



The City of Newport Airport Committee will hold a meeting at 2:00 P.M., on **Tuesday, December 9, 2014** in Conference Room A in the Newport City Hall, 169 SW Coast Highway, Newport, Oregon 97365.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for persons with disabilities, should be made at least 48 hours in advance of the meeting to Peggy Hawker, City Recorder 541.574.0613.

The City of Newport Airport Committee reserves the right to add or delete items as needed, change the order of the agenda, and discuss any other business deemed necessary at the time of the work session and/or meeting.

CITY OF NEWPORT
AIRPORT COMMITTEE MEETING AGENDA
Tuesday December 9, 2014
2:00 P.M.

- I. Call to Order
- II. Approval of Minutes from November 18, 2014 meeting
- III. Review of the Business Plan (**NOTE: Each committee member is requested to identify five priorities to develop Airport Committee priorities for longer term planning**).
- IV. Other long-term planning efforts.
- V. Update on USCG Air Facility.
- VI. Report on airport operations.
- VII. Committee comments.
- VIII. Public comments
- IX. Develop next agenda
- X. Adjournment

November 18, 2014
2:00 P.M.
Newport, Oregon

The City of Newport Airport Committee met on the above date in Conference Room A of the Newport City Hall. In attendance were Debra Smith, Susan Painter, Ralph Grutzmacher, Mark Watkins, Jeff Bertuleit, Thomas Knott, and Ken Brown. Also in attendance were City Manager, Spencer Nebel; City Recorder/Special Projects Director, Peggy Hawker; City Council Liaison, Ralph Busby; and Engineering Technician Melissa Roman. Also in attendance was Abbie Tumbleson from the Newport News-Times.

APPROVAL OF MINUTES - OCTOBER 14, 2014

MOTION was made by Grutzmacher, seconded by Watkins, to approve the minutes of the October 14, 2014 meeting as presented. The motion carried unanimously in a voice vote.

REQUEST FOR LETTERS OF INTEREST FOR AIRPORT OPERATIONS

Nebel reported that the City Council had concurred with the plan to solicit expressions of interest for airport operations. He noted that the draft that was distributed to Airport Committee members was one that included basic airport information, and after revision, could provide the information necessary to determine whether there are any contractors interested in airport operations. He noted that the information obtained from the letters of interest could be used in preparing an RFP for proposals from parties interested in running the airport. He added that the letters of interest could be used to prequalify potential proposers before the RFP is issued. Watkins noted that he thought the intent was to determine whether there was any interest, and that it would be a first step toward an RFP. Busby mentioned timing regarding getting the notice out to FBO organizations and aircraft trade magazines. Knott agreed that this would be the first step of the inquiry. Nebel noted that this process would allow potential proposers to tell the city what services they might wish to provide. Bertuleit suggested that it would be better to list minimum requirements. Brown noted that the process will provide the answers. Nebel added that interesting information should be gleaned from this process which will help in developing the RFP.

A discussion ensued regarding the draft request for expressions of interest document. Painter and Busby submitted written comments, and the Committee, as a whole, reviewed each section of the draft. A number of changes were suggested, and staff agreed to revise the document incorporating the written and verbal changes. It was the consensus of the Committee that the proposed January deadline is insufficient, and the date should be changed to February 2, 2015. MOTION was made by Brown, seconded by Watkins, to issue the document as revised. The motion carried unanimously in a voice vote.

MINIMUM STANDARDS

Knott suggested waiting until the requests for expressions of interest are received to review the minimum standards. Busby noted that Salem has had city/user interface issues

over the years. He added that the Salem minimum standards are terrible for ONP, and if implemented only three airplanes could stay at the airport. Grutzmacher recommended that the city update the building and fire codes referenced in the minimum standards, as they are out of date. He also asked which NFPA bulletins are important to the airport. Painter inquired as to the tenant insurance requirements and whether there are waivers in place to protect the city. She suggested that the City Attorney review the insurance provisions. Nebel suggested moving the document forward by having a legal review and recommendations. Knott suggested informing people of the minimum standards and incorporating this information into the business license process. Nebel agreed to bring the minimum standards back to the Committee after legal review. MOTION was made by Painter, seconded by Grutzmacher, to send the draft minimum standards for legal review with the insurance requirements flagged for clarification, and to return the document to the Committee once the legal review is complete. The motion carried unanimously in a voice vote.

