

3.0 FINANCIAL FEASIBILITY ANALYSIS

This chapter provides the financial feasibility analysis for the potential municipal purchase of Simsbury Airport by the Town of Simsbury. The feasibility analysis will be used as a decision support tool for the Town, and includes an analysis of the current fiscal structure and market position of the Airport. This chapter further reviews how the potential municipal ownership may influence the Airport's fiscal impact. The analysis includes an examination of the following elements:

- Municipal Financial Conditions
- Airport Financial Conditions
- Airport Market Conditions
- Economic and Real Estate Market Conditions
- Airport Direct Economic Impact
- Airport Financial Feasibility Analysis
- Alternative Use Analysis

In order to obtain data and information for this analysis, four approaches were relied upon. The first consisted of an analysis of municipal financial information for the Town of Simsbury. The second method included interviews with Simsbury Airport owner representatives, the Simsbury Flying Club and users, as well as a review of Airport financial documents. The third method involved interviews with owners, operators and users of competitive airports to Simsbury Airport within the greater Hartford region. The fourth method included an assessment of local and regional real estate market conditions based on a review of primary and secondary market information.

The following sections include a description of various current revenue sources and expense categories for the Town, a summary of regional economic and airport market conditions, followed by a projection of future airport financial conditions based on current demand conditions.

3.1 Municipal Financial Conditions

The following section provides a summary of municipal fiscal conditions including historical general fund revenue and expenditure information as provided by the Town of Simsbury's *Comprehensive Annual Financial Reports* and *Annual Reports*.

Municipal Revenue Trends

The Town of Simsbury had FY 2007 revenues of \$80.1 million, an increase of about \$11.3 million (16.4%) from FY 2004 (about \$2.8 million or 4% per year). As shown in Table 3-1, property taxes represented over 90% of the Town's revenue base in FY 2007 – a proportion that has remained stable since FY 2004.

As shown in Table 3-1, investment revenue increased by over 800% between FY 2004 and FY 2007, by far the largest percent increase of any of the Town's revenue sources. According to municipal finance officials, this increase was due to the Town contributing significantly more to its investments on an annual basis over the time period. Property taxes (14%) and state aid (25%) also experienced significant increases over the same time period while charges for services dropped modestly by 5%.

TABLE 3-1 MUNICIPAL REVENUE TRENDS

	FY 2004	FY 2005	FY 2006	FY 2007	\$ Change 04-07	% Change 04-07
Property Taxes	\$63,395,587	\$66,306,205	\$69,323,250	\$72,405,901	\$9,010,314	14.2%
Investments	\$152,425	\$305,256	\$949,914	\$1,430,221	\$1,277,796	838.3%
Licenses/Permits	\$429,039	\$429,661	\$446,161	\$383,947	-\$45,092	-10.5%
Charges for Services	\$1,136,446	\$1,091,066	\$1,177,284	\$1,079,524	-\$56,922	-5.0%
State Aid	\$3,222,106	\$3,054,083	\$3,261,404	\$4,033,483	\$811,377	25.2%
Sewer Assessments	\$89,597	\$87,415	\$85,515	\$0	-\$89,597	-100.0%
Other	\$478,885	\$409,687	\$460,544	\$845,180	\$366,295	76.5%
Total	\$68,904,085	\$71,683,373	\$75,704,072	\$80,178,256	\$11,274,171	16.4%

Source: Town of Simsbury Annual Reports and Comprehensive Annual Financial Reports

Municipal Expenditure Trends

The Town of Simsbury had expenditures of \$81.5 million in FY 2007, an increase of about \$13.3 million (20%) from FY 2004 (about \$3.3 million or 5% per year). Education represented about 68% of the Town's expenditure base in FY 2007 down from 71% in FY 2004. As shown in Table 3-2, other spending (transfers to other funds) increased by over 500% (\$3.1 million) between FY 2004 and FY 2007, the largest increase of any budget line-item.

TABLE 3-2 MUNICIPAL EXPENDITURE TRENDS

	FY 2004	FY 2005	FY 2006	FY 2007	\$ Change 04-07	% Change 04-07
Education	\$48,290,928	\$50,176,680	\$52,429,310	\$55,724,738	\$7,433,810	15.4%
Debt Retirement	\$5,025,232	\$5,158,210	\$5,522,357	\$5,370,670	\$345,438	6.9%
Health & Welfare	\$447,538	\$461,489	\$472,304	\$469,601	\$22,063	4.9%
General Government	\$2,368,009	\$1,954,053	\$1,872,186	\$2,273,412	-\$94,597	-4.0%
Planning & Development	\$682,292	\$641,824	\$606,650	\$683,705	\$1,413	0.2%
Public Safety	\$3,210,491	\$3,390,988	\$3,402,405	\$3,668,210	\$457,719	14.3%
Facility Management	\$2,728,077	\$2,787,762	\$3,018,645	\$3,123,185	\$395,108	14.5%
Library	\$1,119,305	\$1,086,324	\$1,150,329	\$1,173,930	\$54,625	4.9%
Culture & Recreation	\$598,777	\$680,521	\$666,168	\$681,206	\$82,429	13.8%
Insurance & Benefits	\$3,076,788	\$3,160,935	\$3,697,806	\$4,494,995	\$1,418,207	46.1%
Special Projects	\$28,559	\$21,000	\$172,910	\$176,813	\$148,254	519.1%
Other	\$558,989	\$556,056	\$1,812,987	\$3,620,532	\$3,061,543	547.7%
Total	\$68,134,985	\$70,075,842	\$74,824,057	\$81,460,997	\$13,326,012	19.6%

Source: Town of Simsbury Annual Reports

3.2 Airport Financial Conditions

The following presents a summary of fiscal conditions (revenues and expenditures) for the Simsbury Flying Club's (SFC) operation of the Simsbury Airport for 2008. The financial data contained within this analysis was provided by the SFC. Unfortunately, only current financial 2008 information was available from the SFC, therefore a historical trend analysis of Airport financial conditions is not possible. However, anecdotal information provided by a SFC official indicated that the Airport's financial conditions have not changed drastically over the past few years.

Airport Revenue Trends

The SFC generates revenue through the collection of membership dues, tenant and tie down fees, fuel sales, and assessments to members. As shown in Table 3-3, the SFC has projected revenues totaling approximately \$210,000 in 2008 with about half of this revenue derived from aviation fuel sales.

TABLE 3-3 SFC'S PROJECTED 2008 REVENUE	
	2008
Membership Dues	\$16,250
Tenant Fees	\$42,264
Tie Down Fees	\$43,800
Future Flyers Profit Sharing	\$500
Plowing Assessment	\$6,000
Fuel Sales	\$101,267
Total	\$210,081
<i>Source: Simsbury Flying Club</i>	

As shown in Table 3-4, the SFC's operating expenditures are projected to be about \$203,800 in 2008, with the majority of these expenditures being operating costs such as the airport lease, aviation fuel costs, and utilities. Capital expenditures, such as building and runway maintenance,

estimated at about \$7,000, represent a small portion (less than 4%) of the SFC's projected expenditures for 2008.

TABLE 3-4 SFC'S PROJECTED 2008 EXPENDITURES	
	2008
Lease	\$83,676
Insurance	\$5,610
Heating Oil	\$7,000
Electricity	\$7,200
Phone	\$510
Water	\$360
Plowing	\$6,000
Maintenance	\$5,004
Miscellaneous	\$1,500
Pavement Repairs	\$2,000
Trash Collection	\$400
Fuel	\$76,651
Other	\$7,932
Total	\$203,843
<i>Source: Simsbury Flying Club</i>	

Based on information provided by the Town of Simsbury's Assessor, the airport property generates \$35,389 in real estate property taxes based on the Town's current mill rate (\$38.20). Additionally, the property also generates \$2,539 in personal property taxes.

3.3 Airport Market Conditions

The following provides an analysis of the current market conditions for airport facilities and services within the Greater Hartford region. For the purposes of this analysis, four airports were identified by the Study Team as the primary competitive facilities to Simsbury Airport. These facilities included Bradley International Airport (Windsor Locks, CT), Robertson Field Airport (Plainville, CT), Skylark Airpark (Warehouse Point, CT), and Barnes Municipal Airport (Westfield/Springfield, MA). These airports were selected by the Study Team as they represent the most likely competition to Simsbury Airport due to their proximity (within a forty-minute drive from Simsbury).

Demand for Aviation-Related and Airport-Dependent Land and Buildings

Based on interviews with airport managers and real estate professionals, as well as analysis of commercial, industrial and office real estate listing information, there appears to be limited demand by aviation-related or airport-dependent businesses within the Greater Hartford Region. It is also clear that many non-aviation related and non-airport dependant industrial, warehouse

and flex¹ end-users have located close to airport industrial parks due to these areas containing competitively priced land located near major road transportation corridors, rather than due to the airport facility itself.

Although there is minimal demand for land and buildings for aviation-related or airport-dependent businesses, airport managers and FBO operators at airports within the region indicated that there is demand for indoor aircraft storage space, generally in the form of T-hangar condominiums or rentals². The reason cited for this demand is that the rising cost of aircraft ownership has prompted many aircraft owners to protect their investment by storing their aircraft indoors rather than being exposed to the outside elements (with a tiedown). Based on discussions with airport managers and FBO operators at the competitive regional airports, many airports are at or near capacity for T-hangars due to this demand.

Although there have been no new T-hangars built at any of the competitive airports over the past few years, airport managers at Barnes Municipal Airport, Skylark Airpark and one FBO at Bradley International Airport are considering developing more hangars (T-hangars at Barnes and Skylark). A new conventional hangar has recently been built at Barnes Municipal Airport. Older T-hangar units are currently renting for approximately \$200 to \$350 per month depending on the age and condition of the hangar, as well as available amenities such as heat³. Conventional hangars are currently renting for approximately \$480 to \$2,400 per month depending on the size of the aircraft being stored, as well as available hangar amenities such as heat, office space and bathroom facilities.

Based on interviews with officials from each of the competitive regional airports, there is less demand for aircraft tie-downs – a less expensive aircraft storage option compared to T-hangars. Simsbury Airport currently bases 53 aircraft with 13 of those based aircraft tied-down. Tie-down fees at Simsbury Airport are currently \$75 per month which is in-line with the fees at the other competitive airports (which range from \$75 to \$125 per month).

Simsbury Flying Club officials indicated that almost all of the Airport's operations are recreational in nature. Although difficult to verify due to the lack of a control tower, Simsbury Airport's activity (estimated at approximately 9,000 to 10,000 annual operations⁴) is considered comparative to Skylark Airport (which indicated that all of its based aircraft and operations would be considered recreational). The other competitive airports (Bradley International, Robertson Airfield, and Barnes Municipal Airport) have significantly higher proportions of business operations and corporate based aircraft. For example, it is estimated that 25% of Barnes Municipal Airport, 50% of Robertson Airfield, and 75% of Bradley's operations and/or based aircraft are used for business purposes.

