

CHAPTER 3

RENTON MUNICIPAL AIRPORT TODAY

3.1 PURPOSE

This Chapter addresses the questions:

- What current policies and procedures are in place for the operation of the airport?
- Who are the users of the airport and what activities do they engage in?
- What physical space exists at the airport in buildings and public facilities like the runway and taxiways, and when could it be available for a different use if the adopted Business Plan suggests that should be the case?
- What are the constraints on the development of the airport related to the availability of utilities?
- How are the national aviation system, and Renton Municipal Airport, funded?

3.2 CONCLUSIONS

- Renton Airport has Rules and Regulations, Minimum Standards for Aeronautical Service Providers and a general leasing policy in place. However, both rules and minimum standards were last updated in 1989 and need to be revisited.¹
- The airport is home to one of the Boeing company's production sites for civilian aircraft. Boeing completes production of its 737 and 757 lines of aircraft at Renton.
- Other tenants at the airport are involved in a broad spectrum of general aviation activities. There are flight clubs and fixed base operators providing fueling, aircraft maintenance and other services to the flying public. The airport is also home to flight schools, a number of private and corporate pilots who store their aircraft at the airport, a helicopter charter service and floatplane charter services.
- Boeing, with 41% of the leasable area of the airport, is by far the largest tenant on the field. In recent years, it has begun to consolidate some of its operations and returned portions of its leasehold back to the City. Its current lease expires in 2010 and it is currently unclear what the company's plans beyond that point are.
- Renton currently manages 21% of the leasable area, including the Tower building which houses FAA-contract staff and the City's own airport offices. City staff also manages a 10-bay T-hangar, tie-downs and a number of other parcels, including the former restaurant property at the northwest end of the airport. In addition, about 5% of

¹ Based on the work for this plan, the Renton City Council adopted a Leasing Policy in December 2002.

the leasable area of the airport is currently leased as tie-downs on a month-to-month basis (including the area recently turned back to the City).

- Other tenants occupy only small portions of the airport, often fractured into several smaller parcels. Their leases expire at irregular intervals throughout the planning timeframe. Between 2001 and 2010, the leases for 9% of the leasable space expire, then an additional 10% between 2010 and 2020, and 14% between 2020 and 2029 (excluding Boeing).
- While all areas of the airport have currently sufficient access to utilities, most of the area occupied by Boeing receives water from Boeing-owned and operated systems, which are not compatible with publicly owned systems. A recent analysis conducted by City staff indicates that just the retrofit of two Boeing buildings—returned to the City in 2002—on the northwest side of the airport with public water and other utilities could cost about \$1 million.
- The airport is self-sufficient financially, mainly owing to its income base from Boeing. It currently has a substantial reserve of about \$2.5 million.

3.3 FINDINGS

3.3.1 Current Policies and Procedures

Airports typically have the following guidelines in place:

- Airport Rules and Regulations;
- Airport Minimum Standards;
- Leasing Policy; and
- Model Leases.

Renton’s Airport Rules and Regulations and Minimum Standards were adopted by City Council Resolution on December 11, 1989. The City also has a model lease document. The following issues should be considered:

- The published Renton Municipal Airport Rules and Regulations and Minimum Standards were adopted as resolutions in the Renton Municipal Airport Code. It would be advantageous for the updates to be adopted as a city ordinance.
- Both the Minimum Standards and the Airport Rules and Regulations are over 12 years old and in need of review. More detail on Minimum Standards can be found in Chapter 8.
- As a result of the process of developing this Business Plan, the City Council adopted a Leasing Policy in 2002. The Lease Policy will be used for all future leases on the

airport. The City also has a model lease document on record. This model was approved by the City Attorney and has been used for the past 6-8 years. Leasing issues are addressed in more detail in Chapters 6 and 7.

3.3.2 Key Airport Users

Renton Municipal Airport is one of the three airports in the region used by Boeing for production of its civil aircraft. In addition, the seaplane portion of the field is the historic Will Rogers-Wiley Post Memorial Seaplane Base where one of the aviator Wiley Post's cross-country seaplane trips started in the early part of the 20th century. The airport is also home to many well-known aviators. Some of the airport's users and operators have been at the field for over 50 years. Figure 3-1 maps the leaseholds on the airport.

The *Boeing Commercial Airplane Group* (map sites 5a-f) carries out final assembly of its 737 and 757 lines of aircraft at the airport. A Boeing 737 is currently produced about every business day, at a rate of 28 aircraft per month, although the projection for 2002 is lower. Once a 737 is out of the Renton factory and on the field; it will be there for 7 days. Once they take off from Renton, the 737s then go to King County International Airport/Boeing Field; only one or two aircraft per month come back to Renton for further work. Boeing 757 production is one per week at Renton and results in 4 take-offs per month. The 757s go to Paine Field, Everett for completion. (As of June 2001.) Boeing has made many changes lately; however, no major changes in function have been announced for its Renton operations.

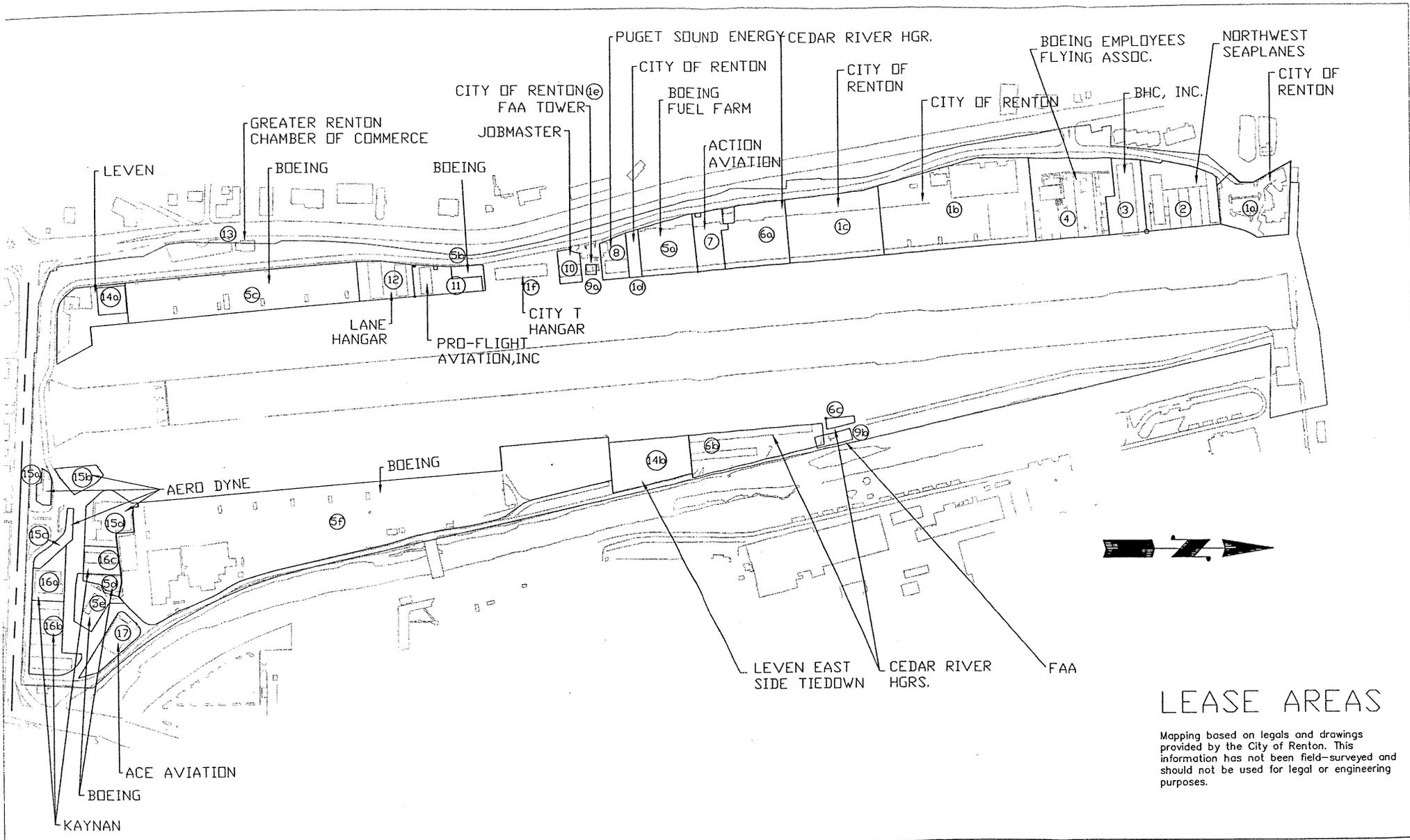
Action Aviation, a subtenant with the Boeing Employees Flying Association (BEFA) at map site 4 and tenant of tie-downs at map site 7, is one of two Fixed Base Operator (FBO) on the field². Action is the only operator that has jet fuel, needed both for some of the corporate jets housed on the field, and for helicopter operations. Their primary focus is fuel sales, and tie-down rentals. Action does not have an operating permit; however, its operation was grandfathered in 1990.

