

RUNWAY 2-20 EXTENSION

Michigan City Municipal Airport - Phillips Field

December 2023



Prepared For
Michigan City Municipal Airport Board of
Aviation Commissioners and
the City of Michigan City



SUMMARY

The Michigan City Municipal Airport (MGC) had been working to extend Runway 2-20 for over 20 years. The airport is land locked with U.S. Highway 20 to the south as well as a federally protected wetland home to an endangered species of sedge grass to the north. The Michigan City Municipal Airport is seeking federal funding to clear obstructions from runway safety areas, comply with applicable Federal Aviation Administration (FAA) standards, and provide a runway length that is sufficient for the operations of the aircraft that most frequently use the airport. Project planning has been underway for many years and several critical activities have been completed, but actual construction has been delayed due to lack of available funding. This report will provide a brief overview of the airport, a summary of the purpose and need for the project, activities completed to date, and remaining work needed to complete the runway extension. MGC is exploring all avenues of funding to keep the project moving, whether the funding is from local, state, or federal sources, or a combination of sources.

AIRPORT OVERVIEW

In the late 1920s/early 1930s, several aviation enthusiasts started the Michigan City Flying Field at the current site of the Michigan City Municipal Airport. The Doodlebug Flying Club started at the Michigan City Flying Field, and many members became flight instructors during World War II. The Michigan City Flying Field was operated as a private airport owned by Joe Phillips after WWII, while Michigan City selected a site on the south side of the city to build an airport with a 2,400' by 60' runway. The Board of Aviation Commissioners (BOAC) was formed in 1945 by the city. From 1950 to the 1980s, Michigan City had two airports that provided service for the travelling public. The city received FAA grants to pave the runway and build an administration building at the municipal airport, while Joe Phillips created a 4,000' grass runway and developed an airline that provided service between Michigan City and Chicago from his private airport. In 1985, the city sold its airport and in the following year, purchased Phillips Field, which serves as the city's airport today.

Currently, the Michigan City Municipal Airport has a 4,099' by 75' asphalt runway, with 44 based aircraft and approximately 8,600 operations per year. Regular flights at the airport include both recreational flights and business travelers looking to access the region. The airport is open 8am-5pm daily and offers parking, shuttle service to the Blue Chip Casino, aircraft maintenance, Avgas, Jet A, and UL-94 aviation fuel. After hours services include fueling (for a fee) and terminal access for restrooms, phone, and vending machines. The airport has privately-owned hangars available for lease, including more than 20 corporate hangars and two T-hangar buildings, as well as ample space for new hangars. Flight instruction and skydiving are available at the airport, as well as EAA activities and Young Eagles Build and Fly Workshops. Other local events hosted at the airport include the Michigan City Zoological Society "Zoobilee" Annual Fundraiser, Family Advocates Annual Fundraiser Event, Annual Pancake Breakfast, as well as the Michigan City Chamber of Commerce's Manufacturers Meetings.





ECONOMIC IMPACT OF MGC

In 2022, the Indiana Department of Transportation's Office of Aviation released an update to the Indiana State Aviation System Plan (ISASP) and the Aviation Economic Impact Study (AEIS), which captured the economic contributions of Indiana's aviation facilities to the state's economy. Economic benefits are generated by on-airport activities, including airport operations and capital expenditures, as well as off-airport spending generated by out-of-state visitors. This initial economic activity, known as direct impacts, generates additional impacts as money flows through the economy. These are referred to as "multiplier effects" that result when a portion of direct business revenues are used to purchase goods and services in Indiana (called indirect impacts) and when wages are re-spent within the state (called induced impacts or household spending) by those who are directly or indirectly employed. Each year, Michigan City Airport's estimated economic impact is 56 jobs valued at \$2,706,000 in labor income which translates into \$3,754,000 in induced impacts/household spending for a total impact of \$7,399,000.