1 A building designed with flexible interior partitions which can be moved to create alternative space configurations based on user requirements.

2 A T-hangar is defined as a building composed of partitioned units designed to house one aircraft in each unit and having single door openings for each unit. T-hangars are commonly used for smaller single-engine aircraft.

3 Typical modern (new construction) T-hangars have an estimated construction cost of about \$50/square foot (including site costs) and would therefore necessitate a monthly rent of about \$500.

4 Estimated by the FAA and ConnDOT.

Summary of Airport Market Conditions

The following points summarize the relevant market findings for Simsbury Airport:

- Airport officials indicate that there is solid demand for T-hangars within the Greater Hartford region with units leasing for approximately \$200 to \$350 per month.
- Although there is a strong demand for T-hangars, fueled by aircraft owners wanting to protect their aircraft investment from the outside elements, there are no indications that new T-hangars will be built at any of the competitive airports in the near future.
- Simsbury Airport is most comparable to Skylark Airpark in that the vast majority of its operations and based aircraft are used for recreational purposes.
- Tie-down fees at Simsbury Airport are currently \$75 per month – a price that is in-line with tie-down fee of \$75 to \$125 per month at the other competitive airports.

3.4 Economic and Real Estate Market Conditions

The following provides an analysis of local and regional employment and business establishment trends, as well as regional (greater Hartford region) light industrial, office, industrial land, and residential real estate market conditions.

Regional Employment and Business Trends

According to at-place employment estimates provided by the Connecticut Department of Labor, the Town of Simsbury had a 2006 employment base of 12,344 jobs representing a decrease of 222 jobs (1.8%) since 2001. As shown in Table 3-5, the sectors which experienced the largest job growth included other services (219 jobs or 122%) and accommodation and food services (158 jobs or 21%). Sectors experiencing reductions in employment included finance and insurance (402 jobs or 10%), professional, scientific and technical services (163 jobs or 24%), and retail trade (136 jobs or 10%).

Over the same time period, the Hartford Labor Market Area's (LMA)⁵ employment base increased modestly by about 3,300 jobs representing an increase of less than 1%. The government (4,725 jobs or 6%), health care and social services (4,603 jobs or 6.5%) and accommodation and food services (3,931 jobs or 13%) sectors experienced the largest job growth, while the manufacturing (8,634 jobs or 12%) and finance and insurance (2,830 jobs or 4%) sectors experienced the largest job losses in the LMA over the 2001 to 2006 time period.

⁵ The Hartford LMA includes the following communities: Andover, Columbia, Haddam, Middletown, South Windsor, Ashford, Coventry, Hartford, New Britain, Stafford, Avon, Cromwell, Hartland, New Hartford, Thomaston, Barkhamsted, East Granby, Harwinton, Newington, Tolland, Berlin, East Haddam, Hebron, Plainville, Union, Bloomfield, East Hampton, Lebanon, Plymouth, Vernon, Bolton, East Hartford, Manchester, Portland, West Hartford, Bristol, Ellington, Mansfield, Rocky Hill, Wethersfield, Burlington, Farmington, Marlborough, Simsbury, Willington, Canton, Glastonbury, Middlefield, Southington, Windsor, Colchester, and Granby.

As shown in Table 3-6, the Town of Simsbury had a 2006 business establishment base of 707, representing an increase of 61 firms (9%) since 2001. Although some of the establishment data for the town is suppressed by the Department of Labor due to confidentiality reasons, about one-third of the new businesses added were in the wholesale trade sector, while solid growth was also experienced in the accommodation and food service (18 firms or 49%) sector. Sectors which lost firms included manufacturing (4 firms), retail trade (2 firms), and health care and social assistance (2 firms).

TABLE 3-5 EMPLOYMENT TRENDS

Town of Simsbury				
	2001	2006	# Change	% Change
Construction	325	340	15	4.6%
Manufacturing	656	568	-88	-13.4%
Wholesale Trade	227	168	-59	-26.0%
Retail Trade	1,372	1,236	-136	-9.9%
Transport & Warehousing	N/A	N/A	N/A	N/A
Information	48	47	-1	-2.1%
Finance & Insurance	3,849	3,447	-402	-10.4%
Real Estate Rental & Leasing	147	169	22	15.0%
Prof., Scientific & Tech. Services	692	529	-163	-23.6%
Mgt. of Companies & Enterprises	N/A	230	N/A	N/A
Admin. Support & Waste Mgt.	204	293	89	43.6%
Educational Services	416	422	6	1.4%
Health Care & Social Assistance	1,058	971	-87	-8.2%
Arts, Entertainment & Rec.	273	235	-38	-13.9%
Accommodation & Food Services	769	927	158	20.5%
Other Services	179	398	219	122.3%
Unclassifiable	N/A	N/A	N/A	N/A
Government	1,064	1,091	27	2.5%
Total	12,566	12,344	-222	-1.8%
Hartford Labor Market Area				
	2001	2006	# Change	% Change
Ag/Forest/Fishing	1,918	1,761	-157	-8.2%
Mining	214	213	-1	-0.5%
Utilities	3,532	1,576	-1,956	-55.4%
Construction	21,419	22,085	666	3.1%
Manufacturing	73,227	64,593	-8,634	-11.8%
Wholesale Trade	20,083	19,787	-296	-1.5%
Retail Trade	56,161	55,496	-665	-1.2%
Transport & Warehousing	11,383	11,297	-86	-0.8%
Information	12,347	12,002	-345	-2.8%
Finance & Insurance	64,640	61,810	-2,830	-4.4%
Real Estate Rental & Leasing	5,567	5,779	212	3.8%
Prof., Scientific & Tech. Services	28,796	29,085	289	1.0%
Mgt. of Companies & Enterprises	5,890	7,565	1,675	28.4%
Admin. Support & Waste Mgt.	24,374	25,144	770	3.2%
Educational Services	9,111	10,618	1,507	16.5%
Health Care & Social Assistance	70,601	75,204	4,603	6.5%
Arts, Entertainment & Rec.	6,545	6,801	256	3.9%
Accommodation & Food Services	29,338	33,269	3,931	13.4%
Other Services	17,680	17,391	-289	-1.6%
Unclassifiable	127	51	-76	-59.8%
Government	82,724	87,449	4,725	5.7%
Total	545,677	548,976	3,299	0.6%

Source: Connecticut Department of Labor

TABLE 3-6 BUSINESS ESTABLISHMENT TRENDS

Town of Simsbury				
	2001	2006	# Change	% Change
Construction	59	64	5	8.5%
Manufacturing	15	11	-4	-26.7%
Wholesale Trade	45	65	20	44.4%
Retail Trade	71	69	-2	-2.8%
Transport & Warehousing	N/A	N/A	N/A	N/A
Information	12	12	0	0.0%
Finance & Insurance	46	47	1	2.2%
Real Estate Rental & Leasing	22	31	9	40.9%
Prof., Scientific & Tech. Services	101	101	0	0.0%
Mgt. of Companies & Enterprises	N/A	6	N/A	N/A
Admin. Support & Waste Mgt.	33	36	3	9.1%
Educational Services	10	10	0	0.0%
Health Care & Social Assistance	53	51	-2	-3.8%
Arts, Entertainment & Rec.	12	15	3	25.0%
Accommodation & Food Services	37	55	18	48.6%
Other Services	71	76	5	7.0%
Unclassifiable	N/A	N/A	N/A	N/A
Government	25	24	-1	-4.0%
Total	646	707	61	9.4%

Hartford Labor Market Area				
	2001	2006	# Change	% Change
Ag/Forest/Fishing	90	93	3	3.3%
Mining	22	18	-4	-18.2%
Utilities	26	38	12	46.2%
Construction	2,956	3,106	150	5.1%
Manufacturing	1,884	1,786	-98	-5.2%
Wholesale Trade	1,728	1,916	188	10.9%
Retail Trade	3,698	3,635	-63	-1.7%
Transport & Warehousing	439	474	35	8.0%
Information	403	395	-8	-2.0%
Finance & Insurance	1,752	1,928	176	10.0%
Real Estate Rental & Leasing	915	1,009	94	10.3%
Prof., Scientific & Tech. Services	3,000	3,074	74	2.5%
Mgt. of Companies & Enterprises	124	152	28	22.6%
Admin. Support & Waste Mgt.	1,543	1,634	91	5.9%
Educational Services	282	325	43	15.2%
Health Care & Social Assistance	2,629	2,833	204	7.8%
Arts, Entertainment & Rec.	355	396	41	11.5%
Accommodation & Food Services	1,879	2,056	177	9.4%
Other Services	3,237	3,505	268	8.3%
Unclassifiable	72	45	-27	-37.5%
Government	1,208	1,205	-3	-0.2%
Total	28,242	29,623	1,381	4.9%

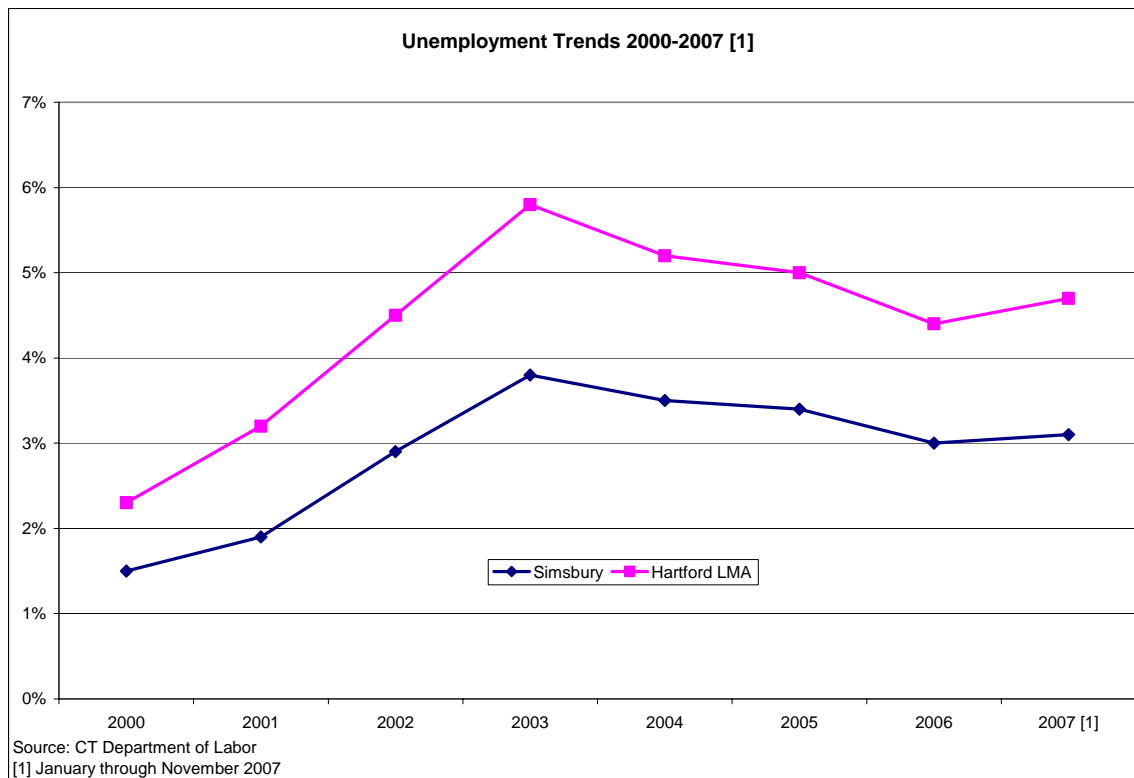
Source: Connecticut Department of Labor

Over the same time period, the Hartford LMA's business establishment base increased by over 1,300 firms or 5% - about four percentage points below the growth experienced in Simsbury. The other services (268 firms or 8%) and health care and social assistance (204 firms or 8%) sectors experienced the most growth, while the manufacturing (98 firms or 5%) and retail trade (63 firms or 2%) sectors experienced the largest declines in business establishments.

