

## 5.0 RECOMMENDATIONS & IMPLEMENTATION PLAN

This chapter provides an overview of the study findings and recommendations, as well as a list of implementation steps. Note that a formal recommendation has not been provided regarding the decision to purchase Simsbury Airport at this time (September 2008). Rather, that decision would be determined by the Town after a review of the study and receipt of comments from residents, businesses, and airport stakeholders.

This chapter is organized into the following sections:

- Overall Airport Evaluation
- Recommended Airport Management Structure
- Financial Feasibility Summary and Recommendation
- Recommendation for Acquisition
- Phase II Airport Acquisition Study
- Implementation Plan

### 5.1 Overall Airport Evaluation

As a privately-owned facility, Simsbury Airport has been adequately maintained and provides pilots with basic general aviation services. If public acquisition occurred with federal funds, the Airport would become “obligated” and the FAA would require that the Airport develop a plan to bring the Airport into compliance with the recommended FAA design standards, to the extent feasible. Thus, this study identified several improvements necessary to meet the design standards.

The study analysis included comprehensive review of the existing airport facilities, current conditions, and development potential. It is noted that no additional facilities would be needed for the Airport to serve as a Town of Simsbury municipal facility. However, pavement maintenance is currently required and major airfield rehabilitation and safety improvements should be scheduled within the next 10 years. As documented in Table 2-5, recommended airfield projects may exceed a cost of \$7 million over the next 10 years; however, it is anticipated that federal and state funding would cover 98.75 percent of these costs.





The existing airport hangars and facilities are in fair condition, but in need of significant repair for structural and safety reasons, as identified in the Structural Building Assessment. The study also includes an evaluation and recommended layout for additional hangars and support facilities, primarily T-hangars for light aircraft.

## 5.2 Recommended Airport Management Structure

Although many municipal airports are managed directly by the municipal owner, with management and maintenance staff consisting of Town employees, this is less common at smaller airports and smaller municipalities. At such facilities, the necessary management duties are limited, and are commonly contracted to an airport tenant providing services on a day-to-day basis. Most commonly, this tenant is the airport FBO, who is on-site each day of the year.

With the goal of minimizing expenses, if Simsbury Airport was acquired by the Town of Simsbury, FBO management is recommended. The FBO at Simsbury Airport (Simsbury Flying Club - SFC) is currently performing this service. As such, this management duty would be defined and incorporated in the tenant lease agreement with the FBO and should specify all duties (hours of operation, common area maintenance, etc.). A single FBO providing all services may not be financially feasible at an airport with this activity level. As this may be the case, other businesses may provide the more extensive services, such as flight training or maintenance. This recommendation applies to the current FBO; however, the recommendation is not dependent on SFC. If SFC was to relocate, it would be recommended that another private operator be sought to manage the daily operation of the Airport.

Nevertheless, an existing Town of Simsbury Department (e.g., Public Works) would be required to oversee the management duties of the FBO, implement airport projects, and retain oversight and responsibility for the airport facilities.

## 5.3 Financial Feasibility Summary and Recommendation

The analysis evaluated the future financial conditions of the Airport under Town ownership, based on four acquisition scenarios. The analysis forecasted potential airport revenues, expenditures, and expected capital improvement costs over the next 10-years. Table 5-1 lists the various categories of revenues and expenses for Simsbury Airport.

<b>TABLE 5-1 – AIRPORT REVENUES &amp; EXPENSES</b>	
<b>Revenues</b>	<b>Expenses</b>
<ul style="list-style-type: none"> <li>• Lease of existing buildings &amp; hangars</li> <li>• Aircraft tiedown rentals</li> <li>• Airport land leases (future facilities)</li> <li>• Fuel flowage fee</li> </ul>	<ul style="list-style-type: none"> <li>• Electricity</li> <li>• Insurance</li> <li>• Common area maintenance</li> <li>• Building maintenance</li> <li>• Legal &amp; professional services</li> <li>• Capital projects</li> </ul>
	<ul style="list-style-type: none"> <li>• Airport Acquisition – one-time expense to acquire the airport property and some or all of the existing facilities/buildings</li> </ul>

As shown in Table 5-2, the Airport is expected to generate annual revenues of approximately \$131,000 by 2017, under the Baseline scenario, with associated expenditures estimated at \$112,000. Based on the assumptions stated, the projected net cash flow for the Airport under this scenario is consistently positive over the planning period. When the loss of existing property tax revenue is considered, the financial forecast projects a negative annual balance. The three other study scenarios vary in the facilities acquired and developed and airport management (see Tables 5-3, 5-4, & 5-5). However, their financial analysis also results in positive net cash flows, but negative annual balances when the loss of existing property tax revenue is factored in. The Growth Scenario (Table 5-4) results in a positive annual balance within five years of the planning period due to additional land lease fees gained by the Town.