PRIORITIES FOR LONG-TERM PLANNING

Nebel reported that the list of potential priorities for long-term planning was included in the packet and consisted of:

1. Commission a survey of similar airports to determine staff levels, budgets, management structure, hours of operation, and other similar issues to help guide the city in making decisions for the airport.
2. Complete the review and implementation of the minimum standards for the airport.
3. Determine a long-term vision for the airport and develop appropriate goals to move the airport toward meeting this goal.
4. Reevaluate the role of the Airport Committee in providing advice to the City Council on airport operations.
5. Participate in the task force, established by the City Council, to examine the regional role of the airport.
6. Work with city staff and planning professionals in working with the FAA to develop a new airport master plan in 2015.
7. Review and update, where necessary, the business plan for the airport.

The Committee discussed the list of potential priorities and selected number five as the most important priority at this time. Watkins noted that he would like to work with Busby on this priority, and agreed to provide a list of regional airports.

COMMITTEE COMMENTS

It was noted that Big Bear, California sells fuel for less than other airports, and that lower fuel costs would promote business at the airport.

Grutzmacher asked whether the master plan is required to be done in 2015.

Nebel asked what elements need to be agreed upon for the future of the airport. It was suggested that the December Committee meeting consist of a quick visioning process. Toward that end, Knott suggested that everyone read the business plan and develop

targets to be discussed by the Committee. Nebel recommended reviewing the business plan at the December meeting and listing possibilities in anticipation of a larger discussion. Busby suggested that each Committee member, after reviewing the business plan, come to the December meeting with five ideas.

UPDATE ON USCG AIR FACILITY

Nebel reported that there are a lot of different efforts being worked on with the federal delegation, Fishermen's Wives and others. He added that the deadline for closure of the air facility has been extended to December 15. He noted that there may be an opportunity for the facility to remain in a federal continuing resolution. He stated that all documents associated with this topic are centralized on the Port of Newport website.

REPORT ON AIRPORT OPERATIONS

It was reported that Lance Vanderbeck was off spending time with his new baby, Charlotte Avery Vanderbeck.

Bertuleit asked whether there is a way to get more information out to pilots about the number of sunny days in the area.

Painter noted that Roman and the airport re-opening group had done a great job. The celebration was excellent and well-attended.

PUBLIC COMMENT

Paul Lawson told the Committee that he has a large parcel of shovel-ready industrial property, and that he is seeing some interest due to the airport.

DEVELOP NEXT AGENDA

The next agenda will include a brief visioning process with a review of the business plan along with the five ideas that each Committee member has developed.

ADJOURNMENT

Having no further business, the meeting adjourned at 3:50 P.M.



Spencer Nebel
City Manager
CITY OF NEWPORT
169 S.W. Coast Hwy.
Newport, OR 97365
s.nebel@newportoregon.gov

MEMO

DATE: December 4, 2014

TO: Airport Committee

FROM: Spencer Nebel, City Manager

SUBJECT: December 9, 2014 Airport Committee Meeting Agenda Issues

Review of the Business Plan:

A copy of the Business plan has been forwarded to you as part of this agenda packet for your review. At the November 18 Airport Committee meeting, it was decided that this meeting would focus on conducting a brief visioning process with a review of the business plan. Members of the Airport Committee were requested to identify five ideas from the business plan or ideas that are important in considering the long-term goals for the airport. How can this facility be of most benefit to the City of Newport, Lincoln County, and the central Oregon coast? Please bring those five specific ideas that you think are important to the long-term future of the airport so that we can conduct a brief visioning process among the committee members. It was suggested that this could lead to a community visioning process for the airport. It could also serve as a basis for discussion for the Regional Airport Review Task Force which is anticipated to be established after the first of the year. I think this will be a good exercise among the committee members to determine the range of ideas, thoughts, and suggestions that committee members have that can lead to the refinement of the current business plan and provide some direction as to how the airport should develop in the next 10 to 20 years. This will also provide information that may be useful in developing the FAA Airport Master Plan.

Priorities for Long-term Planning:

The August 26 Airport Report outlined a number of long-term planning efforts that need to be considered by the Airport Committee.

Discussion Priorities for Long-Term Planning

These are as follows:

1. Commission a survey of similar airports to determine staff levels, budgets, management structure, hours of operation, and other issues to help guide the city in these decisions for the airport.
2. Complete the review and implementation of the minimum standards for the airport.

