icer equipment, winterize the airport terminal and purchase equipment to clear the runways of snow. At least one carrier has expressed a strong interest in providing winter service to West Yellowstone, and the community believes that it can increase the use of the airport once the capacity to keep the facility open is established. The Town will commit funds to assisting in operations beginning in FY '03 and will also consider capital expenditures at the airport once winter air service is established.

The proposal is a collaboration between the Town, various private carriers and the State of Montana Department of Transportation. If this project is funded, the partnership will almost certainly expand to include Gallatin County, the Gallatin National Forest, Yellowstone National Park and other adjacent public jurisdictions.

Please feel free to contact me if you have any questions about the proposal.

Sincerely,



Fred Rice
Operations Manager



**Town of West Yellowstone
West Yellowstone Airport Facility
Proposal Under the
Small Community Air Service Development Pilot Program
Docket OST-2002-11590-1**

Partners:

Sky West Airlines
Big Sky Airlines
Town of West Yellowstone
Montana Department of Transportation
Montana Aeronautics Division

Project Proposal

To establish winter (October-May) airline service to West Yellowstone MT

In support of this project, the Town is requesting \$1,305,000 to install de-icing equipment, winterize the existing terminal and purchase used equipment to remove snow from runways and taxi areas. Proposed expenditures are outlined in Appendix 1.

Current Commercial Operations and Facility Description

The West Yellowstone Airport facility will operate in 2002 with 2 Skywest Airline flights connecting to Delta hub in Salt Lake City on a daily basis. Skywest operates June through September. Skywest enplanements for the last several years have averaged between 4000-4500 per year. In the past, Western, Frontier, and Aspen have served the facility.

The West Yellowstone Airport is located approximately 2 miles from the Town of West Yellowstone at an elevation of 6644 feet above sea level. The Montana Aeronautics Board, a division of the Montana Department of Transportation, operates the facility. The airport is in a mountain basin located immediately west of Yellowstone National Park. The airport itself is surrounded by the Gallatin National Forest and operates on land deeded by the Forest Service in 1965. The Town of West Yellowstone is located roughly midway between Idaho Falls, Idaho, and Belgrade, Montana, sites of the nearest air service in winter. These airports are 1 ½-2 hours away by two lane highway through mountainous terrain.

West Yellowstone is noted for low winter temperatures and a continental-type climate. The airport itself has a single runway 8399' x 150'. There is a full parallel taxiway with 4 runway access connectors. Total paved area is approximately 268,316 sq./yds. The terminal building dates from 1965 and is not winterized.

Historic Background on Winter Operations

The West Yellowstone Airport facility and air service to the community of West Yellowstone has been the subject of numerous studies and conversations over the last 25 years. In 1979, T.A.P. Inc, produced a comprehensive report entitled "Yellowstone Airport: Feasibility Study for Year-Round Operation. More recently, Redge Meirhenry, a staff member of the Aeronautics Division of the Montana Department of Transportation (MDOT), reviewed airport operations to determine the airport's "potential to generate enplanements for profitable service." The information from this study was presented to the Montana Aeronautics Board (MAB) at the board's meeting on November 20, 1998. At that time, the board "did not respond favorably to consideration of year around service." In addition, the MAB felt that the airport should not receive further consideration for year around operation "until other significant sources of income can be identified to support the airports (sic) capital investment and operational expenses."

Prior to the meeting, Mr. Hart provided Mr. Meirhenry with a letter that stated that Skywest had no interest in establishing year around service to West Yellowstone at that time: "Skywest simply does not have the resources necessary to provide the service" and, in addition the capacity to serve West Yellowstone is needed on other routes served by Skywest during the October to May time period "and could not be as profitably redeployed to West Yellowstone over the same time frame." The letter also indicated that Skywest would require an operating subsidy of approximately \$762,394 annually.

Current operations and maintenance budget, including staffing levels, compensation rates, utility costs, inventory of physical plant and equipment.

The facility currently operates with a full-time seasonal staff of 2: an airport manager and a maintenance worker. The current operating budget, together with operating budgets for the prior two years, is attached as Appendix 2.

Projected operating budget is attached as Appendix 3. Notes on the projected budget are found in the analysis below.

Strategic plan for meeting need of increase (winter) through pilot program service, including community's specific project goal and a timetable for attaining that goal

In May of 2001, the expansion of air service and year round operation of the airport facility were identified as of the primary elements of the community's strategic plan. (Copy of the aspects of the plan related to year-round airport usage is attached as Appendix 4) The specific goals articulated in the strategic plan called for investigating the feasibility of using the current facility in winter and finding a partner or partners to introduce winter air service to West Yellowstone. This goal was taken to the Montana Aeronautics Board in June of 2001, where members of the Montana Aeronautics Board together with representatives of Sky West, Big Sky and the Town of West Yellowstone discussed the concept of winter airport use at some length.

In February of 2002, the Town was made aware of Big Sky Airlines' inauguration of flights between Billings and Bozeman. This information, together with a review and revision of West Yellowstone Airport feasibility studies, were used to develop this proposal. With funding of this proposal, the modifications to the current terminal facility could be completed by December of 2003. Maintenance could begin as soon as the equipment is leased or purchased.