Action Aviation also performs a small amount of aircraft management and sales. They offer seaplane charters and are the only operator on the field providing commercial floatplane launch and retrieval.

Ace Aviation/Bosair at map site 17 is another key operator on the field, in part because it is the only maintenance shop on the field that is FAA-certified for turbine aircraft. The company works on single engine and multi-engine turboprop aircraft but not typically jets. Among others, it serves Pro-Flight, NW Seaplanes and Boeing Employees Flying Association (BEFA) aircraft. BEFA maintains more stringent standards than FAA's, resulting in their aircraft being inspected every 2-3 weeks at 150 hours of flight time. About half of Ace's work comes from airport tenants, and half from other aircraft owners.

² Fixed Base Operator (FBO)s are the service stations at airports. They typically provide fuel sales, repairs and maintenance, tie-down rental for long-term and transient aircraft, flight instruction, charter services, car rental services and aircraft sales. See Glossary in Appendix D for a fuller definition.

Figure 3-1 - Airport Lease Map



LEASE AREAS

Mapping based on legals and drawings provided by the City of Renton. This information has not been field-surveyed and should not be used for legal or engineering purposes.

Aero Dyne is a small operator (map sites 15a-d) which manages office space for several sub-tenants, also tie-down and hangar spaces. Subtenants include Aero Pacific, Seattle World Cruiser, and World Wind Helicopters.

Aero Pacific Aviation, a subtenant of Aero Dyne at map site 15d, is a relatively new company on the airport providing advanced flight instruction, aircraft rental and air charter/air taxi services. The company is in the process of developing a customer base for fractional ownership of a stage 3 business jet.

BHC, Inc. at map site 3 is a hangar partnership involved exclusively with seaplane operations. One part owner of BHC operates a float plane business that serves nine families, bringing them primarily to the San Juan Islands to visit summer homes. The average flight is about 1.5 hours round trip and activity is quite seasonal, with as many as three flights per day in the summer months (May through September, or roughly corresponding with Daylight Savings Time) and only 1 per day, on weekends only, in the winter. The BHC hangar building is unusual in having large, 60-foot T-hangar² spaces, able to accommodate the De Havilland Beaver's 48-foot wing span. The building contains seven such T-hangars all occupied by owners of BHC, plus a conventional hangar that is subleased by Northwest Seaplanes and used as a maintenance shop.

The *Boeing Employees Flying Association* at map sites 4a and b is an organization sponsored by The Boeing Company recreation department. Its mission is to “foster aviation activities of all kinds” and safe recreational flying. Its membership is limited to Boeing employees, their families, vendors and customers who work full time at Boeing facilities, and individuals who lease aircraft to the organization. Membership has remained stable at about 420 members over the last few years. BEFA requires member check rides with authorized club instructors every six months (compared with the FAA requirement for flight review every two years). It offers training at all levels, Private Pilot through to Airline Transport Pilot.

Cedar River Hangars (map sites 6a-c) is a limited general partnership hangar group with 29 T-hangars. Each user owns one hangar plus shares in the corporation. They also operate 50 tie-downs, which are rented out. The owners perform all required management and maintenance tasks on a volunteer basis.

Federal Aviation Administration: FAA rents some office space and the tower in the City's office building (9a) on the west side of the airport. FAA also has a small parcel for weather and navigation-related equipment on the east side of the runway (9b). This parcel is rent-free.

Kaynan /Ellison Fluid: Kaynan leases a building and some aluminum T-hangars at map sites 16a-c. Ellison Fluid is one of its tenants. They manufacture an aircraft fuel injection system invented and patented by Ben Ellison 20 or more years ago. This is an after-market product with no installation required at the site.

Lane Hangar Condominium Assoc. is a group of 14 owners that have 12 T-hangars and 2 associated small spaces available for storage/office at map site 12. Members selected Renton as their location of choice because of a high degree of interest in seaplane ownership—Renton has the only publicly owned seaplane base in the region. Most members fly regularly for business and use their aircraft as an essential business tool.

Leven: Bruce Leven (map sites 14a and b) is one of Renton’s corporate tenants. He owns a Lear jet, a Beaver, and a twin Beech, all of which are used for both business and recreational flying. In 2000, Bruce Leven built a new hangar to house his own aircraft. In addition, he leases out hangar space to four subtenants and some tie-downs, and provides space for Pro-Flight Aviation.

Jobmaster (map site 10) is a specialized aviation business doing aircraft conversions—from land planes to seaplanes. Its clients are diverse. The company also sells parts for conversions. It has been on the airport since 1973.

Northwest Seaplanes is the primary seaplane operator on the field, located at its north end (map site 2) close to the seaplane ramp. It operates air taxi services to the San Juan Islands as well as many flights to facilities such as fishing lodges in Canada.

Pro-Flight Aviation is another operator on the field (map sites 11 and 14a). The company has a full service maintenance shop that is qualified to work on single engines, light twins and seaplanes. Pro-Flight operates a flight school that provides training for Private Pilot, Instrument, Commercial, and Multi-engine levels and owns a flight simulator. Pro-Flight is the second Fixed Base Operator (FBO) on the field, renting office and tie-down space from Bruce Leven at map site 14a. It provides Avgas and other limited services at that location.