Unemployment Trends

Based on the latest available data provided by the Connecticut Department of Labor, Simsbury had a 2007⁶ unemployment rate of 3.1% - 1.6 percentage points below the decade’s unemployment low point in 2000. Over the 2001 to 2007 time period, the Hartford LMA has had an unemployment rate that has been, on average, 1.5 percentage points above that of the rate in Simsbury. Figure 3-1 shows unemployment rate trends for Simsbury and the Hartford LMA between 2000 and 2007.

FIGURE 3-1 UNEMPLOYMENT RATE TRENDS



Supply and Demand for Industrial Land

Based on an analysis of listings for available industrial land⁷ for sale within Hartford County, there is approximately 2,085 acres⁸ of vacant (mostly serviced with water and sewer infrastructure) retail, office and industrial land available for immediate development. These land parcels are contained within both established industrial parks as well as isolated sites. Available “shovel-ready” sites in Simsbury are limited, with no sites currently listed.

6 January through November.

7 Includes only parcels of five or more acres.

8 Includes only parcels of 5 or more acres.

Currently, there is an abundant supply of “shovel-ready” land elsewhere in the Greater Hartford region, with only modest demand for small (5 acres or less), serviced industrial sites with highway access. These sites generally appeal to light industrial and warehouse end-users who have specialized building needs (20+ foot clear-span ceilings, loading docks and office space). Due to the current ample supply of land combined with an abundant supply of existing industrial building space, quantifying absorption is difficult. Additionally, transactions for non-residential land in Simsbury have been very limited with only four parcels changing hands since 2000 totaling 1.64 acres. Undeveloped land has primarily sold for residential purposes with approximately 10 acres changing hands in Simsbury in 2007.

Due to the lack of transactions for non-residential land since 2000, the demand for light industrial land in Simsbury is very limited and absorption is estimated to be less than one acre per year. Industrial land prices vary widely due to available infrastructure, location, topography, transportation access, etc. However, industrial land is currently selling for between \$34,000 and \$125,000 per acre within the Greater Hartford region with retail and office land selling for between \$289,000 and \$450,000 per acre. Land on the lower-end of the price spectrum generally is not serviced with water and sewer infrastructure, may not be located near a major highway, and may have wetland or topographical issues. Land at the upper price points is usually “shovel-ready”, ideally located in close proximity to an interstate highway, and serviced by water and sewer infrastructure.

Supply and Demand for Light Industrial, Flex and Warehouse Buildings

It is estimated that the greater Hartford region contains approximately 69 million square feet (SF) of industrial, flex and warehouse space, of which, approximately 6.2 million SF (8.9%) is available for lease or sale. The amount of space available for sale or lease in the greater Hartford region has decreased modestly over the past year. The western portion of the region (including Simsbury), contains approximately 11.1 million SF of light industrial, flex and warehouse space (16% of the total county supply), of which 7.9% (one percentage point less than the regional rate) is available for sale or lease. Simsbury has a very limited supply of light industrial space at only 121,000 SF.

In terms of the greater Hartford region, with the uncertainty in the economy and the decline of manufacturing employment, potential industrial users have many choices should they require space. Interviews with real estate development professionals in the greater Hartford region indicate that with recent low interest rates, some industrial users are moving out of their older existing (possibly leased) space and building new (owner-occupied) space which specifically meets their current and projected future needs. These needs may include higher ceilings, loading docks, office space, etc. and have lower operating costs.

As a result of the development of modern space, some of the space formerly occupied by these users sits vacant and is generally considered to be functionally obsolete. Current lease rates for both modern and older flex, industrial and warehouse space ranges between \$5/SF and \$8/SF.

Supply and Demand for Office Buildings

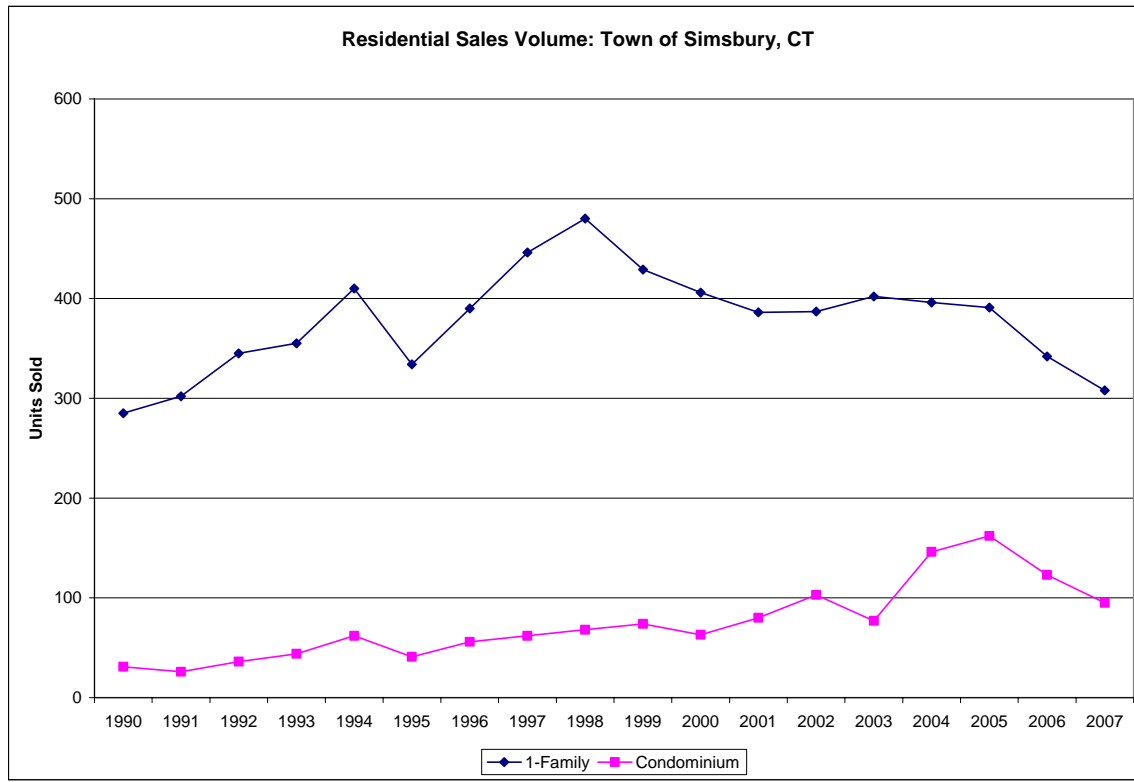
Based on a search of available office and retail listings, the greater Hartford region contains approximately 25.6 million SF of office space, of which 16.7% (4.3 million SF) is available for sale or lease. Although the supply of office space in Simsbury is limited (less than 500,000 SF), it is estimated that there is approximately 71,000 SF of space currently available for sale or lease. Total vacancy in the western portion of the region is estimated at 10.3%.

The demand for office buildings within the greater Hartford region has been stable over the past year. Downsizing in the finance and insurance and information industries have contributed to an abundant supply of available space and stable lease rates. Lease rates for class “A” space in the greater Hartford region average \$21/SF, with rates for class “B” and “C” space averaging approximately \$17/SF and \$15/SF respectively. Office lease rates in Simsbury (\$15/SF to \$22/SF) are similar to rates in the western portion of the region (\$20/SF) as a whole.

Supply and Demand for Residential Properties

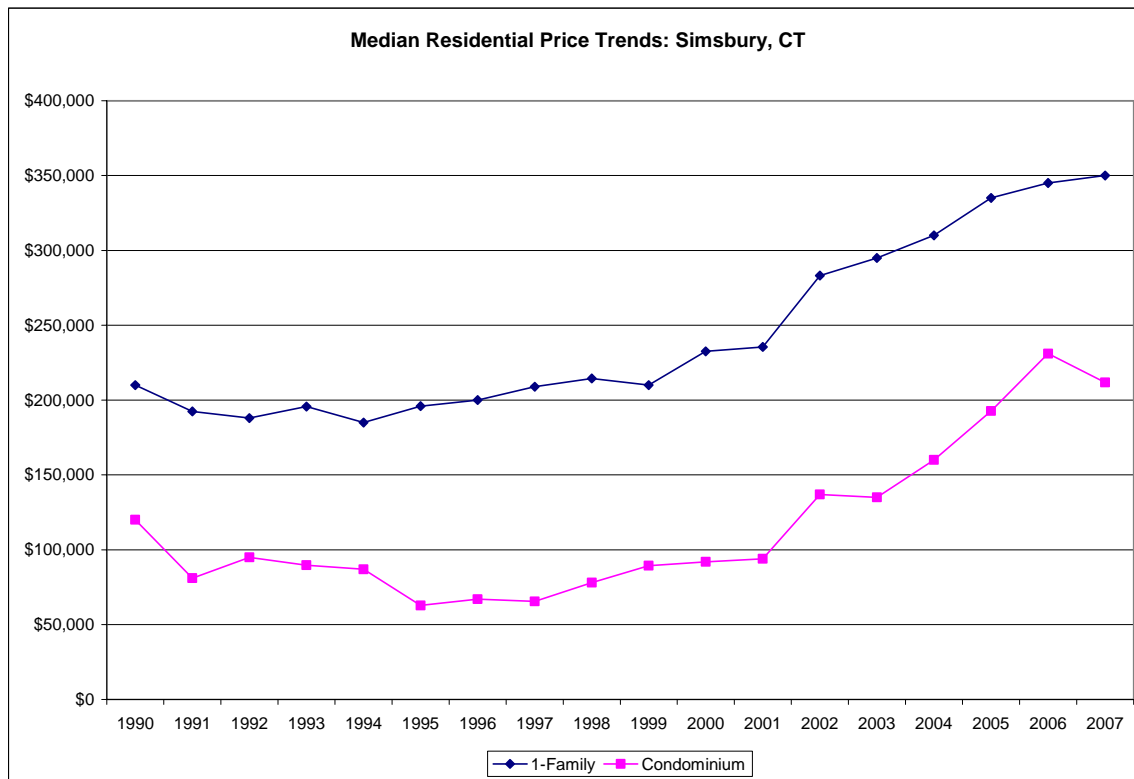
As shown in Figure 3-2, there were 308 single family residential sales in 2007⁹ in Simsbury. This represents a decline from a sales peak of 480 units in 1998. Compared to Simsbury’s single family market, the condominium market is considerably smaller, and also experienced a slide in sales. A total of 95 condominium units changed hands in 2007, down from a peak of 162 units sold in 2005. Figure 3-2 shows the sales volume trends for single family and condominium units in Simsbury between 1990 and 2007.