This financial picture is primary due to Simsbury Airport needing:

- Extensive capital improvements to satisfy FAA minimum design standards
- Repair the existing structures
- Low to moderate aircraft demand and activity level.
- Initial airport acquisition cost

The tables below highlight the results of the financial analysis.

<b>TABLE 5-2 – FINANCIAL FEASIBILITY ANALYSIS (Scenario 1 - Baseline)</b>			
<b>Revenue &amp; Expenditure</b>	<b>2008</b>	<b>2013</b>	<b>2017</b>
Total Revenue	\$100,196	\$116,155	\$130,733
Operating Expenditures	78,822	91,376	112,208
Capital Expenditures	19,527	8,319	9,363
Total Expenditures	98,349	99,695	112,208
<b>Net Cash Flow</b>	<b>\$1,847</b>	<b>\$16,460</b>	<b>\$18,526</b>
Lost Tax Levy	21,732	25,193	28,355
<b>Net Balance</b>	<b>-\$19,885</b>	<b>-\$8,733</b>	<b>-\$9,830</b>

<b>TABLE 5-3 – FINANCIAL FEASIBILITY ANALYSIS (Scenario 2 - Full Acquisition)</b>			
<b>Revenue &amp; Expenditure</b>	<b>2008</b>	<b>2013</b>	<b>2017</b>
Total Revenue	\$122,200	\$141,663	\$159,443
Operating Expenditures	124,691	144,551	162,693
Capital Expenditures	30,082	8,371	9,422
Total Expenditures	154,773	152,922	172,115
<b>Net Cash Flow</b>	<b>-\$32,573</b>	<b>-\$11,258</b>	<b>-\$12,671</b>
Lost Tax Levy	37,928	43,969	49,488
<b>Net Balance</b>	<b>-\$70,501</b>	<b>-\$55,228</b>	<b>-\$62,159</b>

<b>TABLE 5-4 – FINANCIAL FEASIBILITY ANALYSIS (Scenario 3 - Growth)</b>			
<b>Revenue &amp; Expenditure</b>	<b>2008</b>	<b>2013</b>	<b>2017</b>
Total Revenue	\$122,200	\$162,453	\$206,165
Operating Expenditures	124,691	144,551	162,693
Capital Expenditures	33,269	12,065	13,579
Total Expenditures	157,959	144,551	176,272
<b>Net Cash Flow</b>	<b>-\$35,759</b>	<b>\$5,838</b>	<b>\$29,893</b>
Lost Tax Levy	37,928	43,969	49,488
<b>Net Balance</b>	<b>-\$73,688</b>	<b>-\$38,131</b>	<b>-\$19,595</b>

<b>TABLE 5-5 – FINANCIAL FEASIBILITY ANALYSIS (Scenario 4 - Municipal)</b>			
<b>Revenue &amp; Expenditure</b>	<b>2008</b>	<b>2013</b>	<b>2017</b>
Total Revenue	\$258,200	\$299,325	\$336,892
Operating Expenditures	245,763	284,906	320,665
Capital Expenditures	30,082	8,371	9,422
Total Expenditures	275,845	293,277	330,086
<b>Net Cash Flow</b>	<b>-\$17,645</b>	<b>\$6,047</b>	<b>\$6,806</b>
Lost Tax Levy	37,928	43,969	49,488
<b>Net Balance</b>	<b>-\$55,573</b>	<b>-\$37,922</b>	<b>-\$42,682</b>

The following points summarize the relevant major findings:

- Based on the stated assumptions, only the Baseline scenario shows a positive annual net cash flow throughout the planning period. Two other scenarios have a positive cash flow after the initial airport acquisition. As such, the financial analysis demonstrates that the Airport could be owned and operated by the Town without an annual operational subsidy if lost tax levy is not factored in.
- The negative financial balance is demonstrated due to the loss of property tax revenue due to public acquisition. This occurs regardless of the scenario.

- Acquisition of the Airport involves a degree of financial “risk” and is dependent on stability in aviation demand, which has been affected by high fuel prices. The most favorable financial picture occurs under the Baseline scenario, and assumes that a viable FBO will continue to operate the facility.

As the scenarios have different sets of assumptions, development plans, and management structures they show a broad range of possibilities for the financial future of Simsbury Airport. As discussed in Section 5.2, this study recommends contract management of the Airport through an FBO. With this recommendation in mind, this study does not recommend Scenario 4 – Municipal Operation. To utilize the scenarios, the Town needs to decide the amount of risk they are willing to absorb. Scenario 3 – Growth shows the highest positive net cash flow, but has the highest risk as it assume a stable light general aviation market; Scenario 1 – Baseline has a lower net cash flow, but as it has less proposed development there is less risk.

#### **5.4 Recommendation for Acquisition**

A recommendation regarding the municipal purchase of Simsbury Airport cannot be made without understanding the Town’s goals for purchasing the Airport or the future financial expectations are; this decision cannot be based solely on one factor.