Puget Sound Energy (formerly Puget Power), map site 8, uses Renton as a base for its corporate aircraft, a twin-engined 15-year old Beech King 200. PSE has been at the field for 28 years. The aircraft is used to review storm damage, travel to business meetings and other business ventures. The current owner of PSE’s previous aircraft also uses PSE’s hangar for storage.

The Renton Chamber of Commerce (map site 13) has the only site without taxiway access on the airport—a small building on Rainier Avenue.

Seattle World Cruiser, a subtenant of Aero Dyne at map site 15d, is a small organization sub-leasing office and hangar space from Aero Dyne. The organization’s purpose is to build a replica of the World Cruiser, fly it around the world and then to the Museum of Flight, where it will be housed. During the first season when it is being tested, World Cruiser plan airshows and educational programs.

World Wind Helicopters, a sub-tenant of Aero Dyne at map site 15d, is the only commercial rotorcraft operator at the airport at present. Until about 18 months ago, the

company was located at King County International Airport/Boeing Field. It provides charter and air taxi helicopter services, primarily to government agencies such as the U.S. Fire Service. In winter, its aircraft help set controlled fires; in summer, they fight fires. Its aircraft also fly pipeline and power company patrols to inspect facilities. The six helicopters are based at Renton for maintenance but are actually away on missions in other states for extended periods of time. The company performs flight training for their own employees using Longacres.

Figure 3-2 below summarizes the services and activities of airport tenants. Chapter 4 provides an overview of the aircraft operations carried out by both tenants and transient aircraft at Renton.

Figure 3-2: Renton Municipal Airport – Summary of Aeronautical Services

Type of service	Fuel sales	Flight instruction	Private business/corporate flying*	Private recreational flying	Rent out tie-downs	Rent out hangar space	Aircraft rental	Charter/air taxi	Aircraft maint. and repair	Aircraft or parts manufacturing	Specialty services	Sub-lease office space	Other
Ace Aviation									X				
Action Aviation	X				X			X					Manage, sell aircraft
Aero Dyne					X	X						X	
Aero Pacific		X	X	X			X	X					
BEFA <i>Members only</i>		X		X	X							X	Sublease to Fixed Base Operator (FBO)
BHC Inc.		X				X		X					
Boeing										X			
Bruce Leven			X		X	X						X	Sublease to Fixed Base Operator (FBO)
Cedar River Hangars			X	X	X	Own							
City of Renton					X	X						X	
Evergreen Flying Club				X									
FAA													
Lane Hangars			X	X	Own	Own							
Kaynan			X						X	X	X		
Northwest Seaplanes								X					
Pro-Flight	X	X			X		X						
PSE			X			X							
Renton Chamber of Commerce													No runway access
Seattle World Cruiser													Build replica
World Wind Helicopters								X					

* Includes banner towing and flight-seeing. Source: Tenant interviews.

3.3.3 Physical Space

Renton airport is relatively small in area, with a total of 168 acres:

Figure 3-3: Lease Area Summary

Area	Sq. Ft. (in 1,000)	Acres	Percent of Total Airport	Percent of Leasable Area
Boeing	1,033	23.7	14.1%	41.2%
Other Leases	947	21.7	12.5%	37.9%
City-controlled Leasable Space	522	12	7.2%	20.9%
TOTAL LEASABLE	2,501	57.4	33.8%	100.0%
Public Areas*	4,817	111	66.2%	
TOTAL AIRPORT	7,318	168		

* Runways, taxiways, runway protection areas, public ramps, public parking, roadways, etc.
Sources: Leases and subleases, 1997 Airport Master Plan, tenant interviews, and estimates from the base map/aerial photo.

With the exception of the vacant restaurant area and some tie-down spaces, the airport is fully leased; there are no undeveloped areas awaiting future development.

Figure 3-4 summarizes the leasehold information with regard to the space tenants occupy, showing the square footage of hangars, office spaces and other areas (ramp and tie-down spaces) by lessor/sub-lessor. It starts with city-owned and operated property, and is then in order of lease expiration dates.

With over 40 percent of the available leasable area, Boeing is by far the largest tenant on the airport. The City itself currently has control over 21 percent of the leasable airport space. Other tenants currently occupy less than 40 percent of the leasable area on the airport, and their leases expire between now and 2029.

After Boeing, the largest lease is Cedar River Hangars with 6.7 percent (map sites 6a-c), followed by Bruce Leven with 5.7 percent (map sites 14a and b). Both have significant tie-down areas. All other tenants together occupy significantly less than five percent of the leasable area on the airport.

The leases in the southeast corner of the airport expire between 2006 and 2016, while the timeframe on the west side of the airport is from 2003 to 2029. Excluding Boeing, the tenants in the southeast corner occupy less than nine percent of the leasable space on the airport.

Figure 3-4: Lease Information*

Current Occupant	Map ID #	Lease Term End with Options	Current Lease End	Ground Lease Sq. Ft.	Tie Down Area Sq. Ft.	Conv. Hangar Sq. Ft.	T-Hangar #/Sq.Ft.	Total Hangar Sq. Ft.	Office/Other	Cummulative Ground Lease in Sq. Ft.	% of Total Leasable Area
City of Renton (Restaurant Parcel)	1a			80,862						80,862	3.24%
City of Renton Apron C, C-5	1b			248,103						328,965	13.19%
City of Renton C-4 Parcel Tie-downs	1c			122,346	122,346					451,311	18.09%
City of Renton North of PSE	1d			11,571	11,571					462,882	18.56%
City of Renton T-hangar	1f			44,181		10,000		10,000		507,063	20.33%
City of Renton Tower Building	1e			14,797						521,860	20.92%
FAA Tower	9a	2002	Sep-02								
Action Aviation	7	month-to-month		34,611	34,611					556,471	22.31%
Cedar River Hangar East Tie-down	6c	month-to-month		4,804	4,804					561,275	22.50%
Cedar River Hangar West Tie-down	6a	month-to-month		75,873	75,873					637,148	25.54%
FAA East Side Area	9b			1,717						638,865	25.61%
Jobmaster/Clayton Scott	10	2003	Mar-03	14,232		4,512		4,512	1,230	653,097	26.18%
Puget Sound Energy	8	2003	Aug-03	21,885		5,742		5,742		674,982	27.06%
Don Gonzalez	8										
Cedar River Hangar	6b	2005	Aug-05	85,200			27,000	27,000		760,182	30.47%
Aero Dyne East Tie-down	15c	2006	Aug-06	13,363	13,363					773,545	31.01%
Aero Dyne Hangar/Office	15d	2006	Aug-06	42,936		20,375		20,375		816,481	32.73%
Aero Dyne Ventures Parking	15a	2006	Aug-06	8,439						824,920	33.07%
Aero Dyne West Tie-down	15b	2006	Aug-06	17,228	17,228					842,148	33.76%
AeroPacific Aviation	15d				2 tie-downs				1,190		