3. Determine a long-term vision for the airport and develop appropriate goals to move the airport toward meeting these goals.
4. Reevaluate the role of the Airport Committee in providing advice to the City Council on airport operations.
5. Participate in the task force established by the City Council to examine the regional role of the airport.
6. Work with city staff and planning professionals in working with the FAA to develop a new airport master plan in 2015.
7. Review and update where necessary the business plan for the airport.

The Airport Committee has passed along the recommendations for minimum standards for the airport. They will be reviewed by the new City Attorney, who initiates his tenure with the city on December 15, 2014. Once City Attorney Steve Rich has had an opportunity to review this document, comments will be brought back to the Airport Committee for further refinement. (Items 3 & 7)

The Committee is scheduled to review the business plan for the airport and identify priorities either from the plan or other ideas that maybe part of a long-term vision for the Newport Municipal Airport. (Item 2)

Furthermore, the Airport Committee should formally appoint a couple of members to represent the Airport Committee in the task force that will be appointed by the Mayor after the first of the year. There have been a couple of volunteers, however I do not believe the Airport Committee has formally made any recommendations for appointments to this task force. (Item 5)

The Airport Committee can identify what the next steps are so that we continue to make progress on this list.

Report On Airport Operations:

I have asked Lance Vanderbeck to provide an update of statistical information regarding the airport operation for your review at the December 9 meeting.

Please note that we did have an unfortunate situation with two of our temporary employees hired through Barrett Business Services, Inc. Our long-term Barrett Business Services, Inc. employee had been making condescending remarks toward our new female Barrett temporary employee that had been assigned to the airport. The long-term Barrett Business Services, Inc. employee grabbed the newly-assigned Barrett Business Services, Inc. employee by the arm and took her across a room to show her how to do a task at the airport. The employee filed a complaint with both Barrett Business Services, Inc. and the city. Barrett Business Services, Inc. investigated the situation and terminated the long-term Barrett Business Services, Inc. employee. Our newer Barrett Business Services, Inc. employee opted not to continue employment at the airport. This issue was compounded by an airport customer indicating that he did not want to deal with a girl because they tend to take credit cards and lose them, as well as a comment by another city employee that since we have a female working at the airport, we now need to have sexual harassment training.

The city is proceeding with Barrett Business Services, Inc. to conduct sexual harassment training for all employees at the airport prior to adding any new temporary employees. Furthermore, I certainly request that the airport community be respectful and refrain from any comment that could be interpreted as inappropriate to staff at the airport, particularly, violations of Title VII of the Civil Rights Act of 1964. Harassment or discrimination statements based on race, color, regional, sex, national origin, age, disability or genetic deformity are prohibited and cannot be tolerated in the work place from either employees or non-employees.

Airport operations were further compounded with Lance recently becoming a father of a new daughter in the middle of this controversy. As a result of the loss of staffing, we are restricting FBO hours until we can have a couple of temporary employees trained for fueling and other activities. I certainly appreciate everyone's patience with this matter. I especially appreciate the commitment of Lance and John to work through scheduling to keep things going at the airport.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. Nebel", is positioned above the typed name.

Spencer R. Nebel
City Manager



**Newport Airport (KONP)
Business Plan
January 2010**

**Prepared by Members of the
Newport Airport Committee for
The City of Newport Council Members**

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Forward

The Newport Airport Business plan is a dynamic document that has been created to assist the airport with current and future business decisions. The information analysis, and recommendations developed for this business plan are specific to the Newport Airport.

Executive Summary

The Newport Airport has evolved into a regional airport for the central Oregon coast with important economic impact and an essential Emergency services hub in times of natural disaster. The revenue generated on the central coast is amplified by the availability of regular airline service, and the placement of our airport 163 feet above sea level makes it likely that our airport will be the only functioning airport on the Oregon coast in the event of a catastrophic tsunami.

We have been able to forecast the likely economic performance of our airport using a conservative process and reasonable assumptions. We have tried to make our conclusions transparent with regard to process. The true value of our airport, however, cannot be represented by mere numbers, but by the service capabilities it can provide to the people and businesses in our region. We hope that we have been successful in providing a glimpse of that potential.