⁹ January through October.

FIGURE 3-2 RESIDENTIAL SALES VOLUME TRENDS

The median reported sales price for a single family home in Simsbury was \$350,000 in 2007, representing an increase of 15% (\$15,000) since 2005. As shown in Figure 3-3, Simsbury's single family median value appreciation has been positive on an annual basis since 1994. The median price for condominiums was \$211,750 in 2007 representing an increase of \$19,000 (10%) since 2005. Similar to the single family residential market, Simsbury's condominium market experienced annual growth in median pricing since the mid-1990s.

Based on an analysis of market data and discussions with local brokers, the downturn in the housing market experienced in many communities across the country has not been experienced with any great measure in Simsbury. Although residential sales volume has declined for both single family units and condominiums, year-over-year median pricing is positive – although not at the increases experienced in past years. Brokers have indicated that prices, for typical units, have not declined, but the current average days on the market for most units has increased over past years.

FIGURE 3-3. MEDIAN RESIDENTIAL SALES PRICE TRENDS

Economic and Market Summary

The following points summarize the relevant economic findings for Simsbury and the region.

- Simsbury's economic conditions (growth in businesses and low unemployment) have outperformed the Greater Hartford region between 2000/1 and 2006/7;
- Manufacturing sector employment is shrinking which results in very little demand for older existing manufacturing space;
- Downsizing in the finance and insurance and information industries have contributed to an abundant supply of available office space in the Greater Hartford region with stable lease rates;
- Although residential sales volume has declined for both single family units and condominiums, year-over-year median pricing is positive – although not at the increases experienced in past years. Brokers have indicated that prices, for typical units, have not declined, but the current average days on the market for most units has increased over past years.

3.5 Airport Direct Economic Impact

The following presents information on the direct economic impact of the Airport on the local and regional economy. The impacts include the jobs and wages directly attributed to the Airport. In addition to the estimated direct economic impact of the Airport, case studies are provided of (aviation and non-aviation related) businesses that utilize the Airport as part of business operation.

Direct Economic Impacts

The economic impact of the Airport is related to the amount of economic activity generated directly or indirectly by the operations of the Airport, the business establishments at the Airport, or users of the facility. Airport businesses include the Simsbury Flying Club, which functions like a non-profit fixed based operator (FBO) and airport management, an aircraft maintenance firm, and two non-aviation related firms including a temporary employment agency and an electronic devices company. According to a representative from the Simsbury Flying Club, the majority of the based aircraft and operations at the Airport are recreational in nature. However, there are other non-recreational users of the airport including some owners of based aircraft that use their planes for business purposes, as well as the Civil Air Patrol. Economic activity related to the Airport is generally measured by the (direct and indirect) wages from businesses that use or rely on the Airport, and the direct spending of Airport users.

Based on interviews with Airport management, it estimated that 11.5 full-time equivalent (FTE) jobs are generated directly by the Airport. Based on wage estimates provided by the individual businesses along with the Connecticut Department of Labor, these jobs generate approximately \$400,200 per year in total wages (see Table 3-7)

Based on wage and employment multipliers provided by the U.S. Department of Commerce, Bureau of Economic Analysis, the 11.5 jobs and \$400,200 in wages directly attributed to the Airport, indirectly contribute to another 9 jobs and \$463,000 in wages. Assuming that one quarter of the jobs and wages are generated within the local area (within the greater Simsbury region), the Airport likely supports approximately 2 jobs and about \$116,000 in annual wages in the Simsbury area.

TABLE 3-7 AIRPORT DIRECT EMPLOYMENT AND WAGE IMPACT			
Establishment Name	Estimated FTE Jobs	Estimated Avg. Annual Wage [1]	Gross Wages
Touchdown Aviation	1.5	\$36,184	\$54,276
Belcan	5	\$33,010	\$165,050
Diagnostic Services	5	\$36,184	\$180,920
Total	11.5		\$400,246
[1] Occupational wages provided by Airport management/staff and the Connecticut Department of Labor			
Source: RKG Associates			

Business Case Studies

Based on interviews with Airport management officials, business executives and owners, it is apparent that Simsbury Airport is not a primary economic driver, but plays a supportive role in the local and regional economy. Although the Airport directly impacts the local and regional economy with 11.5 jobs and accompanying wages and spending, the supportive role comes from servicing, fueling and hangaring based and transient corporate and recreational aircraft, as well as the economic activity (local and regional spending) generated by the Simsbury Flying Club's annual Fly-in.

Based on interviews with over a dozen different firms, there are a many examples of airport dependent and non-airport dependent businesses that regularly utilize the Airport. The following presents case studies of four business operations including Ramco/Hydroclean (Hartford, CT), Design Innovation (Avon, CT), Capital Light (Hartford, CT), and Aerosance (Farmington, CT) that use the airport for business purposes.

Ramco Companies/Hydroclean – Hartford, CT

The Ramco Companies include Ramco Technologies (established in 1983) and Ramco Environmental (established in 1986) along with Hydroclean. Ramco Technologies performs cleaning services on commercial and industrial buildings, while Ramco Environmental provides asbestos removal services on commercial, industrial and residential buildings. Hydroclean is a wholesale provider of building restoration cleaning products. With head offices in Hartford, the firms employ approximately fifty individuals with total sales of about \$5 million annually. According to company officials, the company uses their plane based at the Airport about once per week (about 50 times per year) primarily for moving staff, but occasionally transporting materials or supplies. A company official indicated that the facility is an asset to the company as it provides close, convenient access to their plane.



Design Innovation – Avon, CT

Established in 1988, Design Innovation is a leading product design and development firm with an international client base. Formerly based in Simsbury but now based in Avon, the firm employs 17 staff with approximately \$2.1 million in sales annually. Flying primarily to clients in Pennsylvania and New York, company officials indicated that they use their plane based at the Airport approximately 24 times per year for business.



Capital Light – Hartford, CT

Established in 1926, Capital Light is a wholesale distributor of lighting fixtures and products with offices in Connecticut, California, Texas, and Ohio. The company has an estimated workforce of about 430 workers with 100 individuals based at the company's head office in Hartford. With \$325 million in annual sales, the firm uses its plane approximately once per month to fly primarily to east coast destinations from Maine to Pennsylvania. A company representative indicated that having their based aircraft at the Airport is very convenient and saves time in being able to fly to specific destinations (often without a commercial airport nearby).

Aerosance – Farmington, CT

Aerosance, based in Farmington, is a designer and manufacturer and distributor of its own Full Authority Digital Engine Control (FADEC) system. This system monitors and manages an aircraft's engine and allows the pilot to concentrate on flying, as well as ensuring that the engine runs at peak efficiency. The firm has been in business for over twenty years and currently employs 17 individuals. According to a company official, Aerosance has four aircraft based at the Airport and uses these aircraft to transport staff as well as test their products.



In addition to these businesses, other establishments benefit from business associated with the airport or accessing customers via the airport. Some of these businesses include:

- WTIC-AM (Hartford, CT);
- Instruments NE (Westfield, MA); and,
- Touchdown Aviation (Simsbury, CT).

Airport Economic Impact Summary

Based on interviews with Airport management officials, business executives and owners, it is apparent that Simsbury Airport is not a primary economic driver, but plays a supportive role in the local and regional economy. Although the Airport directly impacts the local and regional economy with 11.5 jobs and accompanying wages and spending, the supportive role comes from servicing, fueling and hangaring based and transient corporate and recreational aircraft, as well as the economic activity (local and regional spending) generated by the Simsbury Flying Club's annual Fly-in. Due to the Airport's comparatively short runway (and limited potential for significant lengthening) and close proximity to Bradley International Airport, it is unlikely that Simsbury Airport would become a significant contributor to the local and regional economy in the future.

3.6 Airport Financial Feasibility

This section analyzes the future financial condition of the airport under municipal ownership and various operating conditions (Scenarios). The financial forecast is for the next ten years based on average current revenue and expenditure (operating and capital) as well as foreseeable necessary airport facility maintenance and improvement costs.

The following assumptions were developed as part of the Baseline Scenario (current operating conditions):

- The Town acquires the Airport (excluding the condominium hangar buildings) using a combination of Federal and State grants and municipal funds, and leases the facility to an FBO collecting revenue from lease fees as well as personal property taxes.
- Although the Town would not operate the Airport on a day-to-day basis, it would take responsibility for building structural maintenance and would cover electricity costs for runway lighting and common area security lighting. The FBO would be responsible for all interior maintenance and fit-up of their leased buildings.
- Some on-site airport property management will be the responsibility of the FBO including grass mowing, minor runway lighting maintenance and snow plowing. The Town would be responsible for more significant common-area maintenance such as fence repair work and obstruction removal, for example. In addition to on-site property management, the Town will incur costs associated with the airport's administration and management in order to oversee the airport's improvement plan, provide grant administration, airport planning, and oversee non-FBO property maintenance¹⁰. This role could either be the responsibility of an existing Town staff member or department, or could be a newly created position(s).
- No new equipment would be needed to fulfill the limited property maintenance requirements for the Town.
- Airport revenue and expenditure estimates are based on financial information provided by the Simsbury Flying Club and comparable airports throughout New England provided by airport management officials.
- Airport capital and acquisition costs included in the financial model represent only the municipal portion of projected costs (with the remainder covered by State and Federal sources). The acquisition cost is based on the market value of the property based on information provided by the Town of Simsbury's Assessor's Office.

Sources of Revenue

Under the Town's ownership, the airport would have the following sources of revenue:

¹⁰ Major site maintenance such as runway and fence repairs, etc.

FBO Airport Lease Fees – Fees paid to the Town by an FBO leasing the airport (terminal, apron and hangar space). The current tenant (Simsbury Flying Club) pays approximately \$84,000 per year in rent to the current airport owner.

