Chapter 6
Capital Financial Plan

The master plan concept presented in the previous chapter outlined airside and landside improvements for Kerrville-Kerr County Airport (ERV) that provide the City of Kerrville and Kerr County with a plan to preserve and develop the airport to meet future aviation demands. Using the development concept as a guide, this chapter will provide a description and overall cost for the projects identified in the capital improvement program (CIP) and development schedule. The program has been evaluated from a variety of perspectives and represents a comparative analysis of basic budget factors, demand, and priority assignments.

The presentation of the capital program is organized into two sections. First, the airport's CIP and associated cost estimates are presented in narrative and graphic form. The CIP has been developed following Federal Aviation Administration (FAA) guidelines for master plans and primarily identifies those projects that are likely eligible for FAA and Texas Department of Transportation (TxDOT) – Aviation Division grant funding. Second, capital improvement funding sources on the federal, state, and local levels are identified and discussed.

AIRPORT CAPITAL IMPROVEMENT PROGRAM

With the recommended concept, specific needs, and improvements for the airport established, the next step is to determine a realistic schedule for project implementation and the associated costs for the plan. The capital program considers the interrelationships among the projects in order to determine an appropriate sequence of projects while remaining within reasonable fiscal constraints.

The CIP is programmed by planning horizons and has been developed to cover the short-term (1-5 years), intermediate-term (6-10 years), and long-term (11-20 years) planning horizons. By using planning horizons instead of specific years, the City of Kerrville and Kerr County will have greater flexibility to adjust capital needs as demand dictates. **Table 6A** summarizes the key aviation demand milestones projected at ERV for each of the three planning horizons.

TABLE 6A | Aviation Demand Planning Horizons

	Base Year (2024)	Short Term (1-5 Years)	Intermediate Term (6-10 Years)	Long Term (11-20 Years)
BASED AIRCRAFT				
Single-Engine	59	65	72	93
Multi-Engine	2	2	2	1
Turboprop	4	5	6	9
Jet	18	22	25	31
Helicopter	5	6	7	9
Other	0	0	1	2
Total Based Aircraft:	**88**	**100**	**113**	**145**
ANNUAL OPERATIONS				
Itinerant				
Air Carrier	0	0	0	0
Air Taxi	1,164	1,300	1,600	2,400
General Aviation	33,314	38,800	43,700	54,200
Military	62	46	46	46
Total Itinerant	**34,540**	**40,146**	**45,346**	**56,646**
Local				
General Aviation	10,334	11,900	13,300	16,400
Military	0	0	0	0
Total Local	**10,334**	**11,900**	**13,300**	**16,400**
Total Annual Operations:	**44,874**	**52,046**	**58,646**	**73,046**

Source: Coffman Associates analysis

A key aspect of this planning document is the use of demand-based planning milestones. The short-term planning horizon contains items of highest need and/or priority. As short-term horizon activity levels are reached, planning should begin for the intermediate term, based on the next activity milestones. Likewise, when the intermediate-term milestones are reached, planning should begin for the long-term activity milestones.

Many development items included in the recommended concept will need to follow these demand indicators. For example, the plan includes development of new landside facilities (i.e., hangars, aprons, and taxilanes) to support aircraft activity. Demand for new based aircraft will be a primary indicator for these projects. As based aircraft demand materializes, additional hangars should be constructed to meet the demand. If demand slows or does not occur as forecast, some projects may be delayed. As a result, capital expenditures are planned on an as-needed basis, leading to more responsible use of capital assets. Some development items do not depend on demand, such as airfield improvements to meet FAA design standards. These projects need to be programmed in a timely manner, regardless of changes in demand indicators, and should be monitored regularly by airport management.

At ERV, some hangars are owned and managed by the airport and leased to individual tenants, while others are privately owned and managed on land leased from the airport. Because of economic realities, many airports rely on private developers to construct new hangars. In some cases, private developers can keep construction costs lower, which lowers the monthly lease rates necessary to amortize a loan. The CIP for ERV assumes development for hangar facilities will be funded privately through ground lease agreements with the developer. However, the City of Kerrville and Kerr County will determine whether to self-fund landside facility development or rely on private developers, based on demand and the specific needs of a potential developer.

Because a master plan is a conceptual document, implementation of the capital projects should only be undertaken after further refinement of their designs and costs through architectural and/or engineering analysis. Moreover, a project may require additional infrastructure improvements (e.g., drainage improvements, extension of utilities, etc.) that may increase the estimated cost of the project or the timeline for completion.

Once a list of necessary projects was identified and refined, project-specific cost estimates were prepared. **Capital costs presented here should be viewed only as order-of-magnitude estimates that are subject to further refinement during engineering/architectural design**; nevertheless, they are considered sufficient for planning purposes. Cost estimates for all of the development projects in the CIP are based on present-day construction and administration costs. Adjustments will need to be applied over time to account for inflation, as well as changes in construction and capital equipment costs. Cost estimates for all of the development projects in the CIP are in current (2025) dollars.