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Current Occupant	Map ID #	Lease Term End with Options	Current Lease End	Ground Lease Sq. Ft.	Tie Down Area Sq. Ft.	Conv. Hangar Sq. Ft.	T-Hangar #/Sq.Ft.	Total Hangar Sq. Ft.	Office/Other	Cummulative Ground Lease in Sq. Ft.	% of Total Leasable Area
Seattle World Cruiser	15d					200			1,385		
World Wind Helicopters	15d				2 tie-downs	1200			580		
Renton Chamber of Commerce	13	2010	Dec-10	9,600						851,748	34.14%
Boeing Parking	5d	2010	May-10	27,853						879,601	35.26%
Boeing Apron A	5f	2010	May-10	716,844						1,596,445	63.99%
Boeing Apron B	5c	2010	May-10	191,214						1,787,659	71.66%
Boeing Apron C, C-1, Fuel Farm	5a	2010	May-10	58,197						1,845,856	73.99%
Boeing Utilities Vault	5b	2010	May-10	21,250						1,867,106	74.84%
Boeing Parking	5e	2010	May-10	17,380						1,884,486	75.54%
Boeing Triple-X hangar	?	2010	May-10								
Kaynan	16a	2016	Jul-10	27,885						1,912,371	76.66%
Kaynan	16b	2016	Aug-10	53,588		22,049			22,049	1,965,959	78.81%
Kaynan	16c	2016	Aug-10	19,351		6,616		6,616		1,985,310	79.58%
Ace Aviation Inc./Bosair	17	2016	Aug-06	29,749		9,500		9,500		2,015,059	80.78%
Bruce Leven East Side	14b	2019	Dec-19	70,716	70,716					2,085,775	83.61%
Bruce Leven West Side	14a	2019	Dec-19	71,867		10,500		10,500		2,157,642	86.49%
Pro-Flight Aviation	14a										
Lane Hangar Condo Assoc. (12 T-hangars)	12	2028	Jul-18	41,366	4 tie-downs		16,830	16,830		2,199,008	88.15%
NW Seaplanes	3					4,620			1,280		
BEFA	4	2029	Dec-19	124,838	31 tie-downs	3,000				2,323,846	93.15%
Action Aviation	4a										
BHC Inc.	3	2029	Dec-19	48,779		4,620	7 hangars	21,769		2,372,625	95.11%
Northwest Seaplanes	2	2029	Dec-29	91,546			11,000	11,000		2,464,171	98.78%
Pro-Flight Aviation	11	2029	Jul-18	30,471		6,000				2,494,642	100.00%

* **Bold** = Primary lease, regular font = subtenant. ** These parcels are part of the existing Boeing lease and were turned back to the city with the caveat that they would have to be returned to Boeing if needed.

Sources: Leases and subleases, 1997 Airport Master Plan, tenant interviews, and estimates from the base map/aerial photo.

Figure 3-4 shows that it would take until 2029 for the City to regain control of all current leasehold sites, assuming that current tenants exercise all the lease extension options identified in their agreements. As was shown in Figure 3-3, Boeing’s leases amount to 41 % of the leasable space on the airport. Thus, if Boeing seeks a new lease after 2010, 58 % of the leasable area would be available for direct City control after all other existing leases expire.

Currently, the City controls 21% of the leasable area and could acquire another 5% of it terminates the existing month-to-month lease for the tie-down areas on Boeing’s former Apron C. By 2010 only 34% of the leasable space could revert to City control if Boeing stays. That percentage would increase to 44 % by 2019 and 58 % by 2029 with a new Boeing lease.

If Boeing vacates the airport at the end of it’s lease, the City could take control of 76% by the end of 2010. By 2019, the City could have direct control over 86% of the space; by 2029 it would be at 100%. Figure 3-5 below summarizes the time frame in which portions of the airport might revert to the City.

Figure 3-5: Potential Reversion of Leasable Airport Land

Time Period Area Becomes Available	Percentage of Leasable Space on the Airport	Cumulative Percentage Without New Boeing Lease	Cumulative Percentage With New Boeing Lease**
Currently under city control	21%	21%	21%
Currently month-to-month (tie-downs only)*	5%	26%	26%
Now through 2010 (excl. Boeing)	9%	34%	34%
Boeing (2010)	41%	76%	
2011 though 2019	10%	86%	44%
2020 through 2029	14%	100%	58%
TOTAL	100%		

* Includes areas on Apron C that are part of the original Boeing lease and must be returned to Boeing if needed. ** Assumes that Boeing will retain the currently leased areas.

Sources: Lease documents, City of Renton.

3.3.4 Utilities

One of the factors constraining potential development and new leases on the airport is the availability and/or cost of providing electrical power, phone, sewer and water services where needed. All parts of the airport currently have access to the services they require; however, not all services are provided by public entities. For example,

Boeing provides its own water and power to its production facilities on both the west and east side of the airport and the parcels do not have access to public facilities. Its infrastructure is not suitable for inclusion in the City utility systems; due to the fire protection needs of the company, Boeing's waterlines have, with 175 PSI, more than double the water pressure of public lines, which have the standard 75 PSI.

In the northwestern corner of the airport, sewer service is provided by the Bryn Mawr/Lakeridge Water and Sewer District. Figure 3-6 lists the various service providers for water and sewer.

While the combination of service providers works well at the current time, changes in ownership—and use—of certain parcels on the airport may necessitate a change in service provider. Boeing recently turned a portion of its leasehold on Apron C, including two buildings, on the northwest side of the airport back to the City. Currently, the parcel is dependent on Boeing utilities, however, this is likely not a long-term arrangement. Similarly, the southern half of Apron A, on the east side of the airport, currently does not have access to City water. Boeing will likely discontinue to maintain its waterlines on those parcels, and the City cannot take them over because they have much higher water pressure. City utilities staff have indicated that the City could not take over Boeing utilities because they do not meet City standards, ultimately necessitating that the City provide new services to any tenants on that side of airport if Boeing vacates.

Providing city water (and sewer) can be an expensive proposition. A recent analysis of the costs of providing City services to the two surplus Boeing buildings on Parcel 1b on Apron C on the west side of the airport indicates that it would cost about \$500,000 to provide municipal water services to these buildings. City staff further estimate that costs for taking over and making necessary improvements to all or a portion of the sewer system currently serving these buildings could range between \$130,000 and \$900,000. In addition, provision of power and gas by PSE would require a \$50,000 investment.

The City's analysis so far of the cost of providing service to the two former Boeing buildings shows that extending municipal water (and sewer) service to those parts of the airport that are currently not linked to these services is likely to be an expensive proposition. The actual cost of providing such services will depend on the type of use and the type of buildings to be developed, and cannot be estimated today. Yet, these costs need to be considered as the City decides on the disposition of these parcels once they become available. While tenants building hangars can be expected to pay for their own hook-ups to municipal facilities if they are close, for the property to be leasable, the City must provide the hookup capability in reasonable proximity. Should the City decide on a more direct leasing approach on the airport, the hook-up costs would also fall to the City (but would be recovered over time by lease rates).