Real Estate and Personal Property Taxes – The facility currently contains eleven condominium fabric hangars which are categorized as temporary structures by the Town. As such, these structures are assessed as personal property and generate approximately \$2,500 per year in personal property tax. Additionally, the Airport contains sixteen T-hangar condominiums which generate approximately \$13,700 in real estate property taxes each year to the Town of Simsbury.

Sources of Expenditures

Depending on how airport grounds and building maintenance responsibilities between the Town and the FBO are structured, the Town would have a limited number of airport operating and capital expenditures. A description of these expenses is as follows:

Electricity – The Town would be responsible to cover electricity costs related to runway, apron and street lights at the facility. The FBO and tenants of any privately developed hangars would be responsible to cover their own electricity costs. The Airport's current tenant, The Simsbury Flying Club, is currently responsible for electricity costs for the entire airport (approximately \$7,200 per year). Under municipal ownership, it is assumed that the Town would be responsible for electricity costs for runway lighting and common area security lighting (estimated at approximately \$3,500 per year).

Insurance – In order to cover any liability damages at the Airport, it is recommended that the Town purchase additional insurance coverage specific to the Airport. Insurance coverage at comparable airports ranges from approximately \$8,900 (Sanford Regional Airport) to \$17,000 (Robertson Airfield). Currently, the Connecticut Interlocal Risk Management Agency (CIRA) provides insurance coverage to the Town of Simsbury and is working to provide an insurance quote relative to the Town acquiring the airport. For the purposes of this study, a \$15,000 insurance cost estimate has been used.

Property Maintenance – The Simsbury Flying Club is currently responsible for some common area maintenance including grass cutting (by Flying Club volunteers), snow plowing (contracted service) and minor runway repairs. It is assumed that these responsibilities would continue under municipal ownership. As these duties do not include more significant site maintenance work (fence repairs, obstruction removal, etc.), it is assumed that the Town would incur a cost of approximately \$5,000 to complete these other items (either through contracting to a private service provider to completing these services in-house).

Airfield Maintenance – The Town would be responsible for maintenance and repairs associated with the airfield including significant runway or apron maintenance, airfield lighting

maintenance, etc. An annual airfield maintenance cost of \$3,000 has been budgeted. The \$3,000 would essentially be the local share of the Federal and State airport grants.

Building Maintenance – Although building “fit-up” and day-to-day maintenance of FBO buildings would be the responsibility of the FBO, the Town would be responsible for major building structural repairs and maintenance. Based on an inspection of Airport buildings, it is estimated that some building maintenance issues may have to be addressed. As such, an annual building maintenance cost of \$5,000 has been budgeted.

Building Improvements – Based on an inspection of airport buildings, it is estimated that improvements will be necessary with an estimated cost of \$103,000 (which has been allocated over the ten-year planning period).

Equipment Maintenance – Although many of the on-site management and service functions will be conducted by the FBO or contracted service providers, \$2,000 has been budgeted for any unforeseen maintenance that may be required on municipal equipment.

On-Site Airport Management – It is assumed that the FBO would essentially be the “face of the airport” for airport visitors and be responsible for on-site day-to-day airport management. This may include notifying the Town about airport issues or calling emergency service personnel should they be required. The cost for these services was estimated at \$5,000 per year.

Legal/Professional Services – It is likely that the Town would require additional legal and professional services over the planning period to provide technical assistance (engineering, etc.) related specifically to the Airport. The cost for these services was estimated at \$5,000 per year.

Town Administration - In addition to some on-site property management, the Town will incur costs associated with the Airport’s administration and management in order to oversee the Airport’s improvement plan, provide grant administration, airport planning, and oversee non-FBO property maintenance¹¹. This role could either be the responsibility of one or more existing Town staff members, or could be a newly created position(s). As it is likely that this position would be a new part-time staff member, or effectively take the equivalent time from existing Town staff (financial record keeping, engineering, planning, First Selectman, etc.), an estimated cost of \$25,000 has been budgeted.

3.6.1 Financial Feasibility – Scenario One (Baseline Conditions)

Scenario One is based on the assumption that the Airport will continue to operate under current demand conditions. Under this scenario, the Town would acquire the Airport (not including the condominium hangars) and lease the facility to an FBO. All revenues and operating expenditures were assumed to increase at an average annual rate of 3% (to account for inflation).

¹¹ Major site maintenance such as runway and fence repairs, etc.

As shown in Table 3-8, the Airport is expected to generate revenues of about \$100,000 in FY 2008, and increase to about \$131,000 in FY 2017. Over 83% of the Airport's revenue stream would be attributed to facility lease fees with the remainder being personal property taxes. Total expenditures (operating and capital) would be approximately \$98,000 in FY 2008 and increase to about \$112,000 in FY 2017. Potential capital costs associated with this scenario are provided on Table 3-11 Baseline Scenario Cost Estimate Detail.

Based on the assumptions stated, the projected net cash flow for the Airport under this scenario is positive over the ten year planning period. However, as the existing airport is currently privately owned and is taxable property, under municipal ownership the Town will not receive property tax revenues (about \$22,000 under this scenario)¹². As such, when the opportunity cost of losing this revenue (inflated at 3% over the planning period) is considered, it generates a net negative annual balance over the entire ten-year planning period. This negative net balance cumulatively accrues to a loss of approximately \$99,000 at the end of the planning period.

TABLE 3-8 FINANCIAL FEASIBILITY – BASELINE SCENARIO

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Operating Revenues										
FBO Airport Lease Fee	\$84,000	\$86,520	\$89,116	\$91,789	\$94,543	\$97,379	\$100,300	\$103,309	\$106,409	\$109,601
Real Estate Taxes [1]	\$13,657	\$14,067	\$14,489	\$14,924	\$15,371	\$15,833	\$16,307	\$16,797	\$17,301	\$17,820
Personal Property Taxes	\$2,539	\$2,615	\$2,694	\$2,774	\$2,858	\$2,943	\$3,032	\$3,123	\$3,216	\$3,313
TOTAL REVENUE	\$100,196	\$103,202	\$106,298	\$109,487	\$112,772	\$116,155	\$119,640	\$123,229	\$126,926	\$130,733
Operating Expenditures										
Electricity	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,057	\$4,179	\$4,305	\$4,434	\$4,567
Insurance	\$15,000	\$15,450	\$15,914	\$16,391	\$16,883	\$17,389	\$17,911	\$18,448	\$19,002	\$19,572
Maintenance	\$25,322	\$26,082	\$26,864	\$27,670	\$28,500	\$29,355	\$30,236	\$31,143	\$32,077	\$33,039
Airfield Maintenance	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914
Equipment Maintenance	\$2,000	\$2,060	\$2,122	\$2,185	\$2,251	\$2,319	\$2,388	\$2,460	\$2,534	\$2,610
Building Improvements	\$10,322	\$10,632	\$10,951	\$11,279	\$11,617	\$11,966	\$12,325	\$12,695	\$13,075	\$13,468
Building Maintenance	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Property Maintenance	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
On-Site Airport Management (FBO)	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Legal/Professional Services	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Town Administration	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619
Total Operating Expenditures	\$78,822	\$81,187	\$83,622	\$86,131	\$88,715	\$91,376	\$94,117	\$96,941	\$99,849	\$102,845
Capital Expenditures										
Airport Acquisition	\$12,352	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Airport Capital Improvements	\$7,176	\$7,391	\$7,613	\$7,841	\$8,077	\$8,319	\$8,568	\$8,825	\$9,090	\$9,363
Total Capital Expenditures [2]	\$19,527	\$7,391	\$7,613	\$7,841	\$8,077	\$8,319	\$8,568	\$8,825	\$9,090	\$9,363
TOTAL EXPENDITURES	\$98,349	\$88,578	\$91,235	\$93,972	\$96,791	\$99,695	\$102,686	\$105,766	\$108,939	\$112,208
NET CASH FLOW	\$1,847	\$14,624	\$15,063	\$15,515	\$15,980	\$16,460	\$16,954	\$17,462	\$17,986	\$18,526
LOST TAX LEVY	\$21,732	\$22,384	\$23,055	\$23,747	\$24,460	\$25,193	\$25,949	\$26,728	\$27,529	\$28,355
NET BALANCE	-\$19,885	-\$7,760	-\$7,992	-\$8,232	-\$8,479	-\$8,733	-\$8,995	-\$9,265	-\$9,543	-\$9,830
CUMULATIVE BALANCE	-\$19,885	-\$27,645	-\$35,637	-\$43,869	-\$52,348	-\$61,082	-\$70,077	-\$79,342	-\$88,886	-\$98,715

[1] Real estate Taxes generated by privately owned airport improvements (T-hangers)

[2] Town's share of planned capital projects assuming 95% Federal, 3.75% State and 1.25% local funding

Source: Simsbury Flying Club, the Town of Simsbury and RKG Associates, Inc.

3.6.2 Financial Feasibility – Scenario Two (Full Acquisition)

Scenario Two is based on the assumption that the airport will continue to operate under current demand conditions. Under this scenario, the Town would acquire the airport including the

12 Depending on how the negotiated lease between the FBO and the Town of Simsbury is structured, the FBO may pay property taxes or a payment in lieu of taxes (PILOT) on airport property improvements. However, this revenue is not included in the analysis.

condominium hangars and lease the facility to an FBO. The other assumptions used in this Scenario are identical to the ones used in Scenario One with the following exceptions:

- The FBOs lease payment is reduced from \$84,000 to \$25,000 (about \$3/SF on the airport terminal and adjoining hangar space) as the FBO will not be receiving rent or condominium fees from hangar tenants;
- The Town collects \$300/month on the 27 hangar units (which are 100% occupied);
- Due to the additional airport buildings acquired, the following costs have been adjusted:
 - Insurance costs increase by \$2,000 to \$17,000;
 - Equipment maintenance increased \$2,000 to \$4,000;
 - Building maintenance costs double to \$10,000;
 - On-site airport management costs double to \$10,000 (to collect rent from hangar tenants and manage any hangar tenant issues);
 - Town administration cost doubles to \$50,000 (due to added management, financial record keeping, etc.)
 - Airport acquisition cost rises to \$1.8 million due to the cost of purchasing the fabric hangars (\$30,000 each) and the T-hangars.

As shown in Table 3-9, the Airport is expected to generate revenues of about \$122,000 in FY 2008, and increase to about \$159,400 in FY 2017. Approximately 80% of the Airport's revenue stream would be attributed to hangar lease fees with the remainder being FBO lease fees. Total expenditures (operating and capital) would be approximately \$154,000 in FY 2008 and increase to about \$172,000 in FY 2017. Potential capital costs associated with this scenario are provided on Table 3-12 Growth Scenario Cost Estimate Detail.