Exhibit 6A presents the proposed 20-year CIP for ERV. Most – but not all – of the projects identified are eligible for Airport Improvement Program (AIP)/TxDOT grant funding because this master plan follows TxDOT guidelines and focuses on those projects that are eligible for grant funding. The airport will have a variety of capital expenses that are not eligible for TxDOT funding, and which are not presented in detail in this CIP. **AIP/TxDOT-funded projects are eligible for up to 90 percent of the total project cost; the local sponsor is responsible for a 10 percent match.**

TxDOT utilizes a priority ranking system to help objectively evaluate potential airport projects. Projects are weighted toward safety, infrastructure preservation, standards, and capacity enhancement. TxDOT will participate in the highest priority projects before considering lower priority projects, even if a lower priority project is considered a more urgent need by the local sponsor; nevertheless, the project should remain a priority for the airport and funding support should continue to be requested in subsequent years.

The most important feature of the CIP is that future projects for which the airport may request AIP/TxDOT funding are included on the list. The CIP is updated and reviewed with TxDOT on a biennial basis. Projects on the CIP will be moved higher and lower on the list, depending on priority and funding availability. Periodically, new projects will arise that can be added to the CIP presented to TxDOT.

Some projects identified in the CIP will require environmental documentation. The level of documentation necessary for each project must be determined in consultation with the FAA and TxDOT. There are three major levels of environmental review to be considered under the *National*

Environmental Policy Act (NEPA): categorical exclusion (CATEX), environmental assessment (EA), and environmental impact statement (EIS). Each level requires more time to complete and more detailed information than the previous one. Guidance on the level of documentation required for a specific project is provided in FAA Order 1050.1G, *FAA National Environmental Policy Act Implementing Procedures.* The Environmental Overview presented in Chapter Five addresses NEPA and provides an evaluation of various environmental categories for ERV.

The following sections will describe, in greater detail, the projects identified for the airport over the next 20 years. The projects are grouped based on a detailed evaluation of existing and projected demand, safety, rehabilitation needs, and local priority. While the CIP identifies the priority rankings of the projects, the list should be evaluated and revised on a regular basis. It is also important to note that certain projects – while listed separately for purposes of evaluation in this study – could be combined with other projects during the time of construction/implementation.

SHORT-TERM PROGRAM

The short-term projects are those anticipated to be needed during fiscal years (FY) 2026 through 2030. The projects listed are subject to change, based on federal and state funding priorities. The short-term program considers seven projects for the planning period, as presented on **Exhibit 6A** and depicted on **Exhibit 6B.** The focus for the short-term period is to establish infrastructure to support hangar development. The following provides a detailed breakdown of each project.

FY 2026

Project #1: Construct Taxiway B2
Description: Constructs a new connecting taxiway between Taxiway B and Runway 3-21 to provide an additional exit from the runway and to support new hangar developments on the north side of the runway. The taxiway is planned according to taxiway design group (TDG) 2A standards.
Cost Estimate: $450,229
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

FY 2027

Project #2: Construct Hangar Taxilane from C2
Description: Constructs new TDG 2A taxilane north of Runway 3-21 to support new hangar development.
Cost Estimate: $1,876,506
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Timeframe (Fiscal Year)	Project No.	PROJECT DESCRIPTION	Total Project Cost Estimate	AIP / TxDOT Eligible	Airport Sponsor
		SHORT TERM (Years 2026-2030)			
2026	1	Construct Taxiway B2	$450,229	$405,206	$45,023
2027	2	Construct Hangar Taxilane from C2	$1,876,506	$1,688,855	$187,651
2028	3	Construct Access Road and Parking Lot for Hangars	$1,320,598	$0	$1,320,598
2029	4	Relocate AWOS	$389,100	$350,190	$38,910
2029	5	Avigation Easement - AWOS Protection	$685,500	$616,950	$68,550
2030	6	Relocate Segmented Circle/Lighted Wind Cone	$91,272	$82,144	$9,127
2030	7	Expand Terminal Apron - Phase 1	$2,329,034	$2,096,131	$232,903
		SHORT TERM TOTAL	**$7,142,239**	**$5,239,476**	**$1,902,762**
		Intermediate Term (Years 2031-2035)			
2031-2035	8	Expand Terminal Apron - Phase 2	$4,088,695	$3,679,826	$408,870
	9	Extend Airport Access Road to Midfield Area	$1,746,762	$0	$1,746,762
	10	Construct New Vehicle Parking Lot	$1,945,392	$0	$1,945,392
	11	Construct New Self-Service Fuel Facility	$1,504,395	$0	$1,504,395
	12	Rehabilitate Taxiway A and Taxiway E Pavement to Enhance Weight Bearing Capacity	$7,479,638	$6,731,674	$747,964
	13	Avigation Easement - RPZ Protection	$72,000	$64,800	$7,200
	14	Avigation Easement - RPZ Protection	$193,500	$174,150	$19,350
	15	Extend Box Hangar Taxilane	$1,206,639	$1,085,975	$120,664
	16	Install REILs on Runway 3-21	$137,535	$123,782	$13,754
	17	Shift Runway 12-30 987' Southeast	$8,407,562	$7,566,806	$840,756
	18	Construct Taxiways A2, A3	$1,717,267	$1,545,540	$171,727
	19	Overlay Runway 12-30 to Increase Pavement Strength	$22,286,987	$20,058,288	$2,228,699
	20	Update Airfield Signage	$300,000	$270,000	$30,000
	21	Routine Airfield Pavement Maintenance	$5,000,000	$4,500,000	$500,000
		INTERMEDIATE TERM TOTAL	**$56,086,372**	**$45,800,841**	**$10,285,531**
		LONG TERM (Years 2036+)			
2036+	22	Construct T-Hangar Taxilane	$2,088,792	$1,879,913	$208,879
	23	Construct New Hangar Access Road	$834,296	$0	$834,296
	24	Construct Access Road to North Side	$1,194,321	$0	$1,194,321
	25	Construct Taxiway C	$3,504,015	$3,153,614	$350,402
	26	Construct Taxiway C Holding Apron	$610,306	$549,275	$61,031
	27	Construct Taxilane for Executive Hangars	$2,399,599	$2,159,639	$239,960
	28	Construct Taxilane for Box Hangars	$716,498	$644,848	$71,650
	29	Install North Side Fuel Farm	$1,583,516	$0	$1,583,516
	30	Reroute Airport Loop Road	$2,494,441	$2,244,997	$249,444
	31	Extend Runway 12-30 1,013' Southeast	$10,901,190	$9,811,071	$1,090,119
	32	Construct Holding Bay at Southeast End of Taxiway A	$1,250,221	$1,125,199	$125,022
	33	Construct New Terminal Apron	$2,467,076	$2,220,368	$246,708
	34	Expand Terminal Building	$3,962,113	$0	$3,962,113
	35	Routine Airfield Pavement Maintenance	$10,000,000	$9,000,000	$1,000,000
		LONG TERM TOTAL	**$44,066,384**	**$32,788,924**	**$11,217,460**
		TOTAL CIP	**$107,234,994**	**$83,829,241**	**$23,405,753**