Figure 3-6: Providers of Utility Services At the Airport

Current Occupant	Map ID #	City Water	Boeing Water	City Sewer	Bryn Mawr Sewer
City of Renton (Restaurant Parcel)	1a	X			X
City of Renton Apron C, C-5	1b		X		X
City of Renton C-4 Parcel Tie-downs	1c				
City of Renton North of PSE	1d	X		X	
City of Renton Tower Building	1e	X		X	
City of Renton T-hangar	1f	X		X	
Northwest Seaplanes	2	X			X
BHC Inc.	3	X			X
BEFA	4	X			X
Boeing Apron C, C-1, Fuel Farm	5a		X		
Boeing Utility Vault	5b	X*	X		
Boeing Apron B	5c	X*			
Boeing Admin. Building (Old Tower)	5d	X		X	
Boeing parking (SE of old tower)	5e	X		X	
Boeing Apron A	5f	X**	X	X***	
Cedar River Hangar West Tie-down	6a				
Cedar River Hangar	6b	X			
Cedar River Hangar East Tie-down	6c				
Action Aviation	7				
Puget Sound Energy	8	X		X	
FAA Tower	9a	X		X	
FAA East Side Area	9b				
Jobmaster/Clayton Scott	10	X		X	
Pro-Flight Aviation	11	X		X	
Lane Hangar Condo Assoc. (12 T-hangars)	12	X		X	
Renton Chamber of Commerce	13	X		X	
Bruce Leven West Side	14a	X		X	
Bruce Leven East Side	14b	X			
Aero Dyne East Tie-down	15c	X		X	
Aero Dyne Hangar/Office	15d	X		X	
Aero Dyne Ventures Parking	15a	X		X	
Aero Dyne West Tie-down	15b	X		X	
Kaynan	16a	X		X	
Kaynan	16b	X		X	
Kaynan	16c	X		X	
Ace Aviation Inc./Bosair	17	X		X	

* Note: While Boeing has access to City water on some parcels, it is currently using its own waterlines.

** Partial: Access to City water in northern half. *** Hangars only.

Source: Hanson Professional Services, Inc.

3.3.5 Airport Finances

Like the nation's highway system, the U.S. air transportation system is funded exclusively by revenues and taxes paid by its users. The following provides an overview of funding sources and expenditures both at the federal level and for Renton Municipal Airport.

3.3.5.1 Funding at the Federal Level

3.3.5.1.1 Revenues

Federal funding for airports and other aviation-related infrastructure comes exclusively from federal taxes on aviation users. Federal taxes on aviation users are deposited in the Airport and Airway Trust Fund. They currently include:

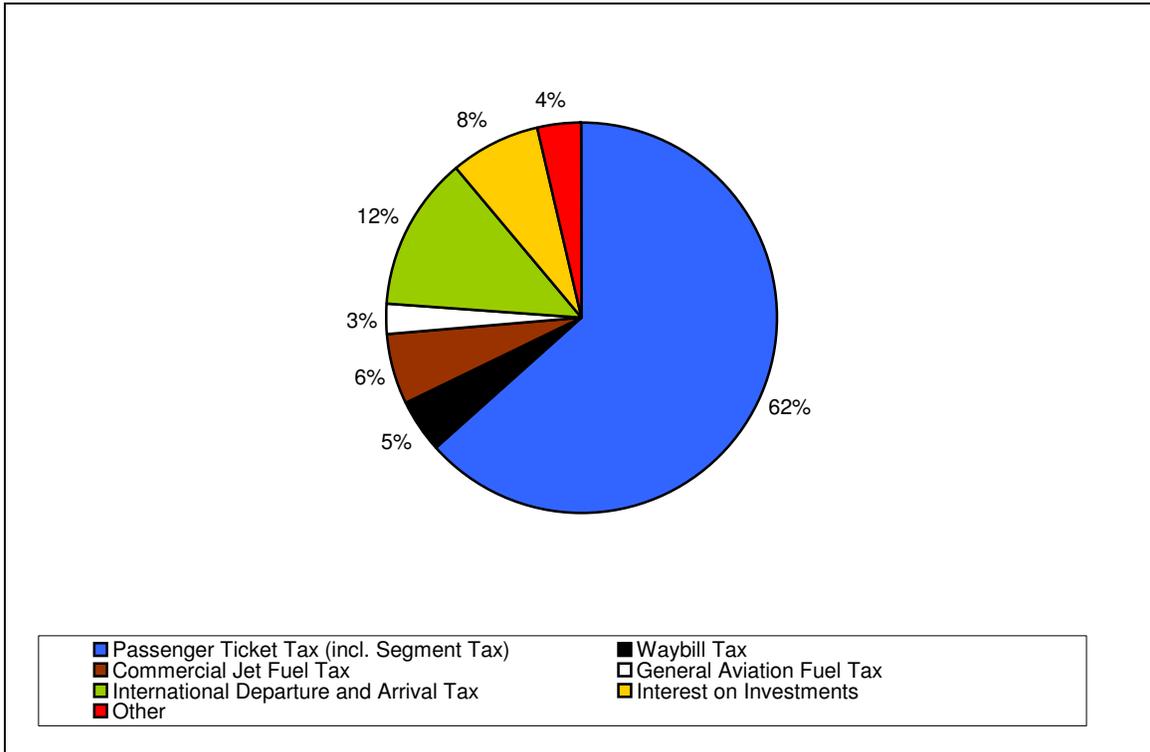
- 7.5% passenger ticket tax;
- \$2 flight segment fee (increasing to \$3 in 2002);
- 6.25% freight waybill tax;
- \$12 international departure and arrival taxes;
- 7.5% frequent flyer tax; and

Aviation fuel taxes as follows:

- 4.3 cents per gallon on commercial aviation;
- 19.3 cents per gallon on general aviation gasoline; and
- 21.8 cents per gallon on general aviation jet fuel.

The taxes listed above indicate that a large portion of federal aviation taxes is levied on commercial aviation. The only aviation-related taxes paid by general aviation are fuel taxes for general aviation gasoline and jet fuel. With three percent of the total aviation tax revenue they comprise a relatively small portion of aviation taxes. In 2000, federal Airport and Airway Trust Funds revenues were as follows:

Figure 3-7: 2000 Airport and Airway Trust Fund Revenues



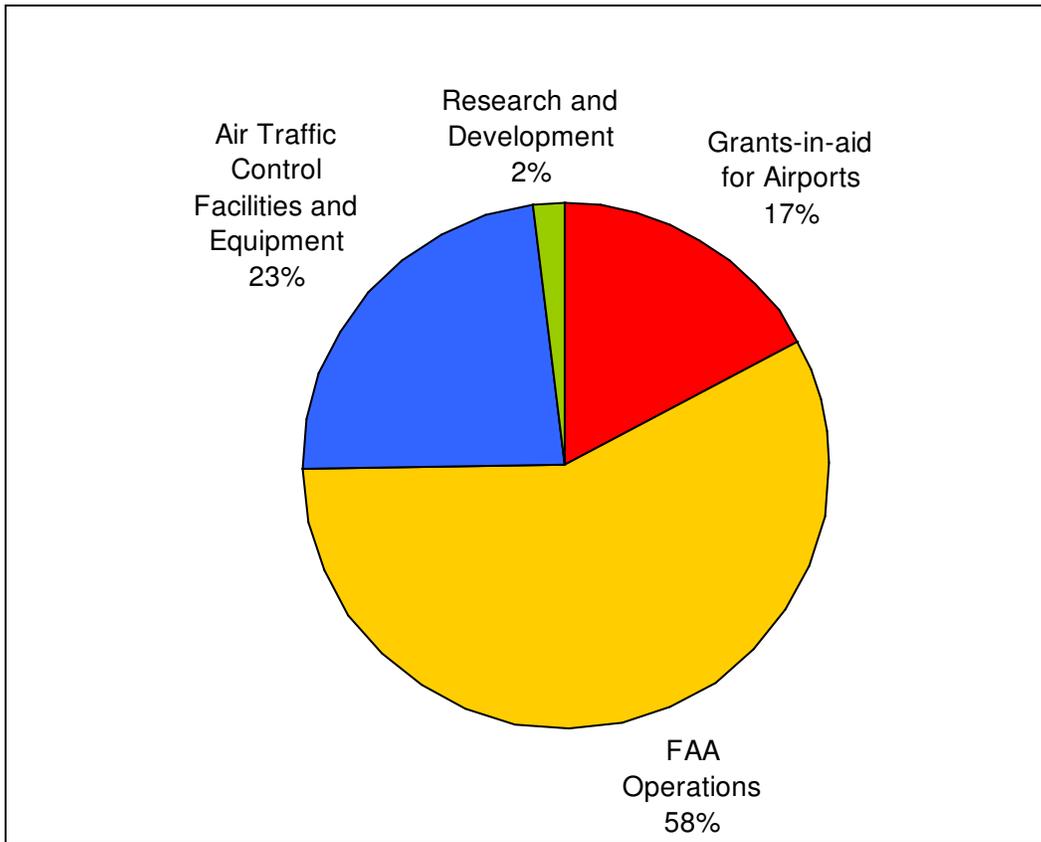
Funding Source	\$ in millions
Passenger Ticket Tax (incl. Segment Tax)	6,758
Waybill Tax	500
Commercial Jet Fuel Tax	615
General Aviation Fuel Tax	272
International Departure and Arrival Tax	1,349
Interest on Investments	805
Other	389
TOTAL TRUST FUND INCOME	10,688

Sources: "Fiscal Year 2002: Budget in Brief," FAA, April 2001; FAA, Aviation Policy and Plans (APO) Estimates.

3.3.5.1.2 Expenditures

Funds from the Airport and Airway Trust Fund are used for a variety of different purposes supporting civil aviation in the U.S. In FY 2000, FAA operations, with almost 58 percent, took up the largest share of expenditures, followed by air traffic control needs with 23 percent. U.S. airports received just over 17 percent of federal aviation tax revenue. Figure 3-8 illustrates the distribution of funds:

Figure 3-8: 2000 Airport and Airway Trust Fund Expenditures



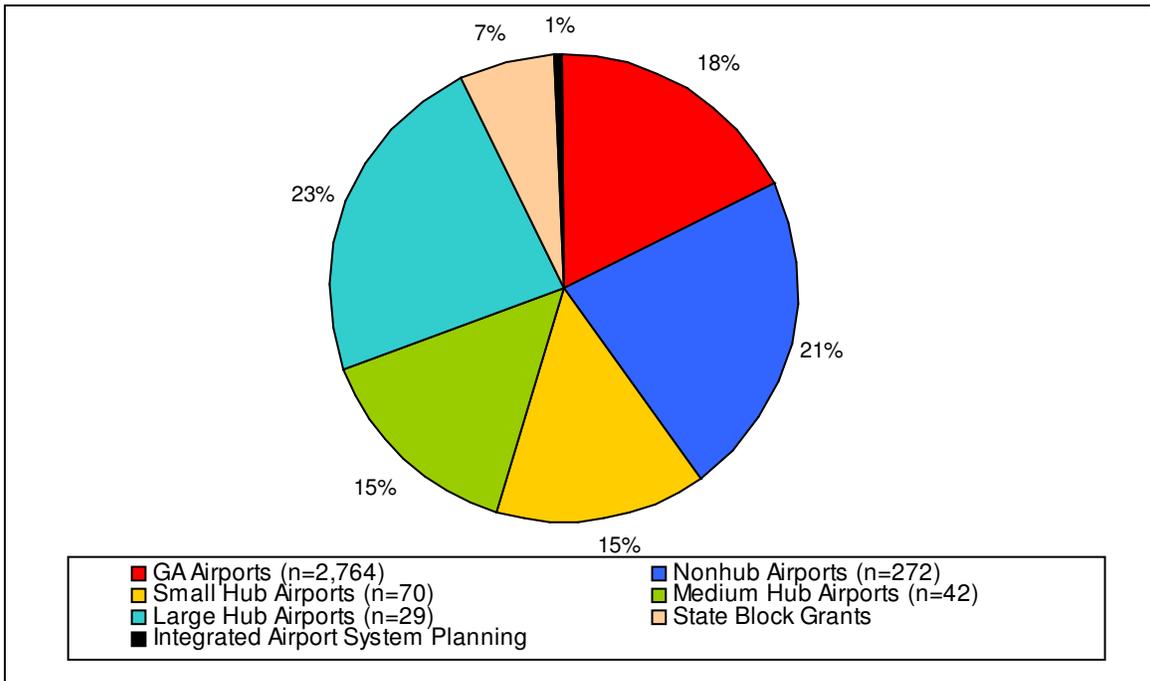
Expenditure	\$ in millions
<i>Grants-in-aid for Airports</i>	<i>1,578</i>
FAA Operations	5,299
Air Traffic Control Facilities and Equipment	2,141
Research and Development	169
TOTAL TRUST FUND EXPENDITURES	9,187

Source: "Fiscal Year 2002: Budget in Brief," FAA, April 2001.

Grants to U.S. airports funded by Airport and Airways Trust Funds revenues are administered by the FAA and distributed through the Airport Improvement Program to eligible airports throughout the U.S. During FY 2000, all general aviation airports combined received 18 percent, or \$335 million of AIP grants, while commercial service airports received 75 percent or \$1.4 billion. Since the GA airports contributed, with \$272 million, somewhat less than they received, they were supported in part by taxes from commercial aviation. This is the intention of the program since the smaller airports, through siphoning off the lighter aircraft traffic, play a vital role in maintaining the viability of the larger ones.

With 24 percent, the nation’s 29 large hub airports received the largest share of funds. A small percentage of funds are used to provide state block grants and assistance for airport system planning. Figure 3-9 provides the distribution of funds to various types of airports:

Figure 3-9: 2000 Airport Improvement Program Grants



Airport Type	Grants in \$ millions
GA Airports (n=2,764)	335
Nonhub Airports (n=272)	413
Small Hub Airports (n=70)	272
Medium Hub Airports (n=42)	274
Large Hub Airports (n=29)	446
State Block Grants	122
Integrated Airport System Planning	11
TOTAL AIP GRANTS	1,872

Source: “Fiscal Year 2002: Budget in Brief,” FAA, April 2001.

Between 1982 and 1996, airport grants under AIP were spent on the following types of projects:

- Runways, taxiways, and aprons (53%);
- Noise control projects (11%);

- Land purchases (8%);
- Safety and security (6%);
- Buildings (5%);
- Airport roads (5%); and
- Miscellaneous projects such as lighting and planning.