There are several advantages and disadvantages to Town acquisition of Simsbury Airport. Advantages include:

- Town ownership provides direct control over all decisions about management, operation, and development.
- Public benefits of preserving the Airport include:
  - Recreation
  - Education & Training
  - Community Activities
  - Public Safety
  - Limited Business & Economic Activity
- Preservation of the Airport’s role in the local, state, and national transportation infrastructure.

The potential disadvantages of Town acquisition of Simsbury Airport include:

- The financial analysis conducted for this study demonstrated that Town ownership would result in a negative net balance.
- The Town will be required to oversee the management, operation, and maintenance of the Airport. Even if the daily operation of the Airport is conducted by an FBO, the Town will still need to manage tasks such as the Capital Improvement Program and common use property maintenance.
- There are several financial risks associated with the acquisition of the Airport. These risks include:
  - The availability of state/federal funding for capital improvement projects

- Uncertainty of hangar development
- Future level of aviation activity
- Viability of a FBO

The financial analysis demonstrated that, with the associated property tax loss of public acquisition, the Airport will need to be subsidized in order to fund the initial acquisition cost and capital improvement projects. Even without considering property taxes, the limited airport revenues may not exceed expenses under even the best scenarios has associated risks that may occur at some point in the future.

The Town expressed an interest in having the Airport serve as an economic engine for the region; unfortunately, this study shows that the economic development potential is small due to the limited ability of the Airport to attract or accommodate corporate activity and larger business aircraft. Business use of the Airport does occur; however, such use is minor. If the Town's goal for the Airport is revenue generation or economic development, the Airport would not likely be a good investment. If the Town's reasoning for acquiring the Airport is preservation and other public benefits, then the Town should considering pursuing acquisition with the understanding that the Airport will likely need a minor subsidy in the future.

The actual decision to acquire the Airport will remain with the Town (or referendum, if required by statute). However, prior to acquisition, an additional study is recommend to conduct a due diligence process, prepare a FAA development plan, and required property appraisal. The additional study and implementation activities are outlined below.

## **5.5 Phase II Airport Acquisition Study**

If the Town of Simsbury wishes to further investigate acquiring the Airport, the need for a second phase of study has been identified, and would include the following:

- Additional Environmental / Structural Evaluation: This effort would include a Phase II Environmental Site Assessment with testing of onsite septic/waste water disposal systems, soil and groundwater sampling, and an asbestos and lead based paint survey. This task also includes a follow up structural evaluation in order to assess the conditions of the major structures on the Airport in their current state for both liability and appraisal purposes.
- Airport Layout Plan (ALP): The FAA requires an approved ALP drawing and Property Plan prior to issuing grants for airport acquisition or development. The ALP will depict all existing airport facilities, airport design standards, potential airport developments, and property owned and proposed for acquisition. The ALP is typically the product of an Airport Master Plan study; however, it is believed that a streamlined ALP Report would suffice for Simsbury Airport due to the small size of the Airport and limited anticipated developments. The ALP would obtain FAA

- **Property Appraisals:** Prior to pursuing federal/state funding for airport acquisition, the Fair Market Value (FMV) of the airport property and all existing facilities/improvements must be determined. Under federal requirements, two independent full property appraisals must be conducted by state-certified appraisers, which are then followed by a separate full-review appraisal used to determine the FMV. The FAA and state would participate in funding the acquisition of the Airport based on the FMV of the property. Note that at the Town is not obligated to purchase the Airport at any time during or after this process, nor is the private owner required to sell.

## 5.6 **Implementation Plan**

The table below lists each step or action-item in the potential acquisition of Simsbury Airport. The list includes activities and decision points in the overall process. At any point in the process, the Town may decide to terminate their consideration of airport acquisition – the action items would also terminate at the point.

<b>TABLE 5-6 – IMPLEMENTATION PLAN</b>		
<b>Action Item</b>	<b>Activity</b>	<b>Tentative Timeframe<sup>2</sup></b>
A	Complete Airport Study – Phase I	End 2008
B	Town determines whether to continue investigation of the acquisition of Simsbury Airport <sup>1</sup>	End 2008
C	Town applies for Phase II Study grant (from FAA)	Spring 2009
D	Conduct Phase II Study	July – Dec 2009
E	Investigate the potential for receiving State & Federal funding for airport acquisition (full or partial) in 2010	December 2009
G	Town determines whether to pursue acquisition of Simsbury Airport 1	February 2010
H	Apply for property acquisition funding, negotiate FBO/airport management lease agreement(s), & establish funding mechanisms, & purchase agreements	Spring 2010
I	<b>Acquire Airport</b>	Fall 2010
<sup>1</sup> Key Decision Point		
<sup>2</sup> Based on best case scenario and available funding.		

Based on the need for additional study, the grant application process, and funding availability, this schedule is considered the shortest feasible timeframe for the acquisition of Simsbury Airport.