Description of private-public partnership (with Big Sky Airlines) that will be responsible for the pilot program developed at local level:

Big Sky Airlines has initiated air service between Billings MT and Boise Idaho and has indicated a willingness to stop in West Yellowstone as part of this new service. The Town, Montana Aeronautics Board (current operator of the West Yellowstone Airport facility) and Big Sky Airlines are currently discussing summer season service and are interested in exploring the possibility of extending service into the winter months (November-May). Skywest has projected summer (June-September) activity comparable to 2001. Summer operation would continue as it has in past years under the authority of the Aeronautics Division. Winter operation would be subject to negotiation of arrangements with the Town, aeronautics Division and Highway Department

Analysis of funding necessary to implement project.

Figures developed as part of the 1998 staff analysis of facility operation projected a revenue increase of \$45,000 **as** the result of expanded four season operations. That analysis also projected an annual operating deficit of \$16,420. In addition, Skywest represented that they would require an operating subsidy of approximately \$762,394 annually.

The current proposal relies on the numbers developed in the 1998 report. (See Appendix 5) Numbers have been modified to reflect the following:

1. Winterization costs were increased to reflect rises in construction costs and installation of more efficient winterization measures. The 1998 numbers were unchanged from the 1979 MAP study.
2. Equipment requirements reflect the purchase of some used equipment and the lease of other equipment. The Town believes that the used equipment is available at the prices quoted and that lease arrangements are reasonable for the 5 year projection period.
3. Labor costs for winter seasonal employees are based on current Town of West Yellowstone salary matrix. This schedule would appear to be a bit higher than the current state matrix for comparable positions. Labor costs are based on a 6 month winter season. The Manager and current seasonal Maintenance Worker's wages were not annualized. **A revised operating budget would need to be developed once winter operations were initiated to reflect these additional expenses.**
4. Cost of de-icer pit is unqualified. Estimates are taken from 1998 staff report.
5. The budget does not include capital items discussed in the staff report. Current plans call for runway overlay in 2002. cost estimates for that project are \$1.5 million.
6. Projected budget does not reflect equipment replacement. Anticipated increases in revenue should allow for some level of reserve for this purpose, but this would need to be included in the revised operating budget discussed in 3, above.

7. Terminal expansion, discussed in the staff report, is not included in the current capital plan.
8. The **1998** staff report concludes that winter operation would result in **an** annual operating deficit of \$16,420. Using the revised numbers provided in this proposal, and taking the revenue figures from the **1998** report, revenues exceed expenses by more than \$44,000. Assuming flat revenues from expanded operations, this amount would satisfy most of the expense associated with annualizing both the manager and maintenance worker positions currently employed at the airport.
8. The Town of West Yellowstone is prepared to provide annual operational support of the airport facility in the amount of \$35,000 annually, beginning in FY'03. In the event that these funds are not necessary for support of on-going operations, the Town would consider capital improvements in the airport facility to enhance its use.

Description of monitoring for success of program: measurable results and timetable

With full funding of this proposal, the modifications to the current terminal facility could be completed by December of 2003. Maintenance could begin as soon as the equipment is leased or purchased, but no later than November of 2003. The projected date of full implementation is January 1, 2004. On that date, the deicer pit will be operational. It is anticipated that Big Sky will implement service to West Yellowstone from Billings and Boise by June 2003.

Appendix 1

Expenditure Proposal

Winter Operations Project

Capital Expenses

Terminal Weatherization	100000
Equipment Purchase	
Snow Blower (used)	125000
Plow Truck (used)	50000
Salt Spreader (used)	15000
De Icer Pit	1000000
High Intensity Light Fixture	15000
Winter Operations Total Request	1305000

Appendix 2

Operation Budgets

West Yellowstone Airport

FY 2000-2

Time Elapsed	100.0%
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	FY99 Actual	FY00 Budget	FY00 Year-to-Date	FY00 Surpl/(Defic)	YTD % Expended
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Expenditures:

1000 - Personal Services:					
1100 - Salaries	\$29,469	532,162	\$28,527	\$3,835	88.70%
1300 - Per Diem	0	0	0	0	N/A
1400 - Employee Benefits	8,978	8,564	7,983	581	83.22%
Total Personal Services	\$38,445	\$40,726	\$36,510	\$4,216	89.65%
2000 - Operating Expenses:					
2100 - Other Services	\$10,292	\$10,280	\$12,327	(\$2,047)	119.81%
2200 - Supplies and Materials	6,846	7,096	4,564	2,532	64.32%
2300 - Communications	1,932	2,129	1,413	716	66.37%
2400 - Travel	482	1,043	1,600	(565)	154.17%
2500 - Rent	293	127	810	(683)	637.80%
2600 - Utilities	10,359	10,565	12,179	(1,614)	115.28%
2700 - Repairs & Maintenance	9,373	72,133	8,675	63,458	12.03%
2800 - Other Expenses	635	885	837	(152)	122.19%
2900 - Goods Purchased for Resale	0	0	0	0	N/A
Total Operating Expenses	\$40,213	\$104,058	\$42,413	\$61,645	40.76%
3000 - Equipment & Intangible Assets	\$0	\$0	\$0	\$0	N/A
4000 - Capital Outlay	\$0	\$0	\$0	\$0	N/A
6000 - Local Assistance	\$0	\$0	\$0	\$0	N/A
6000 - Grants	\$0	\$0	\$0	\$0	N/A
7000 - Benefits and Claims	\$0	\$0	\$0	\$0	N/A
8000 - Transfers	\$0	\$0	\$0	\$0	N/A
9000 - Debt Service	\$0	\$0	\$0	\$0	N/A
TOTAL PROGRAM	\$78,657	\$144,784	\$78,923	\$65,861	54.51%