LEGEND

- Airport Property Line
- Ultimate Property Line
- Existing Easements
- A — Taxiway Designation
- Runway Protection Zone (RPZ)
- AWOS Critical Area
- Ultimate Avigation Easement
- Pavement Removal
- Short Term Projects
- Intermediate Term Projects
- Long Term Projects

Short Term (2026-2030)		
2026	1	Construct Taxiway B2
2027	2	Construct Hangar Taxilane from C2
2028	3	Construct Access Road and Parking Lot for Hangars
2029	4	Relocate AWOS
	5	Avigation Easement - AWOS Protection
2030	6	Relocate Segmented Circle/Lighted Wind Cone
	7	Expand Terminal Apron - Phase 1

Intermediate Term (2031-2035)	
8	Expand Terminal Apron - Phase 2
9	Extend Airport Access Road to Midfield Area
10	Construct New Vehicle Parking Lot
11	Construct New Self-Service Fuel Facility
12	Rehabilitate Taxiway A and Taxiway E Pavement to Enhance Weight Bearing Capacity
13	Avigation Easement - RPZ Protection
14	Avigation Easement - RPZ Protection
15	Extend Box Hangar Taxilane
16	Install REILs on Runway 3-21
17	Shift Runway 12-30 987' Southeast
18	Construct Taxiways A2, A3
19	Overlay Runway 12-30 to Increase Pavement Strength
20	Update Airfield Signage (not pictured)
21	Routine Airfield Pavement Maintenance (not pictured)

Long Term (2036+)	
22	Construct T-Hangar Taxilane
23	Construct New Hangar Access Road
24	Construct Access Road to North Side
25	Construct Taxiway C
26	Construct Taxiway C Holding Apron
27	Construct Taxilane for Executive Hangars
28	Construct Taxilane for Box Hangars
29	Install North Side Fuel Farm
30	Reroute Airport Loop Road
31	Extend Runway 12-30 1,013' Southeast
32	Construct Holding Bay at Southeast End of Taxiway A
33	Construct New Terminal Apron
34	Expand Terminal Building
35	Routine Airfield Pavement Maintenance (not pictured)

N

0 900

SCALE IN FEET

Photo Source: Google Earth 08/2024

Runway 3-21 (3,597' x 60')

Ultimate Runway 12-30 (7,317' x 100')

4.57 Acres

1.29 Acres

0.48 Acres

Peterson Farm Rd

Al Mooney Rd

Airport Loop

Memorial Blvd

Colvin Ranch Rd

Note: Acreages depicted are approximate.

FY 2028

Project #3: Construct Access Road and Parking Lot for Hangars
Description: Construction of vehicle access roads and parking lots to support hangar development north of Runway 3-21.
Cost Estimate: $1,320,598
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

FY 2029

Project #4: Relocate AWOS
Description: Relocating the AWOS will clear property in the terminal area for expansion of apron and hangar development opportunities.
Cost Estimate: $389,100
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #5: Avigation Easement - AWOS Protection
Description: Acquisition of an avigation easement over 4.57 acres of neighboring property to protect the AWOS critical area from incompatible developments that could impact the weather sensors.
Cost Estimate: $685,500
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

FY 2030

Project #6: Relocate Segmented Circle/Lighted Wind Cone
Description: Like the AWOS, the segmented circle and lighted wind cone are planned to be relocated to clear property in the terminal area for expansion of apron and hangar development opportunities.
Cost Estimate: $91,272
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #7: Expand Terminal Apron - Phase 1
Description: Expansion of the main terminal apron to Taxiway E to provide better circulation and parking capacity. The expansion adds 12,100 square yards (sy) of new apron space.
Cost Estimate: $2,329,034
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Short-Term Program Summary

The short-term CIP includes projects that build infrastructure to support new hangar development and apron capacity expansion. The total investment necessary for the short-term CIP is approximately $7.1 million. Of the overall short-term CIP total, approximately $5.2 million is eligible for federal and state funding assistance. Sponsor funding is estimated at approximately $1.9 for the short-term program.