Renton Municipal Airport is part of the National Plan of Integrated Airport Systems, and as such it is eligible for federal AIP funds. Renton has received funding for capital improvements from this funding source for capital improvements such as runway pavement rehabilitation and lighting systems. Like most other smaller airports, it depends heavily on the federal funding for the majority of its capital improvement program.

3.3.5.2 Funding at the Local Level

3.3.5.2.1 Revenues

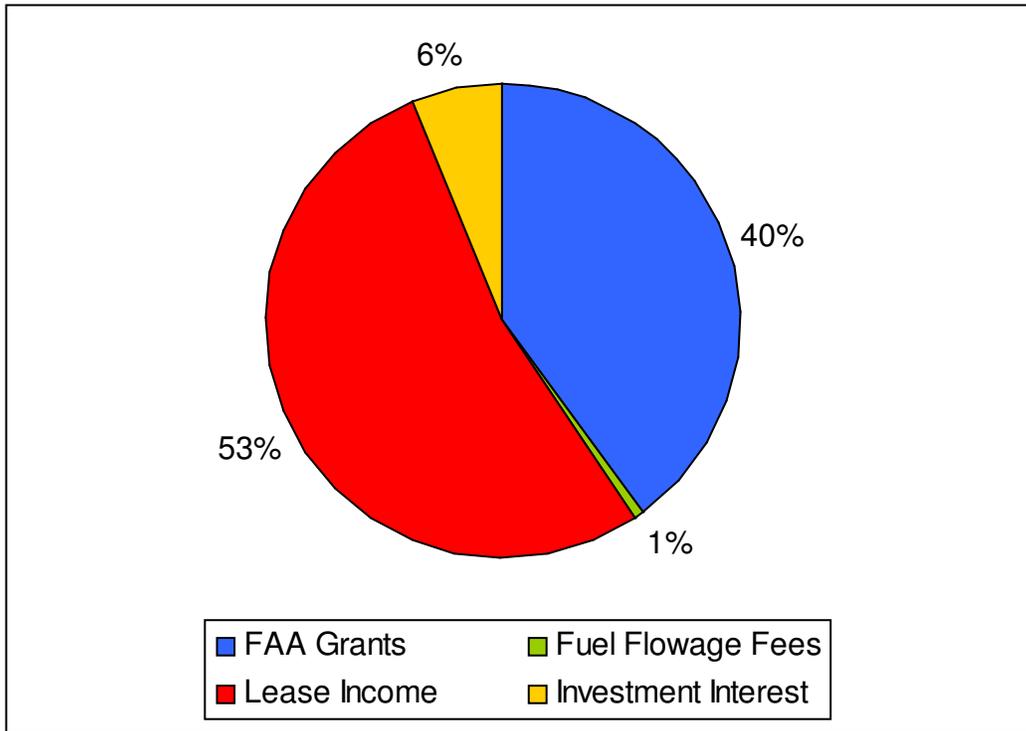
Renton Municipal Airport is a financially self-sufficient part of the City of Renton. It does not receive any funds from the City's General Fund. The airport's funding comes exclusively from airport revenues and FAA grants. All revenues must go back to support the airport. FAA requires that all airports that have received federal funding use all their revenues for aviation purposes to ensure that the use and leasing of their airport property is priced to reach the highest level of self-sufficiency possible, and to minimize the investment required of scarce FAA/AIP funds.

Based on the current budget, Renton Airport expects to generate a total of \$1.3 million in 2001. Some \$691,000 will come from lease income.

Lease income is adjusted regularly based on the Consumer Price Index (CPI) for the Puget Sound region. In addition, in 1998, Renton Airport had an arbitration process to determine Fair Market Value for all the non-Boeing leaseholds. [Boeing's lease rates have always been arrived at through negotiation.] The City and the tenants each chose an appraiser and an independent panel reviewed the data that was developed. As a result, rates were set for all the various types of leasehold property, along with an escalator clause to address inflation. In the arbitration process, property values were examined for a number of other general aviation airports in the region, including Boeing Field.

In addition to lease income the airport receives \$7,000 from fuel flowage fees and another \$80,000 from investment interest. FAA is expected to contribute \$517,000 for capital projects on the airport. Figure 3-10 lists the revenue sources for the airport.

Figure 3-10: Renton Airport 2001 Budget: Revenues Sources



REVENUES	\$ in \$1,000
FAA Grants	517
Fuel Flowage Fees	7
Lease Income	691
Investment Interest	80
TOTAL REVENUES	1,295

Source: City of Renton, 2001 Budget, Fund 402: Airport Fund.

Figure 3-11, on the next pages, lists all primary tenants and their lease contributions. With almost \$300,000 in annual lease payments, Boeing accounts for over 50 percent of the airport’s lease income. Other tenants providing significant lease income include BEFA with over \$41,000, Cedar River with \$38,000, and Bruce Leven with \$35,000.

Appendix F shows the airport’s detailed budget for FY 2001.

Figure 3-11: Projected 2001 Revenues by Tenant and Parcel*

Current Occupant	Map ID #	Ground Lease Sq. Ft.	Tie Down Area Sq. Ft.	Yearly Building Rent	2001 Yearly Rate Per Sq. Ft.	2002 Yearly Rate Per Sq. Ft. (New)	Monthly Lease Rate For City Hangar/Tie-downs	2001 Est. Lease Revenue
City of Renton (Restaurant parcel)	1a	80,862					NA	NA
City of Renton Apron C	1b	248,103					NA	NA
City of Renton C-4 Parcel Tie-downs	1c	122,346	122,346				\$75.33 Per Private Tie-down	\$3,616
City of Renton North of PSE	1d	11,571	11,571				NA	NA
City of Renton Tower Building	1e	14,797						
City of Renton T-hangar	1f	44,181					\$200.00 Per Private Hangar	\$21,600
Northwest Seaplanes	2	91,546			\$0.2800	\$0.3280	\$288.00 Hangar \$376.65 Tie-downs	\$33,615
BHC Inc.	3	48,779			\$0.3240			\$15,804
BEFA	4	124,838			\$0.3220			\$40,198
Boeing Apron C, C-1, Fuel Farm**	5a	58,197			\$0.3000	\$0.3526		\$14,966
Boeing Utility Vault**	5b	21,250			\$0.3000	\$0.3526		\$5,465
Boeing Apron B**	5c	191,214			\$0.3000	\$0.3526		\$49,173
Boeing Parking**	5d	27,853			\$0.3000	\$0.3526		\$7,163
Boeing Parking (SE of old tower)**	5e	17,380		\$3,943	\$0.3000	\$0.3526		\$4,470
Boeing Apron A**	5f	716,844			\$0.3000	\$0.3526		\$184,344
Cedar River Hangar West Tie-down	6a	75,873	75,873		\$0.1517			\$11,510
Cedar River Hangar	6b	85,200			\$0.2437	\$0.2724		\$20,763
Cedar River Hangar East Tie-down	6c	4,804	4,804		\$0.1517			\$729
Action Aviation	7	34,611	34,611		\$0.1517			\$5,250
Puget Sound Energy	8	21,885			\$0.3271			\$7,159
FAA	9a+b			\$1,970				
Jobmaster/Clayton Scott	10	14,232			\$0.3220			\$4,583
Pro-Flight Aviation	11	30,471			\$0.3066		\$301.32 Tie-downs	\$12,958
Lane Hangar Condo Assoc.	12	41,366			\$0.3066			\$12,683
Chamber of Commerce	13	9,600			\$0.7072			\$6,770
Bruce Leven East Side Tie-downs	14b	70,716	70,716		\$0.1610			\$11,385
Bruce Leven West Side	14a	71,867			\$0.3220			\$23,141
Aero Dyne Parking	15a	8,439			\$0.1474	\$0.1641		\$1,244
Aero Dyne West Tie-down	15b	17,228	17,228		\$0.1474	\$0.1641		\$2,539
Aero Dyne East Tie-down	15c	13,363	13,363		\$0.1474	\$0.1641		\$1,970
Aero Dyne Hangar/Office	15d	42,936			\$0.2931	\$0.3282		\$12,653
Kaynan	16a	27,885		\$250	\$0.2931	\$0.3276		\$8,173
Kaynan	16b	53,588			\$0.2931	\$0.3276		\$15,707