RECENT PROJECTS AT THE AIRPORT

Michigan City Airport is classified as a Local non-primary general aviation airport by the FAA and typically receives 90% federal funding for every project, 5% match from the State, and 5% match provided by the airport. Since 2012, the airport has received \$3.5 million in federal funding for projects such as:

- Perimeter Fence Installation
- Obstruction Clearing to Extend Runway 2-20
- Land Acquisition for Approach Protection
- Airport Layout Plan Update
- U.S. 20 Road Lowering Design

In 2023, Michigan City Airport is constructing a new Snow Removal Equipment (SRE) building to centralize storage and protect equipment from the elements and is working to install above ground fuel tanks that will increase current fuel capacity to better serve pilots.



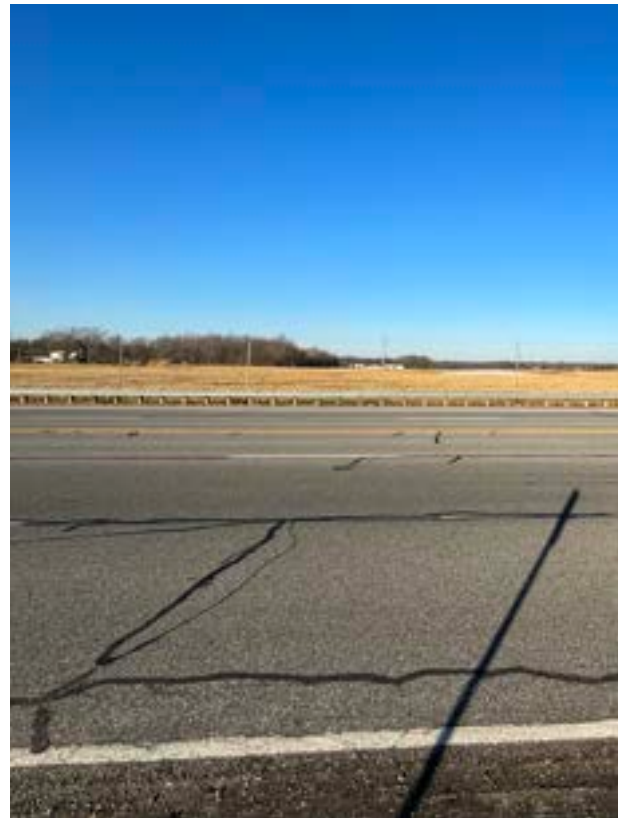
New Snow Removal Equipment (SRE) Building, July 2023