INTERMEDIATE-TERM PROGRAM

The intermediate-term projects are those that are anticipated to be necessary in years six through 10 of the master plan. These projects are not tied to specific years of implementation; instead, they have been prioritized so that airport management has the flexibility to determine when they need to be pursued, based on current conditions. It is not unusual for certain projects to be delayed or advanced because of changing conditions, such as funding availability or changes in the aviation industry. This planning horizon includes 14 projects for the five-year timeframe, as listed on **Exhibit 6A** and depicted on **Exhibit 6B**. The following section includes a description of each project.

Project #8: Expand Terminal Apron - Phase 2
Description: Expands the terminal apron by an additional 18,400 sy to increase parking capacity and to support new hangar development.
Cost Estimate: $4,088,695
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #9: Extend Airport Access Road to Midfield Area
Description: Constructs a new vehicle access road extending from the existing terminal area, through a portion of the terminal apron, to the midfield area to support new hangar development. This project includes constructing new security fencing along the new road.
Cost Estimate: $1,746,762
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

Project #10: Construct New Vehicle Parking Lot
Description: Constructs a new vehicle parking lot in the midfield area to support hangar development.
Cost Estimate: $1,945,392
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

Project #11: Construct New Self-Service Fuel Facility
Description: Relocates the self-service fuel facility to the north end of the expanded terminal apron. This includes a small apron area for multiple aircraft to park while fueling.
Cost Estimate: $1,504,395
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

Project #12: Rehabilitate Taxiway A and Taxiway E Pavement to Enhance Weight Bearing Capacity
Description: This project is planned to increase the Taxiway A and E pavement strength to 100,000 pounds dual wheel loading (DWL) to support heavier aircraft traveling to/from the terminal apron to the primary runway.
Cost Estimate: $7,479,638
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #13: Avigation Easement - RPZ Protection
Description: Acquisition of an avigation easement over 0.48 acres of property within the ultimate Runway 30 runway protection zone (RPZ) to protect against incompatible development.
Cost Estimate: $72,000
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #14: Avigation Easement - RPZ Protection
Description: Acquisition of an avigation easement over 1.29 acres of property within the ultimate Runway 12 runway protection zone (RPZ) to protect against incompatible development.
Cost Estimate: $193,500
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #15: Extend Box Hangar Taxilane
Description: Extends an existing taxilane to support development of four new box hangars.
Cost Estimate: $1,206,639
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #16: Install REILs on Runway 3-21
Description: Installation of runway end identifier lights (REILs) to improve pilot situational awareness.
Cost Estimate: $137,535
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #17: Shift Runway 12-30 by 987' Southeast
Description: This project removes the existing 687-foot Runway 12 displaced threshold and extends the runway by 987 feet on the Runway 30 end. This complies with recommended runway safety area (RSA) standards without the application of declared distances. The resulting runway length of 6,304 feet adds 300 feet of runway pavement over the existing condition (6,004 feet). At this length, the runway meets the FAA-recommended length to accommodate 100 percent of the business jet fleet operating at 60 percent useful loads. The project includes updated/expanded medium intensity runway lights (MIRL), markings and signage, the extension of Taxiway A to the new Runway 30 threshold, and the relocation of existing precision approach path indicators (PAPI-4s) and REILs. The new runway pavement is planned to have a strength rating of 100,000 pounds DWL.
Cost Estimate: $8,407,562
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #18: Construct Taxiways A2, A3
Description: Adds two new entrance/exit taxiways from Runway 12-30 to improve aircraft circulation and airfield efficiency.
Cost Estimate: $1,717,267
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #19: Overlay Runway 12-30 to Increase Pavement Strength
Description: The runway pavement overlay is planned for remaining existing runway pavement to increase the pavement strength to 100,000 pounds DWL to better accommodate heavier aircraft.
Cost Estimate: $22,286,987
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #20: Update Airfield Signage
Description: Upon completion of the major airfield projects, this project updates all airfield signage to reflect the ultimate taxiway naming convention as reflected on the recommended development plan. All existing signs are planned to be replaced with new LED systems.
Cost Estimate: $300,000
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #21: Routine Airfield Pavement Maintenance
Description: Rehabilitation of airfield pavement (runway/taxiway/apron) to preserve useful life.
Cost Estimate: $5,000,000
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Intermediate-Term Program Summary

The total costs associated with the intermediate-term program are estimated at $56.1 million. Of this total, approximately $45.8 million could be eligible for federal/state funding, and the airport sponsor share is projected at $10.3 million.

LONG-TERM PROGRAM

The long-term planning horizon considers 14 projects for the 10+ year period that are mainly demand-driven. These projects and their associated costs are listed on **Exhibit 6A** and graphically depicted on **Exhibit 6B**.