Funding Summary:

General Fund	0	0	0	0	N/A
Aeronautics Division (02827) Fundr	0	0	0	0	N/A
Other State Special Revenue Funds	0	0	0	0	N/A
Federal Special Revenue Funds	0	0	0	0	N/A
Proprietary Funds	\$78,657	\$144,784	\$78,923	\$65,861	54.51%
TOTAL PROGRAM AUTHORITY	\$78,657	\$144,784	\$78,923	\$65,861	54.51%

Time Elapsed:	100.0%
Payroll Elapsed:	100.0%

	FY00 Actual	FY01 Budget	FY01 Year-to-Date	FY01 Surpl(Defic)	YTD % Expended
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Expenditures:

1000 - Personal Services:					
1100 - Salaries	\$28,527	\$32,851	\$25,047	\$7,804	76.24%
1300 - Other Compensation	0	0	0	\$0	N/A
1400 - Employee Benefits	7,983	8,810	7,228	\$1,582	82.04%
Total Personal Services	\$38,510	\$41,661	\$32,275	\$9,385	77.47%
2000 - Operating Expenses:					
2100 - Other Services	\$12,327	\$154,983	\$114,894	\$40,089	74.13%
2200 - Supplies and Materials	4,564	7,096	3,262	\$3,834	45.97%
2300 - Communications	1,413	2,129	3,093	(\$904)	142.46%
2400 - Travel	1,608	1,043	549	\$494	52.64%
2500 - Rent	810	127	742	(\$615)	584.25%
2600 - Business	12,179	10,565	13,693	(\$3,128)	129.81%
2700 - Reproduction	8,675	22,133	12,108	\$10,025	54.71%
2800 - Other Expenses	37	886	958	(\$272)	139.85%
2900 - Goods Purchased for Resale	0	0	0	\$0	N/A
Total Operating Expenses	\$42,413	\$198,782	\$149,239	\$49,523	75.08%
3000 - Equipment & Intangible Assets	\$0	\$0	\$0	\$0	N/A
4000 - Capital Outlay	\$0	\$0	\$0	\$0	N/A
6000 - Local Assistance	\$0	\$0	\$0	\$0	N/A
8000 - Grants	\$0	\$0	\$0	\$0	N/A
7000 - Benefits and Claims	\$0	\$0	\$0	\$0	N/A
8000 - Transfers	\$0	\$0	\$0	\$0	N/A
9000 - Debt Service	\$0	\$0	\$0	\$0	N/A
TOTAL PROGRAM	\$78,923	\$240,423	\$181,514	\$58,909	75.50%

General Fund	0	0	0	\$0	N/A
Aeronautics Division (02827) Funds	0	0	0	\$0	N/A
Grant State Special Revenue Funds	0	0	0	\$0	N/A
Federal Special Revenue Funds	\$0	\$94,703	\$93,703	\$1,000	98.94%
Proprietary Fundr	78,923	145,720	87,011	\$57,909	60.26%

**Department of Transportation
Budget Status Report
West Yellowstone Airport
Second Quarter FY 2002**

Time Elapsed:	50.0%
Payroll Elapsed:	45.0%
D of A Commun.	25.0%

	FY01 Actual	FY02 Budget	FY02 Year-to-Date	MO2 Projected	Proj. FY02 Surpl/(Defic)	YTD % Expended
FTE	0.87	1.29	0.62	0.85	0.44	46.06%

Expenditures:

1000 - Personal Services:						
1100 - Salaries	\$25,047	\$32,141	\$19,224	\$26,924	\$5,217	59.81%
1300 - Per Diem	0	0	0	0	0	N/A
1400 - Employee Benefits	7,228	9,051	5,028	7,603	1,448	59.97%
Total Personal Services	\$32,275	\$41,192	\$24,651	\$34,527	\$6,665	59.84%
2000 - Operating Expenses:						
2100 - Other Services	\$114,894	\$191,025	\$3,034	\$24,348	\$166,677	1.59%
2200 - Supplies and Materials	3,262	4,583	1,333	3,300	1,263	29.20%
2300 - Communications	3,033	1,413	1,293	3,200	(1,787)	91.50%
2400 - Travel	549	1,608	073	1,600	8	54.27%
2500 - Rent	742	210	15	700	110	1.85%
2600 - Utilities	13,883	13,158	8,301	13,000	158	63.09%
2700 - Repairs & Maintenance	12,108	18,674	6,997	18,000	674	37.47%
2800 - Other Expenses	958	839	0	839	0	0.00%
2900 - Goods Purchased for Resale	0	0	0	0	0	N/A
Total Operating Expenses	\$149,239	\$623,090	\$21,846	\$64,987	\$167,103	9.41%
3000 - Equipment & Intangible Assets	\$0	\$0	\$0	\$0	\$0	N/A
4000 - Capital Outlay	\$0	\$0	\$0	\$0	\$0	N/A
5000 - Local Assistance	\$0	\$0	\$0	\$0	\$0	N/A
6000 - Grants	\$0	\$0	\$0	\$0	\$0	N/A
7000 - Benefits and Claims	\$0	\$0	\$0	\$0	\$0	N/A
8000 - Transfers	\$0	\$0	\$0	\$0	\$0	N/A
9000 - Debt Service	\$0	\$0	\$0	\$0	\$0	N/A
TOTAL PROGRAM	\$181,514	\$273,282	\$46,497	\$99,514	\$173,768	17.01%