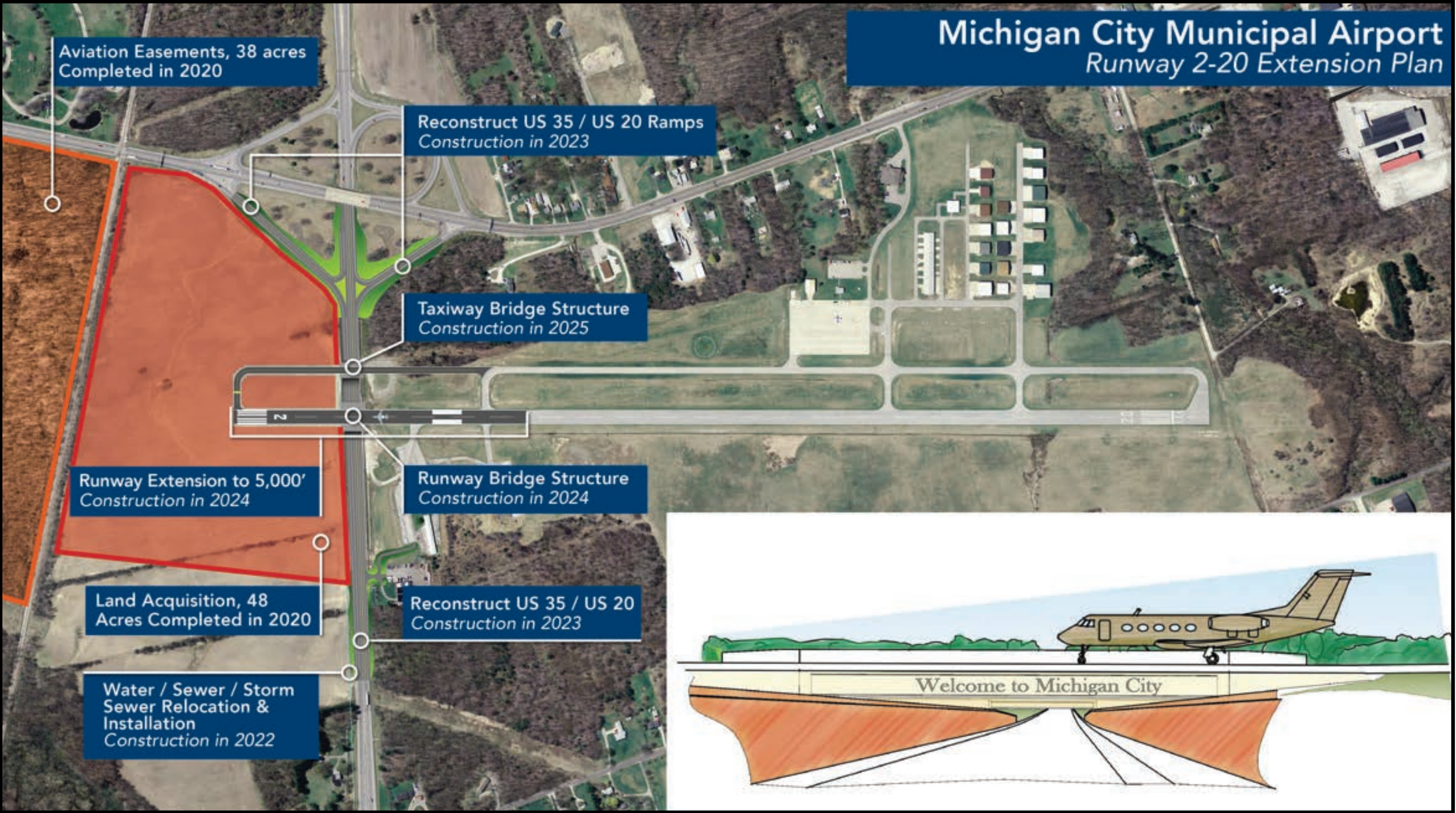
PURPOSE AND NEED FOR RUNWAY EXTENSION

The Michigan City Municipal Airport is seeking federal funding to clear obstructions from runway safety areas, comply with applicable FAA standards, and provide a runway length that is sufficient for the operations of critical aircraft that most frequently use the airport. A runway extension to 5,000' has been envisioned for a long time, to address safety issues and to provide a runway of sufficient length to accommodate users. The runway threshold is located 590' from U.S. 20 which is too close per FAA guidelines for safety areas. The FAA defines the Runway Safety Area (RSA) as the area around a runway where runway excursions are most likely to occur and the Runway Protection Zone (RPZ) as a trapezoidal shape starting 200 feet beyond the runway pavement end where planes are most likely to undershoot or overshoot a landing or takeoff. The FAA requires that these areas be free from any obstacles or obstructions, such as trees or buildings or incompatible land uses, such as roads, to improve safety (to the extent possible). To underscore the need for the project, a small jet slid off the runway and across U.S. 20 causing major damage to the aircraft and minor injuries to the pilot and passenger in December 2017. No automobiles were involved in the crash. The loss of the aircraft was estimated at \$2.5 million.