Project #22: Construct T-Hangar Taxilane
Description: Constructs new taxilanes meeting TDG 1B standards to support the development of four new T-hangar facilities.
Cost Estimate: $2,088,792
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #23: Construct New Hangar Access Road
Description: Extends Airport Loop to the north to provide vehicle access to new hangar development areas.
Cost Estimate: $834,296
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

Project #24: Construct Access Road to North Side
Description: Construction of a vehicle access road to the north side of Runway 3-21 to support new hangar development.
Cost Estimate: $1,194,321
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

Project #25: Construct Taxiway C
Description: Parallel Taxiway C on the north side of Runway 3-21 is planned for development to support new hangar developments in the area. Taxiway C is planned to meet TDG 2A standards, and the project will include medium intensity taxiway lighting (MITL), markings, and signage.
Cost Estimate: $3,504,015
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #26: Construct Taxiway C Holding Apron
Description: Construction of a holding apron on Taxiway C at the Runway 21 end to allow for pre-flight engine tests and improved aircraft circulation.
Cost Estimate: $610,306
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #27: Construct Taxilane for Executive Hangars
Description: Development of new taxilane pavement parallel to Taxiway C to support executive hangar development on the north side of the airport.
Cost Estimate: $2,399,599
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #28: Construct Taxilane for Box Hangars
Description: Development of new taxilane pavement to support box hangar development on the north side of the airport.
Cost Estimate: $716,498
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #29: Install North Side Fuel Farm
Description: Development of a new fuel farm on the north side of the airfield, consisting of two 12,000-gallon storage tanks and a circle drive for refueling trucks. Having a dedicated north side fuel farm will avoid having refueling trucks cross the active airfield to service based aircraft in this area.
Cost Estimate: $1,583,516
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

Project #30: Reroute Airport Loop Road
Description: In preparation for the extension of Runway 12-30, Airport Loop is planned to be rerouted to avoid impacts to the extended RSA and runway object free area (ROFA).
Cost Estimate: $2,494,441
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #31: Extend Runway 12-30 by 1,013' Southeast
Description: This project extends the primary runway by 1,013 feet to achieve a full length of 7,317 feet. This is the maximum achievable length that can be achieved without the RPZ extending further into neighboring properties (approximately 0.48 acres of the RPZ is planned for protection via avigation easement). The added runway length will provide for greater utility to the larger/heavier business jets

that routinely utilize the airport. This project includes the extension of Taxiway A to the new runway end and the relocation of the runway's PAPI-4 and REIL systems.
Cost Estimate: $10,901,190
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #32: Construct Holding Bay at Southeast End of Taxiway A
Description: Construction of a holding apron on Taxiway A at the ultimate Runway 30 end to allow for pre-flight engine tests and improved aircraft circulation.
Cost Estimate: $1,250,221
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #33: Construct New Terminal Apron
Description: Construction of a new terminal apron expansion totaling 11,000 sy to support new hangar development and expanded parking capacity.
Cost Estimate: $2,467,076
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Project #34: Expand Terminal Building
Description: This project includes expanding the footprint of the terminal building by 6,000 square feet (sf), as well as upgrades to/modernization of the existing building as needed.
Cost Estimate: $3,962,113
Funding Breakdown: AIP/TxDOT – 0% | Airport Sponsor – 100%

Project #35: Routine Airfield Pavement Maintenance
Description: Rehabilitation of airfield pavement (runway/taxiway/apron) to preserve useful life.
Cost Estimate: $10,000,000
Funding Breakdown: AIP/TxDOT – 90% | Airport Sponsor – 10%

Long-Term Program Summary

The total investment necessary for the long-term CIP is approximately $44.0 million. Approximately $32.8 million is eligible for federal/state funding assistance. The sponsor share of long-term projects is projected at $11.2 million.

CAPITAL IMPROVEMENT PROGRAM SUMMARY

The CIP is intended as a road map of improvements to help guide the City of Kerrville/Kerr County and TxDOT – Aviation Division. The plan, as presented, will help accommodate increases in forecast demand at ERV over the next 20 years and beyond. The sequence of projects may change due to availability of funds or changing priorities, based on the annual review by airport management, the FAA, and TxDOT. Nevertheless, this is a comprehensive list of capital projects the airport should consider in the next 20 years.

The total CIP proposes approximately $107.2 million in airport development needs. Of this total, approximately $83.8 million (78.2 percent of the total CIP) could be eligible for federal and/or state funding assistance. The sponsor funding estimate for the proposed CIP is $23.4 million.

CAPITAL IMPROVEMENT FUNDING SOURCES

Generally, three different sources of funds are used to finance airport development:

- Airport cash flow
- Revenue and general obligation bonds
- Federal/state/local grants

Access to these sources of financing varies widely among airports. Some large airports maintain substantial cash reserves, and smaller commercial service and general aviation airports often require subsidies from local governments to fund operating expenses and finance modest improvements.

Financing for capital improvements at ERV will not rely solely on the financial resources of the City of Kerrville and Kerr County. Capital improvement funding is available through various grant-in-aid programs on both the federal and state levels. Historically, the airport has received both federal and state grants. While the amount of funding may vary by year, the CIP was developed with project phasing to remain realistic and within the range of anticipated grant assistance. The following discussion outlines key sources of potential funding for capital improvements at the airport.