Goals

1. To operate as a financially self-supporting general aviation airport
2. To attract and retain a base of personal and business/corporate aircraft
3. To promote the airport future by transient and business, private and corporate aircraft operations
4. To implement the airport's "Twenty Year Capital Improvement Plan"
5. Support the City of Newport's economic development goals

Forward continued

Recommendations

1. Aggressively seek funding to develop water and sewer services to the airport for immediate growth of both aviation and non-aviation businesses and hanger expansion.
2. Implement , under the management of the airport director, an aggressive co-op advertising campaign to insure that KONP has a presents on all forms of media with the:
 - a. Newport chamber of commerce
 - b. Destination Newport
 - c. Yaquina Bay economic foundation
 - d. News media
 - e. And Local businesses
3. Hire a part time .75 FTE customer service agent from May thru September to
 - a. Answer the phone when airport staff is unavailable.
 - b. Assist airport visitors in travel and Newport accommodations and general tourists related needs.
 - c. Generate and atmosphere of friendliness and customer service.
4. Negotiate a contract with a Rental Car company for “on site” service that is competitively priced with reasonable operating hours.
5. Utilize the resources of a 501-C3 volunteer organization to assist in daily airport activities and supporting the airport manager with meaningful projects.
6. Ensure that the stated projects within the “20 year Newport Airport Improvement Plan” are annually reviewed and implemented by the airport manager and airport committee.
7. Upgrade of taxi way south to runway 34 – 16, to eliminate back taxi restrictions.

Service Description and Responsibilities

The Newport Airport is owned and operated by the City of Newport. It's also strategically located six miles south of Newport proper. The airport was originally constructed by the Civil Aeronautics Administration in 1943 with a land grant from the City of Newport. The airport was returned to the City of Newport ownership in 1947. Since that time, the airport has continued to grow into a important general aviation and commuter service facility.

At the national level, the airport is included in the National Plan of Integrated Airport Systems, which identifies 3.334 existing airports which are significant to national air transportation, as well as airport development necessary to meet the present and future requirements in support of the civil needs. An airport must be included in the NPIAS to be eligible for federal funding assistance. Newport Municipal Airport is classified as a commercial service airport in the NPIAS, currently; the airport does offer scheduled air service and maintains a Part 139 certificate.

Forward continued

At the state level, the Oregon Department of Aviation provides state-wide planning through the 2000 Oregon Department of Aviation Plan. The purpose of this plan is to identify the physical facility needs for the state's system of airports. According to the plan, there are 101 public-use airports in the State of Oregon, including nine commercial service airports that provide regularly scheduled passenger services.

At the federal level, Newport Municipal Airport (ONP) is part of the emergency airport system, during an emergency ONP will play a vital role as emergency services airport. As part of the federal commodities distribution site ONP has been designated as 1 of 4 airports on the Oregon coast.

Management

The City of Newport employs a full time professional airport manager and several full and part time airport time employees. The airport manager is responsible for the daily operations and management of the Airport, contract and grant administration, developing and implementation of marketing and, capital improvement programs and coordinating special events. Part time or full time support staff report directly to the airport manager. The airport manager reports directly to the City Manager and in turn the City Council.

Newport Municipal Airport Committee

The Newport Municipal Airport Advisory Committee members shall have the authority and responsibility to:

1. Recommend rules and regulations for the Newport Airport
2. Recommend policies governing the use of airport property
3. Review and report to the City Council on matters referred to it by the City Council
4. Develop studies or reports relating to the Newport Airport

Facility Description

Location

FAA Identifier: ONP
Lat/Long: 44-34-49.3000N / 124-03-28.5000W
44-34.821667N / 124-03.475000W
44.5803611 / -124.0579167
(estimated)
Elevation: 160 ft. / 48.8 m (surveyed)
Variation: 19E (1990)
From city: 3 miles S of NEWPORT, OR
Time zone: UTC -8 (UTC -7 during Daylight Saving
Time)
Zip code: 97366

Airport Operations

Airport use: Open to the public
Activation date: 03/1945
Sectional chart: [SEATTLE](#)
Control tower: No
ARTCC: SEATTLE CENTER
FSS:

NOTAMs facility: ONP (NOTAM-D service available)
Attendance: 0800-1700
Wind indicator: Lighted
Segmented circle: Yes
Lights: RDO-CTL
ACTVT MALSR, MIRL RYS 02/20 & HIRL 16/34 AND REIL RY 34 -
CTAF.
Beacon: white-green (lighted land airport)
Fire and rescue: ARFF index A
Airline operations: PPR FOR ACR OPNS WITH MORE THAN 30 PSGR SEATS CALL
AMGR 541-867-7422.