TABLE 3-9 FINANCIAL FEASIBILITY – FULL ACQUISITION

	FY 2008	FY 2009	FY 2010	FY2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Operating Revenues										
FBO Airport Lease Fee	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619
Hangar Rent	\$97,200	\$100,116	\$103,119	\$106,213	\$109,399	\$112,681	\$116,062	\$119,544	\$123,130	\$126,824
TOTAL REVENUE	\$122,200	\$125,866	\$129,642	\$133,531	\$137,537	\$141,663	\$145,913	\$150,291	\$154,799	\$159,443
Operating Expenditures										
Electricity	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,057	\$4,179	\$4,305	\$4,434	\$4,567
Insurance	\$17,000	\$17,510	\$18,035	\$18,576	\$19,134	\$19,708	\$20,299	\$20,908	\$21,535	\$22,181
Maintenance	\$39,191	\$40,366	\$41,577	\$42,825	\$44,109	\$45,433	\$46,796	\$48,200	\$49,646	\$51,135
Airfield Maintenance	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914
Equipment Maintenance	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$4,637	\$4,776	\$4,919	\$5,067	\$5,219
Building Improvements	\$17,191	\$17,706	\$18,238	\$18,785	\$19,348	\$19,929	\$20,527	\$21,142	\$21,777	\$22,430
Building Maintenance	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Property Maintenance	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
On-Site Airport Management (FBO)	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Legal/Professional Services	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Town Administration	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494	\$63,339	\$65,239
Total Operating Expenditures	\$124,691	\$128,431	\$132,284	\$136,253	\$140,340	\$144,551	\$148,887	\$153,354	\$157,954	\$162,693
Capital Expenditures										
Airport Acquisition	\$22,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Airport Capital Improvements	\$7,221	\$7,438	\$7,661	\$7,890	\$8,127	\$8,371	\$8,622	\$8,881	\$9,147	\$9,422
Total Capital Expenditures	\$30,082	\$7,438	\$7,661	\$7,890	\$8,127	\$8,371	\$8,622	\$8,881	\$9,147	\$9,422
TOTAL EXPENDITURES	\$154,773	\$135,869	\$139,945	\$144,143	\$148,468	\$152,922	\$157,509	\$162,235	\$167,102	\$172,115
NET CASH FLOW	-\$32,573	-\$10,003	-\$10,303	-\$10,612	-\$10,930	-\$11,258	-\$11,596	-\$11,944	-\$12,302	-\$12,671
LOST TAX LEVY	\$37,928	\$39,066	\$40,238	\$41,445	\$42,689	\$43,969	\$45,288	\$46,647	\$48,046	\$49,488
NET BALANCE	-\$70,501	-\$49,069	-\$50,541	-\$52,057	-\$53,619	-\$55,228	-\$56,884	-\$58,591	-\$60,349	-\$62,159
CUMULATIVE BALANCE	-\$70,501	-\$119,570	-\$170,111	-\$222,169	-\$275,788	-\$331,016	-\$387,900	-\$446,491	-\$506,840	-\$568,999
[1] Real estate Taxes generated by privately owned airport improvements (T-hangars)										
[2] Town's share of planned capital projects assuming 95% Federal, 3.75% State and 1.25% local funding										
Source: Simsbury Flying Club, the Town of Simsbury and RKG Associates, Inc.										

Based on the assumptions stated, the projected net cash flow for the Airport under this scenario is negative over the entire planning period. Additionally, as the existing airport is currently privately owned and is taxable property, under municipal ownership the Town will not receive property tax revenues (about \$38,000 under this scenario)¹³. As such, when the opportunity cost of losing this revenue (inflated at 3% over the planning period) is considered, it also generates a net negative annual balance over the entire ten-year planning period. This negative net balance cumulatively accrues to a loss of over \$560,000 at the end of the planning period.

3.6.3 Financial Feasibility – Scenario Three (Growth Scenario)

Scenario Three is based on the assumption that the airport will operate under conditions which reflect a greater demand for aircraft storage. Under this scenario, the Town would acquire the airport including the condominium hangars and lease the facility to an FBO. Further, the Town would lease airport land (at \$0.15/SF) to a developer whereby they would construct ten T-hangars in 2013, three fabric hangars in 2015, and two conventional hangars in 2017.

As shown in Table 3-10, the Airport is expected to generate revenues of about \$122,000 in FY 2008, and increase to about \$206,000 in FY 2017. Prior to leasing airport land to a developer (in 2013), 80% of the airport's revenue stream would be attributed to hangar lease fees, with the remainder being FBO lease fees. Due to the land lease fees collected over the second half of the planning period, the airport's revenue stream becomes more diversified with 61% attributed to hangar rent, 23% to land lease fees, and the remaining 16% attributed to the FBO lease.

Total expenditures (operating and capital) would be approximately \$158,000 in FY 2008 and increase to about \$176,000 in FY 2017. Potential capital costs associated with this scenario are provided on Table 3-12 Growth Scenario Cost Estimate Detail.

¹³ Depending on how the negotiated lease between the FBO and the Town of Simsbury is structured, the FBO may pay property taxes or a payment in lieu of taxes (PILOT) on airport property improvements. However, this revenue is not included in the analysis.

TABLE 3-10 FINANCIAL FEASIBILITY – GROWTH SCENARIO

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Operating Revenues										
FBO Airport Lease Fee	\$25,000	\$25,750	\$26,523	\$27,318	\$28,138	\$28,982	\$29,851	\$30,747	\$31,669	\$32,619
Land Lease Fees	\$0	\$0	\$0	\$0	\$0	\$20,790	\$21,414	\$35,556	\$36,623	\$46,721
Hangar Rent	\$97,200	\$100,116	\$103,119	\$106,213	\$109,399	\$112,681	\$116,062	\$119,544	\$123,130	\$126,824
TOTAL REVENUE	\$122,200	\$125,866	\$129,642	\$133,531	\$137,537	\$162,453	\$167,327	\$185,847	\$191,422	\$206,165
Operating Expenditures										
Electricity	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,057	\$4,179	\$4,305	\$4,434	\$4,567
Insurance	\$17,000	\$17,510	\$18,035	\$18,576	\$19,134	\$19,708	\$20,299	\$20,908	\$21,535	\$22,181
Maintenance	\$39,191	\$40,366	\$41,577	\$42,825	\$44,109	\$45,433	\$46,796	\$48,200	\$49,646	\$51,135
Airfield Maintenance	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914
Equipment Maintenance	\$4,000	\$4,120	\$4,244	\$4,371	\$4,502	\$4,637	\$4,776	\$4,919	\$5,067	\$5,219
Building Improvements	\$17,191	\$17,706	\$18,238	\$18,785	\$19,348	\$19,929	\$20,527	\$21,142	\$21,777	\$22,430
Building Maintenance	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Property Maintenance	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
On-Site Airport Management (FBO)	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Legal/Professional Services	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Town Administration	\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$59,703	\$61,494	\$63,339	\$65,239
Total Operating Expenditures	\$124,691	\$128,431	\$132,284	\$136,253	\$140,340	\$144,551	\$148,887	\$153,354	\$157,954	\$162,693
Capital Expenditures										
Airport Acquisition	\$22,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Airport Capital Improvements	\$10,407	\$10,719	\$11,041	\$11,372	\$11,713	\$12,065	\$12,427	\$12,800	\$13,184	\$13,579
Total Capital Expenditures	\$33,269	\$10,719	\$11,041	\$11,372	\$11,713	\$12,065	\$12,427	\$12,800	\$13,184	\$13,579
TOTAL EXPENDITURES	\$157,959	\$139,151	\$143,325	\$147,625	\$152,054	\$156,615	\$161,314	\$166,153	\$171,138	\$176,272
NET CASH FLOW	-\$35,759	-\$13,285	-\$13,683	-\$14,094	-\$14,517	\$5,838	\$6,013	\$19,693	\$20,284	\$29,893
LOST TAX LEVY	\$37,928	\$39,066	\$40,238	\$41,445	\$42,689	\$43,969	\$45,288	\$46,647	\$48,046	\$49,488
NET BALANCE	-\$73,688	-\$52,351	-\$53,921	-\$55,539	-\$57,205	-\$38,131	-\$39,275	-\$26,954	-\$27,762	-\$19,595
CUMULATIVE BALANCE	-\$73,688	-\$126,039	-\$179,960	-\$235,499	-\$292,704	-\$330,836	-\$370,111	-\$397,065	-\$424,827	-\$444,422
[1] Real estate Taxes generated by privately owned airport improvements (T-hangars)										
[2] Town's share of planned capital projects assuming 95% Federal, 3.75% State and 1.25% local funding										
Source: Simsbury Flying Club, the Town of Simsbury and RKG Associates, Inc.										

Based on the assumptions stated, the projected net cash flow for the Airport under this scenario is initially negative (FY 2008 through FY 2012) due to the cost of purchasing the facility and added capital costs, but is then positive over the remainder of the planning period due to the added revenue from land leases. However, as the existing airport is currently privately owned and is taxable property, under municipal ownership the Town will not receive property tax revenues (about \$38,000 under this scenario)¹⁴. As such, when the opportunity cost of losing this revenue (inflated at 3% over the planning period) is considered, it generates a net negative annual balance over the entire ten-year planning period. This negative net balance cumulatively accrues to a loss of over \$440,000 at the end of the planning period.

14 Depending on how the negotiated lease between the FBO and the Town of Simsbury is structured, the FBO may pay property taxes or a payment in lieu of taxes (PILOT) on airport property improvements. However, this revenue is not included in the analysis.