Funding Summary:

General Fund	0	0	0	0	0	N/A
Aeronautics Division (02827) Funds	0	0	0	0	0	N/A
Other State Special Revenue Funds	0	0	0	0	0	N/A
Federal Special Revenue Funds	\$93,703	\$150,000	\$0	\$0	\$150,000	0.00%
Proprietary Funds	07,011	123,282	46,497	\$99,514	23,760	37.72%
TOTAL PROGRAM AUTHORITY	\$181,514	\$273,282	\$46,497	\$99,514	\$173,768	17.01%

Working Capital Analysis:

(Proprietary Funds)	FY01 Actual	FY02 Year-to-Date	FY02 Projected
Beginning Working Capital	\$315,289	\$365,985	\$365,985
Revenues less Expenditures	50,084	71,035	38,486
Change in Assets	1,543	1,543	1,543
Change in Short-term Debt	0	0	0
Change in Long-term Debt	(932)	0	0
Change in Fund Balance	0	0	0
Ending Working Capital	\$365,985	\$438,562	\$406,014

Appendix 3

5 Year Operating Budget

Current Operations	FY 03	FY'04	FY'05	FY'06	FY'07
<i>Operating Expenses</i>	286946.1	301293.4	316358.1	332176	348784.8
<i>Personnel Expenses</i>					
Manager	43252	45414	47685	50069	52573
Maintenance Worker					
Winter Operations					
<i>Operating Expenses</i>					
Fuel Costs	6000	6000	6000	6000	6000
Utilities	15000	15000	15000	15000	15000
Supplies	3500	3500	3500	3500	3500
<i>Capital Expenses</i>					
Terminal Weatherization	100000	0	0	0	0
Equipment Purchase					
Snow Blower (used)	125000				
Plow Truck (used)	50000				
Salt Spreader (used)	15000				
De Icer Pit	1000000				
High Intensity Light Fixture	15000				
<i>Equipment Lease</i>					
Loader	15000	15000	15000	15000	15000
Grader	15000	15000	15000	15000	15000
Sub Total	1359500	54500	54500	54500	54500
<i>Personnel Expenses</i>					
3 Seasonal Maintenance Workers	50544	53071	55725	58511	61437
Winter Operations Total	1410044	107571	110225	113011	115937

Appendix 4

COMMUNITY VISIONING PROCESS

West Yellowstone, Montana

May 9, 2001

STRATEGIC FRAMEWORK

VISION

West Yellowstone, Montana is known for its environmentally friendly image and stable, diverse economy. West Yellowstone is recognized as a role model for other communities in terms of environmental and economic sustainability and citizens share a positive sense of place.

Citizens working together assure accessible, year-round health care and the community continues to improve human services toward a high quality of life for all residents and a strong sense of community. Schools provide excellent learning opportunities and community activities and opportunities exist for all ages.

GUIDING PRINCIPLES

To address the needs and interests of the entire community of West Yellowstone, we believe in maintaining and improving quality of life through the following principles:

- We strengthen community and family structure through affordable housing, health and education opportunities, and a diverse economic base.
- We recognize and protect the values we are entrusted with as residents of the Greater Yellowstone area.
- We invite and facilitate cooperation among communities in our area, recognizing that West Yellowstone does not exist in a vacuum.
- We strive for community consensus around our vision and goals through hard work and active participation.

GOALS

Goal C: In the next 12 months, investigate the feasibility of year round usage of the airport.

Objectives

- a. Three months:
 - Investigate interest in enhancement of current facility.
 - Investigate feasibility of year round use.

- a. Six months:
 - Go forward or drop the issue based on the information gathered about “year round” use.
 - Pursue additional usage for winter testing opportunities. Contact those currently involved in product testing to determine where they need additional support. Develop an expansion plan.

- a. Twelve months:
 - Revisit annually

Appendix 5

Staff Report to Montana Aeronautics Board

November 20,1998

INTRODUCTION

At the July 16th, **1998** Aeronautics Board meeting at Yellowstone Airport, I was directed to prepare a report on the feasibility of opening the Yellowstone Airport to year around operation. This document will answer many questions regarding this important and seemingly timeless issue.

Airline feasibility must be evaluated in any discussion of year around airport operation.

This report is separated into 4 Chapters. Chapter One reviews The Yellowstone Airport Feasibility Study for year-round Operation, completed in 1979. The feasibility study was commissioned by the Aeronautics Division. Town of West Yellowstone, and Ski Yellowstone, Inc.. My review will concentrate with the salient points of the study and update equipment and facility costs to current year prices. **A** serious shortcoming of this report is that it ignored a critical part of the feasibility equation, which is airline service.

Airline cost structure and predicted enplanements determine airline service feasibility.