Renton Airport Business Plan

Current Occupant	Map ID #	Ground Lease Sq. Ft.	Tie Down Area Sq. Ft.	Yearly Building Rent	2001 Yearly Rate Per Sq. Ft.	2002 Yearly Rate Per Sq. Ft. (New)	Monthly Lease Rate For City Hangar/Tie-downs	2001 Est. Lease Revenue
Kaynan	16c	19,351			\$0.2931	\$0.3276		\$5,672
Ace Aviation Inc./Bosair	17	29,749		\$162	\$0.3100			\$9,222
AT&T*** Utility Easement		91,905			\$0.3000			\$9,099
PSE Utility Easement		1,900			\$0.1000			\$190
Subtotal Building Rent				6,325				
Subtotal Lease Revenue								\$627,616
TOTAL Rent & Lease Revenue								\$633,941

* Note: Differences between the 2001 budget and projected lease income are due to adjustments in the Boeing lease that were not anticipated during the budget process. ** Boeing received a discount of 14.28% in 2001 and 10% in 2002 on its lease rate in exchange for Aircraft Rescue and Firefighting services and other contributions it makes to the airport. ***AT&T receives a 33% discount.

Source: Renton Municipal Airport.

3.3.5.2.2 Expenditures

Renton Municipal Airport funds all operations and capital improvements from lease, fuel flowage fee and interest income and federal grants. For 2001, the airport expects to spend about \$1.34 million on operations and capital improvements. Slightly over 50 percent, or \$686,000, will be spent on the operation of the airport and 48 percent will be used for capital improvements. Figure 3-12 illustrates the planned expenditures for the various operations and capital expenditures.

Figure 3-12: Renton Airport 2001 Budget: Expenditures

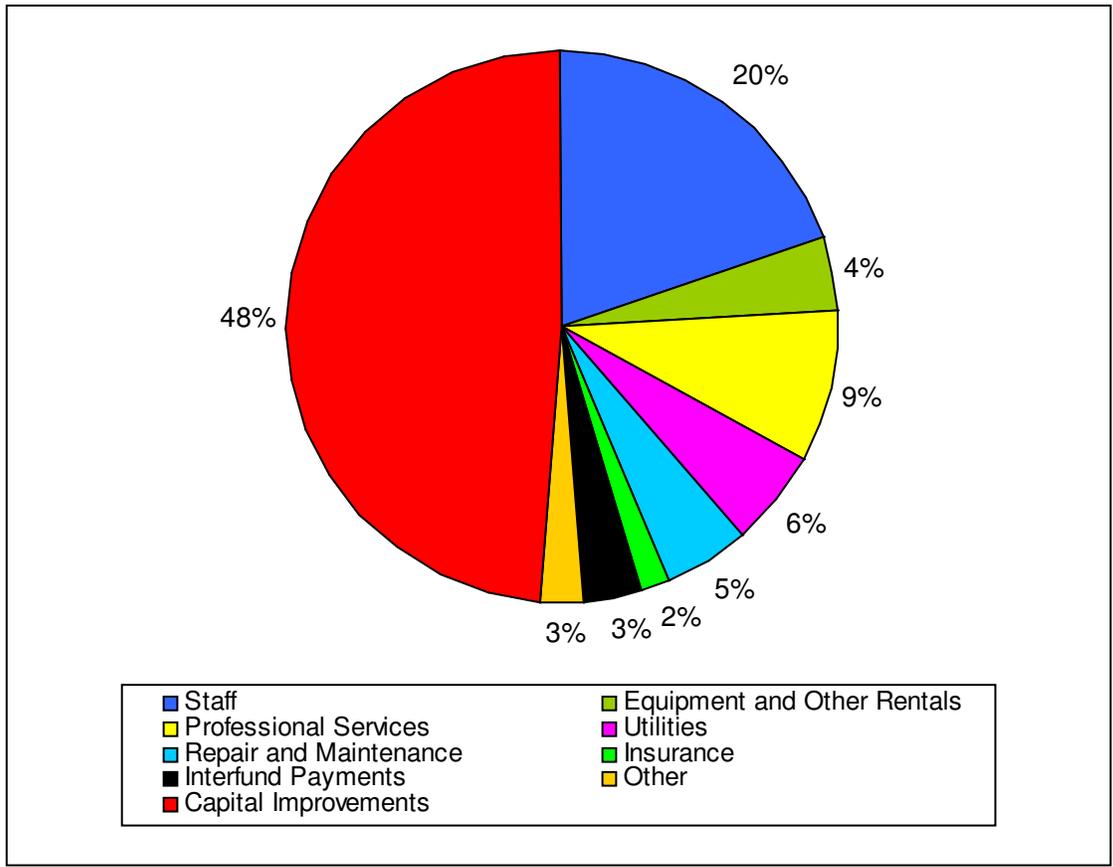


Figure 3-12, cont.

EXPENDITURES	\$ in \$1,000
OPERATIONS	
Staff	267
Equipment and Other Rentals	58
Professional Services	119
Utilities	74
Repair and Maintenance	64
Insurance	24
Interfund Payments	43
Other	36
TOTAL OPERATIONS	686
CAPITAL IMPROVEMENTS	655
TOTAL EXPENDITURES	1,341

Source: City of Renton, 2001 Budget, Fund 402: Airport Fund.

Day-to-day management and maintenance of the airport is with a cost of \$267,000 the largest operational expenditure, followed by professional services with \$119,000, which includes consultant, property appraisal and attorney fees. Major capital expenditures expected for 2001 include airfield improvements and the construction of a new seaplane dock.

Renton Municipal Airport currently also maintains an operating reserve of \$107,000 and a capital reserve of \$3.4 million.

It has been pointed out that although they are not direct aviation revenues, three sources of general business revenue from the airport go into the City's General Fund: these are Business and Occupation (B&O) taxes, the City employee tax, and a portion of the sales tax.