TABLE 3-11 BASELINE SCENARIO COST ESTIMATES DETAIL

Phase	Project	Unit	Unit Cost	Quantity	Total	Total + 20% Contingency	Design & C.I. Fee (20%)	Estimated Cost	Eligible for State/Federal Funding	
Phase I	Phase II Acquisition Study (Due Diligence, Appraisals)	LS	\$100,000.00	1	\$100,000	\$0	\$0	\$100,000	Yes	
Phase I	Airport Property Acquisition	LS	\$1,500,000.00	1	\$1,500,000	\$1,800,000	\$0	\$1,800,000	Yes	
Phase I	Master Plan and Environmental Assessment	LS	\$200,000.00	1	\$200,000	\$0	\$0	\$200,000	Yes	
Phase I	RPZ Easment	AC	\$31,000.00	5.93	\$183,830	\$0	\$36,766	\$220,596	Yes	
Phase I	Repair Runway Cracks	FT	\$8.65	3,700	\$32,005	\$38,406	\$7,681	\$46,087	Yes	
Phase I	Seal Taxiway Cracks	FT	\$2.00	3,000	\$6,000	\$7,200	\$1,440	\$8,640	Yes	
Phase I	Taxiway Centerline Markings	LS	\$3,500.00	1	\$3,500	\$4,200	\$840	\$5,040	Yes	
Phase I	Install Runway Hold Position Markings	LS	\$5,000.00	1	\$5,000	\$6,000	\$1,200	\$7,200	Yes	
Phase I	Install Airfield Signage	SF	\$100.00	200	\$20,000	\$24,000	\$4,800	\$28,800	Yes	
Phase I	Seal Main Apron Cracks	FT	\$2.00	3,000	\$6,000	\$7,200	\$1,440	\$8,640	Yes	
Phase I	Rehabilitate Terminal Building	LS	\$58,800.00	1	\$58,800	\$70,560	\$14,112	\$84,672	No*	
Phase I	Hangar Building #1 Repairs	LS	\$10,160.00	1	\$10,160	\$12,192	\$2,438	\$14,630	No*	
Phase I	Hangar Building #2 Repairs	LS	\$2,720.00	1	\$2,720	\$3,264	\$653	\$3,917	No*	
Phase I	Hangar Building #3 Repairs	LS	\$5,120.00	1	\$5,120	\$6,144	\$1,229	\$7,373	No*	
Phase I	Hangar Building #4 Repairs	LS	\$2,880.00	1	\$2,880	\$3,456	\$691	\$4,147	No*	
Phase I	Fabric Hangars 5-15 Repairs	LS	\$3,609.09	11	\$39,700	\$47,640	\$9,528	\$57,168	No*	
								Total Phase I	\$2,596,910	
Phase II	Relocate East Taxiway & Exit Taxiway	SF	\$16.00	67,950	\$1,087,200	\$1,304,640	\$260,928	\$1,565,568	Yes	
Phase II	Relocate/Replace Paved Segmented Circle and Lighted Windsock	LS	\$65,000.00	1	\$65,000	\$0	\$13,000	\$78,000	Yes	
Phase II	Reposition Fabric Hangar Doors	LS	\$25,000.00	1	\$25,000	\$30,000	\$6,000	\$36,000	Yes	
Phase II	Reconstruct and Shorten Runway	SF	\$16.60	100,000	\$1,660,000	\$1,992,000	\$398,400	\$2,390,400	Yes	
Phase II	Widen Runway 10'	SF	\$16.00	22,050	\$352,800	\$423,360	\$84,672	\$508,032	Yes	
Phase II	Runway Safety Area Grading	CUY	4.8	16133	\$77,438	\$92,926	\$18,585	\$111,511	Yes	
Phase II	Runway Safety Area DEP Permitting	LS	\$50,000.00	1	\$50,000	\$0	\$10,000	\$60,000	Yes	
Phase II	Tree Clearing	AC	\$10,000.00	9.9	\$99,000	\$118,800	\$23,760	\$142,560	Yes	
Phase II	Cleaning of Existing Drainage System	FT	\$19.50	520	\$10,140	\$12,168	\$2,434	\$14,602	Yes	
								Total Phase II	\$4,906,673	
Phase III	Mill & Overlay Taxiway, with Crack Repair	SF	\$3.50	8,750	\$30,625	\$36,750	\$7,350	\$44,100	Yes	
Phase III	Mill & Overlay Main Apron, with Crack Repair	SF	\$3.50	25,000	\$87,500	\$105,000	\$21,000	\$126,000	Yes	
Phase III	Apron Expansion (10 Tie-Downs)	SF	\$16.00	25,000	\$400,000	\$480,000	\$96,000	\$576,000	Yes	
Phase III	Aircraft Parking Markings	LS	\$1,500.00	1	\$1,500	\$1,800	\$360	\$2,160	Yes	
								Total Phase III	\$748,260	
								Grand Total	\$8,251,843	

*Total Building Repairs \$171,907
 Town Share of Eligible Costs
 Phase I \$30,313
 Phase II \$61,333
 Phase III \$9,353
 Subtotal \$ 100,999.20
 Total Town Capital Costs \$ 272,906.39

TABLE 3-12 GROWTH SCENARIO COST ESTIMATES DETAIL									
Phase	Project	Unit	Unit Cost	Quantity	Total	Total + 20% Contingency	Design & C.I. Fee (20%)	Estimated Cost	Eligible for State/Federal Funding
Phase I	Phase II Acquisition Study (Due Diligence, Appraisals)	LS	\$100,000.00	1	\$100,000	\$0	\$0	\$100,000	Yes
Phase I	Airport Property Acquisition	LS	\$1,500,000.00	1	\$1,500,000	\$1,800,000	\$0	\$1,800,000	Yes
Phase I	Master Plan and Environmental Assessment	LS	\$200,000.00	1	\$200,000	\$0	\$0	\$200,000	Yes
Phase I	Additional Property Acquisition	AC	\$35,000.00	23	\$817,250	\$0	\$163,450	\$980,700	Yes
Phase I	Repair Runway Cracks	FT	\$8.65	3,700	\$32,005	\$38,406	\$7,681	\$46,087	Yes
Phase I	Seal Taxiway Cracks	FT	\$2.00	3,000	\$6,000	\$7,200	\$1,440	\$8,640	Yes
Phase I	Taxiway Centerline Markings	LS	\$3,500.00	1	\$3,500	\$4,200	\$840	\$5,040	Yes
Phase I	Install Runway Hold Position Markings	LS	\$5,000.00	1	\$5,000	\$6,000	\$1,200	\$7,200	Yes
Phase I	Install Airfield Signage	SF	\$100.00	200	\$20,000	\$24,000	\$4,800	\$28,800	Yes
Phase I	Seal Main Apron Cracks	FT	\$2.00	3,000	\$6,000	\$7,200	\$1,440	\$8,640	Yes
Phase I	Rehabilitate Terminal Building	LS	\$58,800.00	1	\$58,800	\$70,560	\$14,112	\$84,672	No*
Phase I	Hangar Building #1 Repairs	LS	\$10,160.00	1	\$10,160	\$12,192	\$2,438	\$14,630	No*
Phase I	Hangar Building #2 Repairs	LS	\$2,720.00	1	\$2,720	\$3,264	\$653	\$3,917	No*
Phase I	Hangar Building #3 Repairs	LS	\$5,120.00	1	\$5,120	\$6,144	\$1,229	\$7,373	No*
Phase I	Hangar Building #4 Repairs	LS	\$2,880.00	1	\$2,880	\$3,456	\$691	\$4,147	No*
Phase I	Fabric Hangars 5-15 Repairs	LS	\$3,609.09	11	\$39,700	\$47,640	\$9,528	\$57,168	No*
Total Phase I (2008-2012)								\$3,357,014	
Phase II	Road Relocation	SF	\$13.00	59,000	\$767,000	\$920,400	\$184,080	\$1,104,480	Yes
Phase II	Relocate East Taxiway & Exit Taxiway	SF	\$16.00	53,507	\$856,112	\$1,027,334	\$205,467	\$1,232,801	Yes
Phase II	Relocate/Replace Paved Segmented Circle and Lighted Windsock	LS	\$65,000.00	1	\$65,000	\$0	\$13,000	\$78,000	Yes
Phase II	Reposition Fabric Hangar Doors	LS	\$25,000.00	1	\$25,000	\$30,000	\$6,000	\$36,000	Yes
Phase II	Reconstruct and Extend Runway 305' (2510')	SF	\$16.60	125,500	\$2,083,300	\$2,499,960	\$499,992	\$2,999,952	Yes
Phase II	Widen Runway 10'	SF	\$16.00	25,100	\$401,600	\$481,920	\$96,384	\$578,304	Yes
Phase II	Additional Runway Markings	LS	\$3,000.00	1	\$3,000	\$3,600	\$720	\$4,320	Yes
Phase II	Runway Safety Area Grading	CUY	4.8	16,133	\$77,438	\$92,926	\$18,585	\$111,511	Yes
Phase II	Runway Safety Area DEP Permitting	LS	\$50,000.00	1	\$50,000	\$0	\$10,000	\$60,000	Yes
Phase II	Tree Clearing	AC	\$10,000.00	10	\$99,000	\$118,800	\$23,760	\$142,560	Yes
Phase II	Cleaning of Existing Drainage System	FT	\$19.50	520	\$10,140	\$12,168	\$2,434	\$14,602	Yes
Phase II	2 Conventional Hangars (50x50)	SF	\$75.00	5,000	\$375,000	\$450,000	\$90,000	\$540,000	No^
Phase II	10-bay T-hangar	Bays	\$25,000.00	10	\$250,000	\$300,000	\$60,000	\$360,000	No^
Phase II	Apron Expansion (10 Tie-Downs)	SF	\$16.00	25,000	\$400,000	\$480,000	\$96,000	\$576,000	Yes
Phase II	Aircraft Parking Markings	LS	\$1,500.00	1	\$1,500	\$1,800	\$360	\$2,160	Yes
Phase II	Fabric Hangars	LS	\$30,000.00	3	\$90,000	\$108,000	\$21,600	\$129,600	No^
Total Phase II (2013-2017)								\$7,970,290	
Phase III	Mill & Overlay Taxiway, with Crack Repair	SF	\$3.50	8,750	\$30,625	\$36,750	\$7,350	\$44,100	Yes
Phase III	Mill & Overlay Main Apron, with Crack Repair	SF	\$3.50	25,000	\$87,500	\$105,000	\$21,000	\$126,000	Yes
Phase III	Construct West Taxiway	SF	\$16.00	62,750	\$1,004,000	\$1,204,800	\$240,960	\$1,445,760	Yes
Phase III	West Taxiway Centerline Markings w/1 Exit taxiway	LS	\$3,500.00	1	\$3,500	\$4,200	\$840	\$5,040	Yes
Phase III	Additional Exit Taxiway marking	LS	\$2,000.00	1	\$2,000	\$2,400	\$480	\$2,880	Yes
Phase III	2 Conventional Hangars (50x50)	SF	\$75.00	5,000	\$375,000	\$450,000	\$90,000	\$540,000	No^
Phase III	10-bay T-hangar	Bays	\$25,000.00	10	\$250,000	\$300,000	\$60,000	\$360,000	No^
Phase III	Apron Expansion (10 Tie-Downs)	SF	\$16.00	25,000	\$400,000	\$480,000	\$96,000	\$576,000	Yes
Phase III	Aircraft Parking Markings	LS	\$1,500.00	1	\$1,500	\$1,800	\$360	\$2,160	Yes
Total Phase III (2018-2028)								\$3,101,940	
Grand Total								\$14,429,245	

*Total Building Repairs	\$171,907	
^Total Hangar Development	\$1,929,600	- not included in Town
Town Share of Eligible Costs		development costs
Phase I	\$ 39,813.84	
Phase II	\$ 99,628.63	
Phase III	\$ 14,654.25	
Subtotal	<u>\$ 154,096.72</u>	
Total Town Capital Costs	\$ 326,003.90	

3.6.4 Financial Feasibility – Scenario Four (Municipal Operation Scenario)

Scenario Four is based on the assumption that the Town acquires the entire airport (including condominium hangars) and operates the facility itself under current demand conditions. The assumptions used in this Scenario are identical to the ones used in Scenario Two with the following exceptions:

- The FBO’s lease payment is reduced from \$84,000 to \$17,000 (about \$2/SF on the airport terminal and adjoining hangar space) as the FBO will neither be receiving rent or condominium fees from hangar tenants, nor be obligated to operate/manage the facility;
- The Town collects \$300/month on the 27 hangar units (which are 100% occupied);
- The Town sells (and collects the proceeds) from aviation fuel
- The Town collects the revenue from aircraft tie downs
- Due to the additional municipal management, the following costs have been adjusted (as compared to Scenario Two)¹⁵:
 - Insurance costs increase by \$3,000 to \$20,000;
 - Equipment maintenance increased \$4,000 to \$8,000;
 - An airport staff line item was added (at \$66,500 wages and benefits) to cover an airport manager’s position;
 - Town administration costs are reduced \$40,000 to \$10,000;
 - Grass mowing (about \$3,000) and snow plowing (about \$6,000) were added;
 - Fuel costs were added at \$7,500 (for municipal airport-related vehicles and equipment); and,
 - Legal and professional costs were doubled to \$10,000.