Accordingly, I requested from Mr. Steve Hart of Skywest Airlines, a market analysis of Yellowstone Airport's potential to generate enplanements for profitable service. For this effort, I recommended to Mr. Hart that the airline's first determination be the scope of service as a starting point in his analysis. That is to say, Skywest must examine its personnel and fleet availability, break even points, etc. and determine the level of service which can be practically offered. These options range from a "2 season service"; one summer and one winter, each approximately four month's long to a "4 month summer + 8 month winter season" and anything in between. This front-end decision then allows the determination of the cost structure and for predictions regarding enplanements.

The development of a model to make enplanement predictions is always difficult, and Yellowstone winter service is especially so. According to Mr. Hart, he has never made enplanement predictions for a market where service never existed before. The uncertainty of making a reliable enplanement prediction causes conservatism in its development.

West entrance gate receipts are related to WYS enplanements for both summer and winter.

Mr. Hart has decided that West gate entrance receipts are linked to enplanement figures, but that there are many other significant factors when looking at historical numbers of passenger through the airport. These "other significant factors" can not be quantified or made to form any basis on which to create an enplanement model for the airport. So, for this effort, the west entrance gate will provide the basis of prediction in absence of any arguably better strategy. West Yellowstone Chamber of Commerce has provided statistical information to Mr. Hart for these purposes.

Chapter Two will then become Mr. Hart's report considering the airline feasibility issue and importantly, support the subsidy required by Skywest Airlines for initiation and continuation of airline service for a one or two year trial period.

Analysis of Jackson Hole airport winter operations will be made.

Chapter Three, "Comparing the Jackson Hole and Yellowstone Airports" purpose is to outline how Jackson Hole Airport in Jackson Hole, Wyoming addresses the snow removal problem. Jackson Hole was selected because it is similar to Yellowstone Airport in many ways. For example, Jackson Hole has a single runway of 6,249' length, 150' width, full parallel taxiway with four connector taxiways and similarly sized apron. Additionally, it is estimated to have similar snow deposition characteristics.

Finally, Chapter Four will draw together an estimated annual airport budget taking into accounts the level and scope of airline service. In combination with the airport side, the airline subsidy required will be reviewed and a total subsidy package will then be estimated for community deliberation.

Annual airport budget and total subsidiary package will be presented.

CHAPTER I: REVIEW OF FEASIBILITY STUDY OF YEARAROUND OPERATION AT YELLOWSTONE AIRPORT, COMPLETED OCTOBER, 1979

This report was produced by T.A.P. Inc. in 1979 and sponsored by the Aeronautics Division, Town of West Yellowstone, and Ski Yellowstone Inc. T.A.P. Inc. is no longer in business.

This review of Feasibility Study is to highlight studies major findings.

The purpose of the feasibility study was to determine the risks and rewards of maintaining the Yellowstone Airport as a year around operation. The issues surrounding Yellowstone Airport being open during the winter months revolve about two issues. These are the airport operation feasibility and the airline service feasibility. The T.A.P. study investigates only the airport feasibility issue.

This executive summary will highlight the major points of the feasibility study.

Forecasts

The basis for developing the total enplanement forecast (summer and winter) of 65,500 for year 2000 relies on **THREE** key factors. These are:

1. That summer enplanements are 1.5% of the Yellowstone **Park West** Entrance visitor count. Accordingly, the study predicted for year 2000, 19,900 enplanements for the summer season only.

COMMENT: Current summer enplanement count of 3969 for calendar year 1997 falls far short of forecasted summer enplanements of approximately 19,900. Enplanements at the airport are linked to gate entrances but depend heavily on airline service features such as quality, quantity, pricing structure, and marketing.

2. A forecast that Ski Yellowstone will add 54% or 35,200 to the total (all year) enplanement projection at Yellowstone Airport for year 2000.

COMMENT: As for Ski Yellowstone, this did not occur. Forecast total enplanements of 65,500 for year 2000 depend heavily on this assumption.

3. A prediction that snowmobilers will add 12% or 8,100 to the total enplanement projection at the airport for year 2000.

COMMENT: Snowmobiles are as yet an unknown quantity.

Three key factors used to create enplanement forecasts have not occurred.

Facility Requirements

Facilities construction or upgrades at the airport are required due to proposed winter operation. Present airside and groundside facilities can accommodate forecast aviation activity, with the exception of:

1. Additional auto parking,
2. Paved General Aviation access road, and
3. Terminal Building expansion proposed for Phase III.

Facility construction ,
and facility upgrades
were predicted to be
required.

Table 4-5 from Pg. 4-10 of the feasibility study is reproduced on the next page. The purpose of Table **4-5** is to forecast facility requirements over a twenty year planning period. The second column of Table **4-5** ,I have added to update costs from originally estimated to current year estimates. The third column shows state share of capital costs assuming federal participation.