FEDERAL GRANTS

Through federal legislation over the years, various grant-in-aid programs have been established to develop and maintain the system of public-use airports across the United States. The purpose of this system and its federally based funding is to maintain national defense and promote interstate commerce. Recently, the *FAA Reauthorization Act of 2024* (enacted on May 16, 2024) authorized the FAA's AIP at $4.0 billion for fiscal years 2025 through 2028. Section 708 of the law increases the federal share of allowable AIP-funded project costs at nonhub and nonprimary airports to 95 percent for FY 2025 and FY 2026. After FY 2026, the federal share reverts to 90 percent for AIP-funded projects.

The source for AIP funds is the Aviation Trust Fund, which was established in 1970 to provide funding for aviation capital investment programs (aviation development, facilities and equipment, and research and development). The Aviation Trust Fund also finances the operation of the FAA. It is funded by user fees, including taxes on airline tickets, aviation fuel, and various aircraft parts.

Several projects identified in the CIP are eligible for FAA funding through the AIP, which provides entitlement funds to airports based (in part) on their annual enplaned passengers and pounds of landed cargo weight. Additional AIP funds that are designated as discretionary may also be used for eligible projects, based on the FAA's national priority system. Although the AIP has been reauthorized several times and the funding formulas have been periodically revised to reflect changing national priorities, the

program has remained essentially the same. Public-use airports that serve civil aviation – like ERV – may receive AIP funding for eligible projects, as described in the FAA's *Airport Improvement Program Handbook*. The airport must fund the remaining project costs through a combination of other funding sources, which are discussed in the following sections.

Funding for AIP-eligible projects is undertaken through a cost-sharing arrangement in which the FAA/ TxDOT provides up to 90 percent of the cost, and the airport sponsor invests the remaining 10 percent. In exchange for this level of funding, the airport sponsor is required to meet various grant assurances, including maintaining the improvement for its useful life (usually 20 years).

Another source for federal grants is the *Infrastructure Investment and Jobs Act* (IIJA) – also known as the *Bipartisan Infrastructure Law* (BIL) – which was signed into law in 2022 and plans for $25 billion to be invested into America's airports over a five-year period. IIJA funds are sourced from the U.S. Treasury General Fund and are split into two funding buckets: $20 billion for Airport Infrastructure Grants (AIG) and $4.85 billion for the Airport Terminal Program (ATP). **Under the IIJA, ERV has a total allocation of $1,568,000[1] in allocated AIG funding for FY2022-2025.** This money can be used for repair and maintenance of existing infrastructure or construction of new facilities (i.e., airfield pavement, navigational aids, lighting, terminal building, etc.). ATP grants can be used for multimodal terminal development and relocating, reconstructing, repairing, or improving an airport traffic control tower. The federal share for AIG is the same as an AIP grant (90 percent with a local 10 percent match), while the federal share for ATP grants is 95 percent for nonprimary airports. The grant assurances that apply to AIP grants also apply to IIJA grants.

Apportionment (Entitlement) Funds

The AIP provides funding for eligible projects at airports through an apportionment (entitlement) program. Nonprimary airports that are included in the *National Plan of Integrated Airport Systems* (NPIAS), such as ERV, receive a guaranteed minimum level of $150,000 each year in nonprimary entitlement (NPE) funds. These funds can be carried over and combined for up to four years, thereby allowing for the completion of a more expensive project.

The FAA also provides a state apportionment, based on a federal formula that considers land area and population. TxDOT distributes these funds for projects at various airports throughout the State of Texas.

Small Airport Fund

If a large- or medium-hub commercial service airport chooses to institute a passenger facility charge (PFC) – which is a fee of up to $4.50 per airline ticket for the funding of capital improvement projects – its apportionment is reduced. A portion of the reduced apportionment goes to the small airport fund. The *FAA Reauthorization Act of 2024* includes a pilot program that will allow general aviation airports to use the Small Airport Fund for runway extension projects that might otherwise be ineligible under the AIP.

[1] https://www.faa.gov/iija/airport-infrastructure

The Small Airport Fund is reserved for small-hub primary commercial service, nonhub commercial service, reliever, and general aviation airports. As a general aviation airport, ERV is eligible for this funding.

Discretionary Funds

An airport may face major projects that will require funds in excess of the airport's annual entitlements; thus, additional funds from discretionary apportionments under the AIP become desirable. The primary element of discretionary funds is that they are distributed on a priority basis. The priorities are established by the FAA, using a code system under which projects are ranked by purpose. Projects ensuring airport safety and security are ranked as the most important priorities, followed by maintaining current infrastructure development, mitigating noise and other environmental impacts, meeting design standards, and increasing system capacity.

It is important to note that competition for discretionary funding is not limited to airports in the State of Texas or those within the FAA's Southwest Region. The funds are distributed to all airports in the country and, as such, are more difficult to obtain. High priority projects will often fare favorably, while lower priority projects may not receive discretionary grants.

FAA Facilities and Equipment (F&E) Program

The Airway Facilities Division of the FAA administers the F&E Program. This program provides funding for the installation and maintenance of various navigational aids and equipment of the National Airspace System (NAS). Under the F&E Program, funding is provided for FAA airport traffic control towers (ATCTs), enroute navigational aids, on-airport navigational aids, and approach lighting systems.

While the F&E Program still installs and maintains some navigational aids, on-airport facilities at general aviation airports have not been prioritized; therefore, airports often request funding assistance for navigational aids through the AIP and maintain the equipment on their own[2].