Airport Communications

CTAF/UNICOM: 122.8

WX AWOS-3: 133.9 (541-867-4175)

- APCH/DEP SVC PRVDD BY SEATTLE ARTCC ON FREQS 125.8/291.7 (HORTON RCAG).

Facility Description continued

Nearby radio navigation aids

| VOR radial/distance | VOR name | Freq | Var |
|-------------------------------|----------------------|--------|-----|
| ONP at field | NEWPORT VORTAC | 117.10 | 19E |
| CVO r260/33.0 | CORVALLIS VOR/DME | 115.40 | 18E |

| NDB name | Hdg /Dist | Freq | Var | ID |
|---------------------------|-----------|------|-----|-----------------|
| LEWISBURG | 249/33.7 | 225 | 18E | LWG ... --- --. |

Airport Services

Fuel available: 100LL JET-A
FOR FUEL AFT HRS CALL 541-867-3655 OR 541-961-9725.
Parking: hangars and tie downs

Bottled oxygen: NONE

Runway Information

Runway 16/34

Dimensions: 5398 x 150 ft. / 1645 x 46 m
Surface: asphalt, in good condition

Weight bearing capacity: Single wheel: 75.0

Double wheel:
120.0

Double tandem:
170.0

Runway edge lights: high intensity

RUNWAY 16

Latitude: 44-35.210578N
Longitude: 124-03.562300W
Elevation: 151.0 ft.

RUNWAY 34

44-34.323165N
124-03.504278W
158.7 ft.

Facility Description continued

| | |
|--|--|
| <p>Gradient: 0.5%</p> <p>Traffic pattern: Right</p> <p>Runway heading: 158 magnetic, 177 true</p> <p>Displaced threshold: No</p> <p>Declared distances: TORA:5398 TODA:5398 ASDA:5398 LDA:5398</p> <p>Markings: precision, in good condition</p> <p>Visual slope indicator: 4-box VASI on right (3.00 degrees glide path)</p> <p>Approach lights: MALSR: 1,400 foot medium intensity approach lighting system with runway alignment indicator lights</p> | <p>0.5%</p> <p>left</p> <p>338 magnetic, 357 true</p> <p>300 ft.</p> <p>TORA:5398 TODA:5398 ASDA:5398 LDA:5398</p> <p>precision, in good condition</p> <p>4-light PAPI on left (3.00 degrees glide path)</p> |
|--|--|

| | | |
|-------------------------------|----|-----|
| Runway end identifier lights: | No | Yes |
|-------------------------------|----|-----|

| | |
|--|----------------|
| Touchdown point: yes, no lights | yes, no lights |
| Instrument approach: ILS | |

Runway 2/20

Dimensions: 3001 x 75 ft. / 915 x 23 m
Surface: asphalt, in good condition

Runway edge lights: medium intensity

RUNWAY 2

Latitude: 44-34.724147N
Longitude: 124-03.578790W
Elevation: 130.0 ft.
Gradient: 1.0%

Traffic pattern: Left

Runway heading: 018 magnetic, 037 true

Declared distances: TORA:3001 TODA:3001 ASDA:3001
LDA:3001

RUNWAY 20

44-35.116803N
124-03.159830W
160.1 ft.
1.0%

Right

198 magnetic, 217 true

TORA:3001 TODA:3001
ASDA:3001 LDA:3001

Facility Description continued

| | |
|---|--------------------------|
| Markings: basic, in good condition | basic, in good condition |
| Touchdown point: yes, no lights | yes, no lights |
| Obstructions: 17 ft. end, 875 ft. from runway, 300 ft. right of centerline, 39:1 slope to clear | None |

Airport Ownership and Management from official FAA records

Ownership: Publicly-owned

Owner: CITY OF NEWPORT
169 SW COAST HWY
NEWPORT, OR 97365
Phone 541-574-0604

Manager: Gene Cossey
169 SW COAST HWY
NEWPORT, OR 97365
Phone 541-867-7422

Business Aviation

The popularity of business aircraft has remained steady as more companies realize the efficiency and productivity of this powerful business tool. Corporate flight departments have increased dramatically in the last 10 years. Oregon ranks 27th in the US for number of based turbine powered business aircraft with 247 registered. Giving rise to the popularity of business aircraft is the new option of fractional ownership, in which individuals or companies own a fraction of an aircraft and receive management and pilot services associated with the aircraft's operations. Fractional ownership allows companies that have never before used business aircraft experience the advantage of business aircraft ownership and without the typical startup costs and considerations of traditional corporate flight departments. It also allows existing corporate flight departments to supplement their fleet when needed.