**TABLE 4-5
YELLOWSTONE AIRPORT
CAPITAL COST ESTIMATES-FACILITIES**

	<u>Total</u>	<u>Current Year</u> <u>estimate</u>	<u>State Share</u>	
PHASE I: 1980-1984				
First phase requires approximately \$2,373,000 which includes a de-ice pit not originally identified in report.	1. Terminal bldg. Winterization	8,000	60,000	6,000
	2. Snow Removal Equipment (1)	385,000	870,000	87,000
	3. Equipment Storage Bldg. 45' X 80'	90,000	396,000	39,600
	4. Auto Parking 1890 SY @ \$8.50/SY	16,000	32,000	3,200
	5. De-Ice Pit	(2)	1,000,000	100,000
	6. High Intensity Light Fixture Extensions	(2)	15,000	1,500
	Total	\$499,000	\$2,373,000	\$237,300
 Phase II: 1985-1989				
	1,500,000	2,924,644	292,464	
1. Pavement Overlay + PFC				
2. Auto Parking 660 SY @ \$8.50	5,600	11,220	1,122	
3. Access TW 30' X 935" = 3120 SY @	26,500	553,040	5,304	
4. Paved GA Access Road 200" X 32" SY=710 @ \$8.50	6,000	12,070	1,207	
5. Replace Snow Equipment (1)	385,000	870,000	87,000	
Total	\$1,923,100	\$3,870,974	\$387,097	
 Phase III: 1999-2000				
1. Terminal Bldg. Expansion 5500 SF @\$60	330,000	605,000	60,500	
2. Auto Parking 1865 SY @ \$ 8.50	15,800	31,705	3,171	
3. GA Apron 3060 SY @ \$8.50	26,000	52,020	5,205	
4. Tie-downs 46 @ \$200/set	9,200	12,650	1,265	
5. Replace Snow Equipment (1)	385,000	870,000	87,000	
6. Access TW 30' X 490' = 1635 SY @ \$8.50	13,900	28,000	3,800	
Total	\$779,900	\$1,599,375	\$159,938	
1				
2				

⁽¹⁾ See table 4-6, next page

⁽²⁾ Requirement not shown in original report

Snow removal equipment costs, for each of the three phases from Table 4-5 on the previous page were detailed by Table 4-6 in the feasibility report. Table 4-6 is produced here in part, with costs again revised to show updated costs to current year.

**TABLE 4-6
SNOW REMOVAL EQUIPMENT COSTS**

	<u>ALTERNATIVE #2</u>		<u>Revised Costs to current year</u>	<u>State Share of Revised Costs</u>
Note that Table 4-6 shows two rotary plows. My final equipment recommendation; last section of this report, requires only 1 rotary plow.	2- rotary snow blower (1400 ton/hr) w/12' 2-way snow plow attachment	\$260,000	\$700,000	\$70,000
	1- dump trucks w/attached 12' 2-way plows	\$69,000	\$90,000	\$9,000
	1- 8 yard snow bucket as additional equipment for above	\$10,000	\$15,000	\$1,500
	1- Sand Truck	\$50,000	\$65,000	\$6,500
	Total	\$389,000	\$870,000	\$87,000

Feasibility Report Conclusions and Recommendations are listed below

Only salient points of the Reports conclusions are listed below:

1. The state should not purchase snow removal equipment. Instead, contract for snow removal with a private **firm**.
2. This study recommends that the winter time operation of the airport be a joint project or partnership between the Town of West Yellowstone and the State of Montana. This is done with the understanding that the state will retain **full** ownership and control of the airport but that wintertime operation is of such vital concern to the town that they would become a partner.
3. This study recommends that the 1981 Montana legislature pass an enabling act, which would allow West Yellowstone to assess a special tax on tourism in their area. **A** special tax placed on commodities such

Study makes recommendations, the most important are listed here.

as cafe meals, motel rooms, or gasoline, could be used in part by the town to pay what might be termed their fair share toward the airport operation during the wintertime.

4. This plan recommends that the airport not be opened until a commitment is received from an airline who is willing to provide adequate scheduled service into West Yellowstone during the winter months. This airline can be a commuter, a regional or a trunk carrier with the important matter being the service offered.

Thoughts and Observations Regarding Feasibility Study

1. A critical source of forecast winter enplanements, 54% for year 2000 total, will not occur as Ski Yellowstone has not occurred.
2. Forecast summer enplanements have not kept pace with study assumptions (1.5% of park entrants) as previously discussed.
3. The report concludes that accounting for various assumptions affecting income and expenses, the airport would still operate at a yearly-unadjusted deficit of \$1 19,000 (unadjusted for current costs) until 40,000 enplanements were reached. 40,000 enplanements were predicted for calendar year 1990. I will create a cash flow analysis in the last section of this report to update and document these predictions.
4. Ongoing, operational costs such as personnel costs, energy, etc. were not accounted for in the report. These are important to identify and again will be addressed in the last section of this report.

CHAPTER 3: COMPARING THE JACKSON HOLE AND YELLOWSTONE AIRPORTS

To accurately determine the costs of snow plowing at the Yellowstone Airport, it is beneficial to examine the snow plowing costs of airports that are similar to West Yellowstone. To this end, Jackson Hole Airport in Jackson Hole Wyoming has been selected. The airport in many ways is very similar to the Yellowstone Airport, and the Airport has been involved in all season operations for several years now. The following sections will highlight the similarities between the two airports, give a detailed description of the Jackson Hole Airport and will show historical and present day methods and costs of snow plowing at the Jackson Hole Airport.

The similarities between Jackson Hole Airport and WYS facilitate year around operational comparisons.

Both the Jackson Hole and the Yellowstone airports service a primarily tourist service community which are in close proximity to national parks. The Jackson Hole airport is currently open year round and is serviced by three large carriers; Delta, American and United. In addition to the three majors, Delta's Skywest connection, and United Express connection both serve the airport. Usually during the slow season at Jackson during the months of January and February, Delta will substitute its Skywest connection for service and American and United will discontinue service altogether.