As shown in Table 3-13, the Airport is expected to generate revenues of about \$258,000 in FY 2008, and increase to about \$337,000 in FY 2017. As shown under this scenario, the Town diversifies its revenue base (rent, aviation fuel, tie down fees, etc.) as compared to other scenarios. Total expenditures (operating and capital) would be approximately \$276,000 in FY 2008 and increase to about \$330,000 in FY 2017.

Based on the assumptions stated, the projected net cash flow for the Airport under this scenario is initially negative (in FY 2008), but turns modestly positive (\$5,000 to \$6,000) over the remaining years of the planning period. Additionally, as the existing airport is currently privately owned and is taxable property, under municipal ownership the Town will not receive property tax revenues (about \$38,000 under this scenario). As such, when the opportunity cost of losing this revenue (inflated at 3% over the planning period) is considered, it also generates a net negative annual balance over the entire ten-year planning period. This negative net balance cumulatively accrues to a loss of about \$400,000 at the end of the planning period.

¹⁵ Based on input provided by municipal officials from the Town of Simsbury.

TABLE 3-13 FINANCIAL FEASIBILITY – MUNICIPAL OPERATION SCENARIO

	FY 2008	FY 2009	FY 2010	FY2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Operating Revenues										
FBO Airport Lease Fee	\$17,000	\$17,510	\$18,035	\$18,576	\$19,134	\$19,708	\$20,299	\$20,908	\$21,535	\$22,181
Fuel Sales	\$101,000	\$104,030	\$107,151	\$110,365	\$113,676	\$117,087	\$120,599	\$124,217	\$127,944	\$131,782
Tiedown Fees	\$43,000	\$44,290	\$45,619	\$46,987	\$48,397	\$49,849	\$51,344	\$52,885	\$54,471	\$56,105
Hangar Rent	\$97,200	\$100,116	\$103,119	\$106,213	\$109,399	\$112,681	\$116,062	\$119,544	\$123,130	\$126,824
TOTAL REVENUE	\$258,200	\$265,946	\$273,924	\$282,142	\$290,606	\$299,325	\$308,304	\$317,553	\$327,080	\$336,892
Operating Expenditures										
Electricity	\$3,500	\$3,605	\$3,713	\$3,825	\$3,939	\$4,057	\$4,179	\$4,305	\$4,434	\$4,567
Aviation Fuel	\$76,000	\$78,280	\$80,628	\$83,047	\$85,539	\$88,105	\$90,748	\$93,470	\$96,275	\$99,163
Fuel	\$7,500	\$7,725	\$7,957	\$8,195	\$8,441	\$8,695	\$8,955	\$9,224	\$9,501	\$9,786
Insurance	\$20,000	\$20,600	\$21,218	\$21,855	\$22,510	\$23,185	\$23,881	\$24,597	\$25,335	\$26,095
Maintenance	\$43,191	\$44,486	\$45,821	\$47,196	\$48,612	\$50,070	\$51,572	\$53,119	\$54,713	\$56,354
Airfield Maintenance	\$3,000	\$3,090	\$3,183	\$3,278	\$3,377	\$3,478	\$3,582	\$3,690	\$3,800	\$3,914
Equipment Maintenance	\$8,000	\$8,240	\$8,487	\$8,742	\$9,004	\$9,274	\$9,552	\$9,839	\$10,134	\$10,438
Building Improvements	\$17,191	\$17,706	\$18,238	\$18,785	\$19,348	\$19,929	\$20,527	\$21,142	\$21,777	\$22,430
Building Maintenance	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Property Maintenance	\$5,000	\$5,150	\$5,305	\$5,464	\$5,628	\$5,796	\$5,970	\$6,149	\$6,334	\$6,524
Grass Mowing	\$3,024	\$3,115	\$3,208	\$3,304	\$3,404	\$3,506	\$3,611	\$3,719	\$3,831	\$3,946
Snow Plowing	\$6,048	\$6,229	\$6,416	\$6,609	\$6,807	\$7,011	\$7,222	\$7,438	\$7,661	\$7,891
Town Administration	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Legal/Professional Services	\$10,000	\$10,300	\$10,609	\$10,927	\$11,255	\$11,593	\$11,941	\$12,299	\$12,668	\$13,048
Airport Staff Wages & Benefits	\$66,500	\$68,495	\$70,550	\$72,666	\$74,846	\$77,092	\$79,404	\$81,787	\$84,240	\$86,767
Total Operating Expenditures	\$245,763	\$253,136	\$260,730	\$268,552	\$276,608	\$284,906	\$293,454	\$302,257	\$311,325	\$320,665
Capital Expenditures										
Airport Acquisition	\$22,862	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Airport Capital Improvements	\$7,221	\$7,438	\$7,661	\$7,890	\$8,127	\$8,371	\$8,622	\$8,881	\$9,147	\$9,422
Total Capital Expenditures	\$30,082	\$7,438	\$7,661	\$7,890	\$8,127	\$8,371	\$8,622	\$8,881	\$9,147	\$9,422
TOTAL EXPENDITURES	\$275,845	\$260,573	\$268,390	\$276,442	\$284,735	\$293,277	\$302,076	\$311,138	\$320,472	\$330,086
NET CASH FLOW	-\$17,645	\$5,373	\$5,534	\$5,700	\$5,871	\$6,047	\$6,229	\$6,416	\$6,608	\$6,806
LOST TAX LEVY	\$37,928	\$39,066	\$40,238	\$41,445	\$42,689	\$43,969	\$45,288	\$46,647	\$48,046	\$49,488
NET BALANCE	-\$55,573	-\$33,693	-\$34,704	-\$35,745	-\$36,817	-\$37,922	-\$39,060	-\$40,231	-\$41,438	-\$42,682
CUMULATIVE BALANCE	-\$55,573	-\$89,267	-\$123,971	-\$159,716	-\$196,533	-\$234,455	-\$273,515	-\$313,746	-\$355,185	-\$397,866
[1] Real estate Taxes generated by privately owned airport improvements (T-hangars)										
[2] Town's share of planned capital projects assuming 95% Federal, 3.75% State and 1.25% local funding										
Source: Simsbury Flying Club, the Town of Simsbury and RKG Associates, Inc.										

Financial Feasibility Summary

As shown, the development scenarios analyzed generate a range of cash flows (some negative and some positive) for the Town. However, as stated, the scenarios are based on the assumptions used. Should unforeseen economic, market or funding assumptions change, the results of the financial forecast would also change. For example, a change in the Federal, State and local funding model from 95% Federal, 3.75% State, and 1.25% local, to 90% Federal, 7.5% State, and 2.5% local, would make Scenario One’s cash flow revenue neutral, Scenario Two and Four’s cash flow negative, while Scenario Three’s (Growth Scenario) cash flow would remain positive.

Furthermore, rising aviation fuel costs have dampened the demand for recreational aircraft usage. This reduced demand and increased market uncertainty makes the private development of new hangar facilities less likely. Additionally, with rising insurance costs, it is unclear as to the availability and cost certainty of insurance for the Town relative to potential acquisition of the airport.

3.7 Alternative Use Analysis

The following provides an analysis of possible non-aviation uses for the Airport (Parcels J02 439 009A and J03 439 009B, and 20/6 as provided in Acquisition Scenario 2) in order to estimate the likely property value of the facility. It should be noted that the value estimates provided in this

analysis should not be used in place of a comprehensive property appraisal of the facility, but rather provide a general property value estimate based on current market conditions.

Based on information provided by the Town of Plainville Assessor's Office and the Town of East Granby's Assessor's Office, the airport property contains approximately 100 acres and has an assessed value of \$1.065 million¹⁶. The parcels are improved with approximately 28,200 SF in four buildings ranging in size from a 2,600 SF office/terminal building, to the two 9,820 SF T-hangar buildings. The parcels are zoned for industrial restricted use (I-1).

Although the buildings on the airport property are in fair to good condition, they are between 19 and 66 years old and, with the exception of the terminal building, are designed and constructed specifically for aviation uses. Although these hangar buildings could be adapted for light industrial, warehouse or manufacturing uses, the abundant regional supply of these types of buildings is such that many users would not consider the property as a primary site for these non-aviation uses (unless there was a significant price discount). As such, although valuable for aviation uses, these buildings would likely have below-market value due to the adaptability issues.

The primary value in the airport site is the large amount of developable land area. Assuming that approximately 50% of the site is undevelopable (due to wetlands, topography and road and utility infrastructure needed to serve the future users of the site), a developer/investor might redevelop the site for industrial uses as allowed under the existing zoning. This would necessitate subdivision and the installation of roads and utilities. Based on current estimated regional industrial lot values of \$34,000 to \$125,000 per acre, and subtracting for development costs and the long absorption period (due to slow market conditions for this type of property) the property would have a value of between \$1.7 million and \$2 million.

Alternatively, assuming the same amount of developable area and that an investor was interested in developing the site for residential single family homes, the site could support approximately 200 units (at a density of approximately four units per acre). General development principals suggest that land costs should be approximately 20% of the value of a development – in this example, the cost of a residential development. Based on this assumption, using an average price of \$350,000 per unit, the 200 estimated units would have a land cost of \$14 million. However, developing residential units at the site presents investment risk (changing zoning designation, neighboring industrial land uses, obtaining all permits, etc.) and associated costs (runway pavement removal and utility site work) which are not generally present in a typical residential undeveloped site. Due to this elevated risk and cost, a developer would discount the value by 50% to 75% therefore the site may have a value of between \$3.5 million and \$7 million.

¹⁶ For taxation purposes, the assessed value represents 70% of the property's market value.