STATE FUNDING PROGRAMS

The State of Texas participates in the federal State Block Grant Program. Under this program, the FAA annually distributes general aviation state apportionment and discretionary funds to TxDOT, which distributes grants to airports within the state. In compliance with TxDOT's legislative mandate to "apply for, receive, and disburse" federal funds for general aviation airports, TxDOT acts as the agent of the local airport sponsor. Although these grants are distributed by TxDOT, they include all federal obligations.

[2] Guidance on the eligibility of a project for federal AIP grant funding can be found in FAA Order 5100.38D, *Airport Improvement Program Handbook*, Change 1 (effective February 26, 2019). This document will be updated as a result of the *FAA Reauthorization Act of 2024*; however, an updated version is not available, as of the time of this writing.

The State of Texas also distributes funding to general aviation airports from the Highway Trust Fund through the Texas Aviation Facilities Development Program. These funds are appropriated each year by state legislature. Once distributed, these grants include state obligations only.

The establishment of a CIP for the state requires identification of the need, followed by the establishment of a ranking or priority system. Identifying all state airport project needs allows TxDOT to establish a biennial program and budget for development costs. The currently approved TxDOT CIP, *Aviation Capital Improvement Program 2026-2028*, assumes approximately $19 million in annual state apportionment, plus $24 million earmarked for NPEs, $12 million in annual federal discretionary funding, and $36 million in IIJA AIG funds. In terms of state funding, the program includes $47 million in General Revenue for FY 2026-2027 in addition to $20 million per year for airport development, as well as $131.3 million in legislative riders for specific projects. Combined state funding totals $67 million for FY 2026 and FY 2027, and $15 million for FY 2028 (pending the outcome of the 90th Legislature in 2027).

The TxDOT biennial program sets a project priority system established by the Texas Transportation Commission to make the best use of limited state and federal airport development funds. **Table 6B** presents the priority objectives and their associated descriptions, listed in order of importance.

TABLE 6B | TxDOT Project Priorities

Priority Objective	Description
Safety	Projects needed to make the facility safe for aircraft operations.
Preservation	Projects to preserve the functional or structural integrity of the airport.
Standards	Improvements required to bring the airport up to design standards for current user aircraft.
Upgrade	Improvements required to allow the airport to accommodate larger aircraft or longer stage lengths.
Capacity	Expansion required to accommodate more aircraft or higher levels of activity.
New Access	A new airport to provide new air access to a previously unserved area.
New Capacity	A new airport needed to add capacity or relieve congestion at other area airports.

Source: TxDOT Aviation Capital Improvement Program, 2026-2028

Each project for the airport must be identified and programmed into the state CIP, and must compete with other airport projects in the state for both federal and state funds. In Texas, airport development projects that meet TxDOT's discretionary funding eligibility requirements can receive 90 percent funding from the AIP State Block Grant Program. Eligible projects include airfield and apron facilities. Historically, revenue-generating improvements (such as fuel facilities, utilities, and hangars) have not been eligible for AIP funding; however, FAA funding legislation has historically provided an allowance of NPE funds to be used for hangar or fuel farm construction if all other airfield needs have been addressed.

The availability of grant funds can fluctuate from year to year. Typically, an airport can expect a grant to cover several projects in one grant cycle, and the next grant opportunity may not occur for several years. This cycle occurs because TxDOT must administer grants for more than 300 airports and has relatively limited resources. As a result, local budgeting for future capital improvements should consider sporadic grant availabilities.

Routine Airport Maintenance Program (RAMP)

TxDOT has established the RAMP to help general aviation airports maintain and, in some instances, construct new facilities. The program was initially designed to help airports maintain airside and landside pavements but has since been expanded to include construction of new facilities. RAMP is an annual funding source through which TxDOT will provide a 50 percent funding match for projects up to $100,000. **Table 6C** outlines the projects that are eligible under RAMP. It should be noted that several projects listed in the airport's proposed CIP are also eligible for RAMP funding.

TABLE 6C | RAMP Eligible Projects

Airside Maintenance
Pavement Crack Seal/Slurry Seal/Fog Seal/Rejuvenator
Pavement Markings
Drainage Maintenance
Sweeping
Herbicide Application on Airside Pavement
Replacement Bulbs/Lamps for Airside Lights, Approach Aids
Eligible Air Traffic and Operations Equipment, Installation, and Subscription Costs
AWOS Parts Replacement
After Airside Maintenance Is Addressed
Seal Coats/Chip Seal/Crack Seal for Non-Airside Pavement
Hangar/Terminal Painting and Repairs (airport-owned only)
Security Camera Systems (excluding monitoring fees)
Game-Proof or Security Fencing and Gates; Electric Gate Openers
Access Roads for AWOS Installations
AWOS National Airspace Data Interchange Network (NADIN) Interface Charges
Airport Entrance Signs
Repair/Replacement of Fuel Systems, Including Tanks (airport-owned only)
Storm Water Pollution Prevention Plans; Spill Prevention Control and Countermeasure Plans
Airfield Foreign Object Debris (FOD) Sweeper
HVAC Repairs in Terminal Building/Tower
Capital Improvement Projects (With TxDOT Guidance)
New Public Vehicle Parking Areas
New Entrance Roads and Hangar Access Roads
Aircraft Wash Racks
Aircraft Parking Aprons
Extension of Runway Lighting Systems
Drainage Improvements
Small General Aviation Terminal Buildings
Beacon/Tower Replacement
Preparation of FAA Form 7460-1 for RAMP Projects

Source: TxDOT RAMP (2024)

Other State Airport Programs

TxDOT also provides a funding mechanism for terminal buildings and ATCT improvements. TxDOT funds terminal building construction on a 50/50 basis, up to a $1 million total project cost. It should be noted that TxDOT has recently considered upgrading the total cost allowance on a case-by-case basis.