The Yellowstone Airport terminal is open for four months out of the year and the airport is serviced during those four months by Skywest Airlines, the Delta connector. During the months of October through May, the airport is not officially closed but the Terminal building is closed and the airport is not plowed for snow nor is fuel regularly available. Skywest Airlines terminates its service for eight months from October through May.

Similarities

The Jackson Hole Airport is at an elevation of 6445' and has a runway of 6299' x 150' with runway headings of 18 and 36. The Yellowstone Airport is at an elevation of 6644' and has a runway of 8399' x 150' with runway headings of 19 and 01. Both airports have a full parallel taxiway with 4 runway access connectors. The total paved area of the Jackson Hole Airport including apron, taxiway and runway is approximately 242,123 sq./yd. The total paved area of the Yellowstone Airport is approximately 268,316 sq./yds. The Yellowstone Airport therefore has approximately 10% more paved area than the Jackson Hole Airport. Both airports are similar in facilities are similar with respect to lighting, approach aids and instrument approach procedures.

Paved surfaces are similar in total area.

Climate is similar.

Because the airports are only 67 nautical air miles apart and are nearly the same elevation, both airports are subject to similar weather patterns throughout the year. The climate at both airports is expectedly harsh during the winters with significant snowfall and very low temperatures. During the summer, temperatures routinely enter the high 70s and low 80s. Due to their high elevation, both airports are subject to very high density altitudes during the warmest parts of the summer.

Physical Description and Snow Removal Procedures at Jackson Hole Airport

The Jackson Hole airport is located at 43-36.4' North and 110-44.2' West. It is at an elevation of 6445'. The airport has one runway with runway headings of 36 and 18. The runway is 6299' long and 150' wide. The runway has a slope of 0.6% which rises to the North. The airport also has a full parallel taxiway with 3 access connectors to the runway. The paved apron area is approximately 84,499 sq./yd. and has several buildings and hangars located adjacent to it. The total paved area of the airport is approximately 242,123 sq./yd. The airport is home to two full time FBOs, a car rental company and a cafe. The airport is attended from 06:00 to 23:00 daily.

Jackson Hole **Airport** has year around airport operations. Winter operations. Winter operations occur between 06:00 to 22:00 daily.

The Jackson Hole airport has had year round snow removal for a several years now which enables the airport to be used all year. Up until 1996, the airport contracted out the snow plowing operation to a local contractor. The contractor used their own equipment and manpower. The contract was to keep the runway plowed during the operational hours, usually from 06:00 to 22:00.

Two years ago, the airport purchased, using Passenger Facility Charge (PFC) monies, the equipment needed to keep the airport plowed. During this time, the airport contracted with the same contractor as before to plow the runways. The only difference being from the previous contract that the contractor would use the airport owned equipment and continue to provide personnel.

This winter they will hire employees using airport owned equipment.

This coming winter, the airport has decided to do the operation without contracted labor. The airport will hire 4 full time seasonal employees to operate the equipment and perform the necessary duties for snow removal. The airport does not provide snow plowing at night usually between the hours of 22:00 and 06:00.

Jackson Hole previously contracted both labor and equipment for snow removal at a cost of \$130,00/yr.

Snow Removal Operations and Associated Costs – Past Contracted Costs

Up until 1996, The Jackson Hole Airport contracted for snow plowing at the airport for a number of years. The contractor used their own labor and equipment similar to the equipment the airport owns currently for snow removal. The contract period lasted 6 to 7 months out of the year and cost the airport approximately \$130,000.00/year.

When the airport purchased its own equipment, the airport contracted with the same contractor as before for the labor portion of the snow removal. The airport paid the contractor for the labor approximately \$86,000.00/year.

Current Snow Removal Methods and Costs

The airport currently plows the snow into windrows and then has a snow blower eliminate each windrow. After the runway has been plowed, the airport will use a sweeper to sweep away as much of the remaining snow as possible. Sweeping allows the sun to melt the remaining snow very quickly and was said to be very effective by the airport personnel. The ramp area is usually cleared using two rubber tired dozers. The dozers are extremely powerful and are able to push much more snow than conventional dump truck wing plows. The airport looked at the

No plowing occurs between 22:00 and 06:00 **daily**.

feasibility of not using a snow blower and hauling the snow away using plows, a large front-end loader and dump trucks. This idea was abandoned since it was determined the cost in ~~man~~ hours needed would be significantly greater. The airport provides snow plowing primarily for airline flights and therefore the airport does not provide snowplowing between the hours of 22:00 and 06:00.

The airport currently owns its own snow removal equipment and will employ four full time seasonal employees to provide the labor. The following is a breakup of the anticipated costs for the current snow removal process .