View from US 20 of airport property, wildlife and security fence, and runway, showing proximity of runway end to highway

Prior to 2013, little progress had been made to advance the runway extension due to environmental concerns with extending the runway to the north. Butler, Fairman & Seufert (BF&S) was selected as the airport's engineering consulting firm and proposed a runway and taxiway extension to the south to avoid environmentally sensitive areas. Michigan City Airport plans to lower U.S. 20 and create runway and taxiway bridges over the highway to extend the current runway from 4,100' to 5,000' to improve safety and bring the airfield into compliance, see figure on next page. The project includes utility relocation and a temporary U.S. 20 bypass during the road lowering construction before the runway and taxiway are extended.





CURRENT PROJECT STATUS

The project has been in the planning stages for many years and has passed several critical milestones. Throughout the project, the airport has worked closely with the city, INDOT, and the FAA, who are important stakeholders supporting the project. The project requires extensive coordination with INDOT's Laporte District regarding U.S. 20 lowering, which INDOT owns and maintains.

To date, accomplishments include:

- FAA approval of the Runway Length Justification in 2018,
- FAA concurrence on the Runway Protection Zone Study in 2019,
- FAA approval of the Environmental Assessment (EA) document in 2020,
- FAA approval of the Airport Layout Plan (ALP) in 2021, and
- Acquired land from Tonn and Blank for the runway extension in 2021.

Michigan City Airport has completed all of the planning steps required prior to design and construction of the project. The completion of these tasks, while required, does not guarantee future funding. The project has been developed into the smallest phases possible to be better positioned for funding, but even so, progress has been stalled since 2021. The remaining project phases include utility relocation, road lowering design and construction (including the construction of a temporary U.S. 20 bypass), and runway extension design and construction. Cost estimates as of December 2023 are shown by phase in the table below. The total cost to complete the project is an estimated \$29.6 million.

Runway 2-20 Extension - Michigan City Airport			
Project Element	Design	Construction	Total
Temporary Road and Storm Sewer, Final Design	\$372,945		\$372,945
Construct Temporary Road and Drainage Improvements		\$2,680,268	\$2,680,268
Utility Relocation Agreements		\$4,829,101	\$4,829,101
Construct Cut Wall and Lower US 20		\$9,645,904	\$9,645,904
Design Structure over US 20 and Runway Reconstruction (Phase 1)	\$540,160		\$540,160
Construct Structure over US 20 and Runway Reconstruction (Phase 1)		\$9,647,583	\$9,647,583
Design Remaining Runway Reconstruction - 1000' of Runway (Phase 2)	\$130,000		\$130,000
Construct Remaining Runway Reconstruction - 1000' of Runway (Phase 2)		\$1,767,133	\$1,767,133
TOTAL:	\$1,043,105	\$28,569,989	\$29,613,094



Michigan City Municipal Airport

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FAA FUNDING

Funding the project with traditional FAA Airport Improvement Program (AIP) funds is the best option for the airport and city, which provides 90% federal funding, 5% state match, and requires just a 5% local match. However, AIP's source of funding (the Aviation Trust fund) has not received an increase in more than 20 years, and demand continues to exceed available resources every year. In Indiana, commercial service airports have been allocated more than half of the available discretionary funding available to the state each year for the past three years. As a result, projects at general aviation airports have been delayed for years, or in some cases, shelved indefinitely. The FAA has supplemental funding available for 2022-2024 for which Michigan City has applied, but was notified that it was not selected for the current round of funding. FAA's authorization is set to expire later this year. Various bills have been introduced in the U.S. House and Senate and include modest increases in funding for airports. Michigan City will monitor the progress of reauthorization and potential funding increases.



In May 2023, FAA and INDOT estimated funding will be available for the next phase of Michigan City's runway extension/U.S. 20 lowering (design) in 2024, according to the Capital Improvement Plan (CIP). The CIP shows utility relocation funding in 2026 (only 85% of the estimate is included in the CIP, without any indication of where the remaining funds will come from, and utility costs are likely to rise between now and 2026), followed by the construction of the temporary road and drainage in 2027. U.S. 20 lowering and the cut wall construction would be phased over two years starting in 2028, followed by the construction of the structure over U.S. and the runway extension (presumably in phases as well). The FAA and INDOT plan currently places the completion of the entire project well into the 2030s.