TxDOT also funds the construction of up to two ATCTs within the state each year. TxDOT has improved the program so that ATCT funding could be provided on a 90/10 basis, up to a total construction cost of $1.67 million.

LOCAL FUNDING

After consideration has been given to grants, the balance of project costs must be funded through local resources. A goal for any airport is to generate enough revenue to cover all operating and capital expenditures, if possible. There are several local financing options to consider when funding future development at airports, including airport revenues, issuance of a variety of bond types, leasehold financing, pursuing non-aviation development potential, and collecting money from special events. These strategies could be used to fund the local matching share or complete a project if grant funding cannot be arranged. The following is a brief description of the most common local funding options.

Airport Revenues

An airport's daily operations are conducted through the collection of various rates and charges. These airport revenues are generated specifically by airport operations. There are restrictions on the use of revenues collected by the airport. All receipts – excluding bond proceeds or related grants and interest – are irrevocably pledged to the punctual payment of operating and maintenance expenses, payment of debt service for as long as bonds remain outstanding, or additions or improvements to airport facilities.

All airports should establish standard basis rates for various leases. All lease rates should be set to adjust to a standard index, such as the consumer price index (CPI), to ensure that fair and equitable rates continue to be charged in the future. Many factors will impact what the standard lease rate should be for a particular facility or ground parcel. For example, ground leases for aviation-related facilities should have a different lease rate than non-aviation leases. A separate facility lease rate should be charged for airport-owned hangars. The lease rate for any individual parcel or hangar may vary due to availability of utilities, condition, location, and other factors; nevertheless, standard lease rates should fall within an acceptable range.

Bonding

Bonding is a common method of financing large capital projects at airports. A bond is an instrument of indebtedness of the bond issuer to the bond holder(s); it is a form of loan or "IOU." While bond terms are negotiable, the bond issuer is typically obligated to pay the bond holder interest at regular intervals and/or repay the principal at a later date.

Leasehold/Third-Party Financing

Leasehold or third-party financing refers to a developer or tenant financing improvements under a long-term ground lease. The advantage of this arrangement is that it relieves the airport of the responsibility

of raising capital funds for the improvement. As an example, a hangar developer might consider constructing hangars and charging fair market lease rates, while paying the airport for a ground lease. A fuel farm can be established in the same manner, with the developer of the facility paying the airport a fuel flowage fee.

Many airports use third-party (private entity) funding when the planned improvements will primarily be used by a private business or other organization. Such projects are not ordinarily eligible for federal funding. Projects of this kind typically include hangars, fixed base operator facilities, fuel storage, exclusive aircraft parking aprons, industrial aviation-use facilities, non-aviation office/commercial/ industrial developments, and other similar projects. Private development proposals are considered on a case-by-case basis. Airport funds for infrastructure, preliminary site work, and site access are often required to facilitate privately developed projects on airport property.

Non-Aeronautical Development

In addition to generating revenue from traditional aviation sources, airports with excess land can permit compatible non-aeronautical development. Generally, an airport will extend a long-term lease for land that is not anticipated to be needed for aviation purposes in the future. The developer will then pay the monthly lease rate and construct and use a compatible facility. The recommended master plan concept includes reservation of approximately 16.3 acres of airport property for non-aeronautical uses. All other planned development is aeronautical in nature. It should be noted that any proposed non-aviation development must be reviewed and approved by both the FAA and TxDOT.

Special Events

Another common revenue-generating option is permitted use of airport property for temporary or single events. Airports can permit portions of their facilities to be used for non-aviation special events, such as car shows or video production of commercials. This type of revenue generation must be approved by the FAA.

MASTER PLAN IMPLEMENTATION

To implement the master plan recommendations, it is key to recognize that planning is a continuous process and does not end with approval of this document. The airport should implement measures that allow it to track various demand indicators, such as based aircraft, hangar demand, and operations. The issues upon which this master plan is based will remain valid for several years. The primary goal is for ERV to best serve the air transportation needs of the region while achieving economic self-sufficiency.

The CIP and phasing program presented will change over time. An effort has been made to identify and prioritize all major capital projects that would require federal or state grant funding; nevertheless, the airport and TxDOT review the five-year CIP on an annual basis.

The primary value of this study lies in keeping the issues and objectives at the forefront of the minds of decision-makers. In addition to adjustments in aviation demand, decisions on when to undertake the

improvements recommended in this master plan will impact how long the plan remains valid. The format of this plan reduces the need for formal and costly updates by allowing for simple adjustments to the timing of project implementation. Updates can be done by airport management, thereby improving the plan's effectiveness; nevertheless, airports are typically encouraged to update their master plans every seven to 10 years, or sooner if significant changes occur in the interim.

In summary, the planning process requires the City of Kerrville and Kerr County to consistently monitor the progress of the airport. The information obtained from continually monitoring activity will provide the data necessary to determine if the development schedule should be accelerated or decelerated.