TABLE A
JACKSON HOLE'S CURRENT COST ESTIMATES FOR SNOW REMOVAL (1)

<u>Equipment:</u>	<u>Approximate Cost:</u>	<u>State Share:</u>
Jackson Hole's current estimate of equipment, facility, and operational costs.		
1 3,500 ton/hour rotary snow blower	\$350,000	\$35,000
2 Oshkosh dump trucks with wing plows	\$180,000	\$18,000
1 Cat 966 front end loader	\$220,000	\$22,000
2 Cat 825 rubber tired dozers	\$600,000	\$60,000
23' tow behind power broom	\$30,000	\$3,000
	\$1,353,000	\$138,000
<u>Operational:</u>		
Estimated fuel costs per season	\$5,000.00(diesel)	\$5,000
<u>Labor:</u>		
Estimated labor (4 full time seasonal) (2)	\$75,000.00 (per year)	\$75,000

(1) Because this is the first year that the airport will do the entire snowplowing operation by itself, no historical operational or maintenance costs exist.

(2) The estimated labor costs based on an average of 173.33 hours per month using a market value of heavy equipment operator's wages of \$13.50/hour to \$17.50/hour. Estimated seasonal employment time is to be approximately 6 to 7 months. The idea of only using part-time or hourly workers was rejected by the airport because even though the over all labor cost would be lower, finding and keeping workers for a part-time position would be difficult.

Conclusions

After looking at the similarities between the Jackson Hole Airport, it is reasonable to say that the costs incurred by the Jackson Hole Airport would be relatively close to those costs incurred by the Yellowstone Airport if year around snow plowing operations were to take place. Differences in snow plowing costs between the two airports would be due to possible differences in the number of commercial air carriers that might use West Yellowstone and the frequency of plowing needed to keep the runway free of snow for them. Other cost differences might be attributable to the fact that the Yellowstone Airport has approximately 10% more paved area than the Jackson Hole Airport.

Airport – Projected Revenues

Airport revenues are generated primarily at the airport during the summer months from the following tabulated categories. Projected revenues are calculated below for all sources of income, accounting for one full year of airport operation.

Assumptions for projecting revenues for all year operation are:

- That Skywest Airline will continue serving the airport during the summer months at the current frequency. During the remaining 8 months, frequency will change as determined by Skywest Airlines.
- Yellowstone Aviation will operate all year.
- The airport cafe (Doris’ Cantina) will operate year around.
- Avis and Budget Rent a ~~Car~~ will both operate during the entire season. Revenues are estimated at 25% of summer gross (linked to west gate).
- Non-aeronautical income will be reduced, as Nevada Automotive Testing Center would be unable to conduct operations.
- Yellowstone Airport Tax Transfer will increase as a result of the increased activity of their fleet operating from our airport proportional to their increased usage.

**TABLE C
PROJECTED REVENUES RESULTING FOM ALL YEAR OPERATIONS**

Income Categories	Fiscal Year End, 1998	Projected Annual Revenues for all year ops.
Landing Fees	7,848	11,253
Fuel Flowage	5,559	6,949
Rentals	14,511	39,799
Sales Receipts	35,668	43,905
Misc. Receipts	3,789	4,736
Non-Aeronautical Income	33,277	18,277
W. Yellowstone Tax Transfer	16,199	26,988
TOTAL	\$116,851	\$151,907

Airport projected revenues are \$151,907.

From the above table, projected revenues will increase from the current \$116,851 to \$151,907 as a result of all year operations.

Airport – Effects to Annual Operating Budget

The effect to the budget is calculated by combining the estimated expenses with projected revenues as a result of full year operations. Table D next page summarizes these effects. This forecast of Annual Operating Budget excludes the estimated capital costs for first year of operation of \$365,100.

**TABLE D
ANNUAL INCOME/EXPENSES BUDGET**

EXPENSES (1)	TOTAL
Operating Expenses	
Equipment Fuel Costs	5,000
Utilities/Heating Cost	8,000
Personnel Expenses	
Labor-4 Full Time Seasonal	<u>75,000</u>
PROJECTED EXPENSES SUB-TOTAL FOR WINTER OPS	88,000
FY 97 YEAR END FOR SUMMER OPS	<u>+ 76,327</u>
TOTAL PROJECTED ANNUAL EXPENSES	\$164,327
INCOME (2)	
Projected Annual Income (2)	\$151,907
NET OPERATING ANNUAL DEFICIT	(\$12,420)

(1) Source: table B, page ??

(2) Source: table C, page???

Airport projected annual operating deficit is **\$12,420**.

Airport – Cash Flow Analysis

The Yellowstone Airport has 1998 fiscal year ending cash balance of \$213,278. This cash balance is currently reserved for Federal Aid Airport Improvement Project approximately in the 03 biennium. This project is anticipated to overlay all airside pavements, American Disabilities Act and architectural upgrades to the Terminal Building, lightning upgrades and other miscellaneous upgrades totaling approximately \$1.5 to \$2.0 million. The state share of this project would be 10% or \$150,000 to \$200,00. Consequently, cash required for the capital outlay of \$365,100 required for all year operation can not be accommodated from the airports fund balance.

Airport cash balance is reserved for AIP project approximately in 03 biennium.

Additionally, the airport as shown in the above table is projected to operate at annual deficit of \$12,420.

Airline – Summary of Skywest’s Expenses and Revenues

Summary goes here from Steve Harts report.

Airport first year capital cost is \$365,100 and annual operating deficit must be absorbed by the community or other entity.

Conclusion

Airport capital costs of \$365,100 and annual operating deficits of \$12,420 must be absorbed by the community or another entity. Additionally, Skywest Airlines will require an operating subsidy of approximately \$762,394 annually.