While the 2021 Bipartisan Infrastructure Law (BIL) will infuse \$25 billion into the nation's aviation system over a five-year period, the total funding available to Michigan City Airport would not significantly advance the completion of the runway extension project. Michigan City Airport is projected to receive \$753,000 in BIL funds (federal portion, plus an additional 5% local match is required or 10% if state match is not available) from FY 2022 – FY 2026 for infrastructure projects such as hangars, fuel farms, pavement needs, etc. Compared to the final estimate of \$25.7 million, the BIL funding available is less than 3% of the total needed. MGC plans to use its BIL funds to address immediate needs at the airport, including the construction of the SRE building, fuel system upgrades, and runway crack repair and safety treatment.

USDOT FUNDING

Michigan City has explored other federal programs for grant funds to complete the project. The USDOT's RAISE grant program (previously known as TIGER and BUILD grants), awards up to 80% federal funding for surface transportation projects that improve safety, environmental sustainability, quality of life, mobility and community connectivity, economic competitiveness and opportunity, partnership and collaboration, and innovation. The program is highly competitive, and projects are rigorously reviewed and evaluated according to a long list of merit-based criteria. Earlier this year, Michigan City Airport tasked BF&S to explore the possibility of submitting a RAISE grant application and the likelihood of success.



While the runway extension phases of the project are not eligible (surface transportation excludes airport projects, except for entrance roads), the utility relocation and road lowering phases would be eligible. The application process is detailed and resource intensive. Projects that score highly in the eight areas listed above proceed to second-tier analysis, which includes the evaluation of project readiness, financial completeness, and technical capacity of the applicant. During the second-tier analysis, evaluators review the Benefit-Cost Analysis (BCA) for the project that is required for all applicants seeking capital funds. Only projects with positive benefit ratings can be selected for an award. USDOT guidance states that the costs and benefits in a BCA must align, which means the benefits of the runway extension cannot be included without including the costs of the runway extension (since the runway extension is not eligible for RAISE grant funds, the benefits and the costs would have to be excluded from the scope of the BCA). Without including the myriad benefits of the runway extension to the airport, users, and community, it is unlikely that the road lowering and utility relocation components of the project would result in a positive BCA ratio.





Michigan City Municipal Airport

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STATE FUNDING

Michigan City Airport has kept focus on the project through participation in Aviation Indiana, as the host city for the annual conference for several years, and through communication with local and state officials. In July 2022, Michigan City Airport contacted State Representative Boy and Senator Bohacek about the need for funding for the Runway Extension project, in response to the State of Indiana's budget surplus. While funding was not allocated to airports at that time, during the most recent legislative session that concluded in April 2023, a one-time \$26 million line-item for airport projects was included in the State's FY 2024 budget. Details about the funding are pending. The airport is hopeful that some of the funding can be allocated to the next phase of the runway extension project.



Indiana's Regional Economic Acceleration and Development Initiative (READI) will dedicate \$500 million in state appropriations to promote strategic investments that attract talent and generate economic growth in the state. Michigan City is part of the Northwest Indiana Forum, representing seven counties including Lake, Porter, La Porte, Newton, Jasper, Pulaski, and Starke. The next stage of the runway extension, the utility relocation, was included in the READI grant application.



CONCLUSION

Michigan City Airport will continue to apply for FAA Supplemental Funding and explore other opportunities for funding through federal and state programs, as they arise. Gathering state support to push for traditional AIP funding increases is recommended as well, which will benefit all airports and projects statewide. Securing the funds necessary to complete the project is critical, whether funding is from private investors, local, state and/or the federal government, or a combination of sources.

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