Smaller more efficient jet aircraft are being developed to meet the demands of the business community to lower door to door time. Smaller jets required less runway length and make more airports available as possible drop off points.

Newport Municipal Airport Marketing Plan

Market Analysis

An optimistic outlook prevails in the general aviation community. The recession that has gripped our economy has eased and according to government forecasts we are in for a modest but steady recovery. Our region can expect a growth in discretionary funds and our airport is strategically positioned to bring these funds to Newport for distribution to the balance of the catchment area. With the commencement of airline service to our airport, local commercial development will be spurred.

Target Market Segments

Several opportunities are available to Newport Airport for revenue generations. These opportunities cover a wide range of business endeavors to include Business Aviation related services (Catering, oxygen system servicing, deicing services, on board sanitary serving and light maintenance), Recreational Aviation (Flight training, and Aviation maintenance,), Tourist related aviation (Air tours, Whale watching), Airline related services (Rental cars, Taxi services, Travel related product sales), Aviation Industrial Business (Industrial building sites), and a Golf course development project for direct tourist attraction revenue.

Business Aviation

Corporate dispatchers and pilots listed the following airport facilities and services in order of importance:

1. Proximity to headquarters and/or ultimate destination.
2. Safe and adequate runway length for aircraft operations
3. Aeronautical services: fuel, maintenance, catering, pilot lounge & services
4. Adequate support infrastructure – hangars, deicing, oxygen service, sanitary services.

Personal Flying

A recent survey of FAA licensed pilots identified the criteria by which the pilot population chooses based and itinerant airports. The pilots that responded to the survey listed the following airport facilities and services in the order of their importance:

1. Proximity to home/work and/or ultimate destination
2. Aeronautical services: FBO, fuel, maintenance, availability of ground transportation
3. Adequate runway length, and navigational aids
4. Adequate support infrastructure - hangars/T-hangars

Tourist Related Aviation

Due to our unique location and the scenic nature of our region, there exists a market for tourist related aviation on a seasonal basis. This activity would take the form of fixed wing or rotary wing aircraft providing aerial tours of the coast line and whale activity along our coast primarily in the summer months. The services needed to facilitate these activities are:

1. Convenient ramp access
2. Easy airport access
3. Office space
4. Hanger space
5. Fuel

Airline Related Services

With regular airline service to Newport airport, the opportunity to offer rental car service and travel related merchandise to the traveling public. The airport FBO has the ability to offer:

1. On site car rental through franchise arrangement with a major rental company
2. Travel related merchandise such as magazines, books, newspapers, toiletries, snacks, etc.
3. Destination booking services

Aviation Light Industrial

Space for light industrial sites has been set aside in the airport master plan for light industrial business leases. Outside the fence business would be able to use the airport convenience for shipping and receiving, particularly for perishable products. Upgrade of basic services is currently a part of the airport master plan that would make “build to suit” long term leases attractive.

Long Term development

Long term development of an adjoining golf course to the airport property is proposed. While this project is in preliminary planning, it is anticipated that at completion, it will contribute an increase in aviation traffic at the airport.

Positioning

The sixty mile catchment area for Newport Airport currently supports 25 registered aircraft. The primary runway consists of a 5398 foot paved runway served by an ILS instrument landing

Long Term development continued

system, High intensity runway lighting system, Medium intensity runway lighting system suitable for aircraft weighing up to 77800 pounds in all weather conditions. The second cross wind runway consists of a 3001 foot paved runway with a 294 foot stop way at the north end.

The two main revenue sources of the Newport Airport are hangar rentals and fuel sales, and with no hangar vacancies in the catchment area, Newport Airport has a unique opportunity to capture general aviation aircraft with the addition of new hangar space, as well as the increase in fuel sales which would follow with additional based aircraft.

Additionally, with an FAA 139 Airport certification, a location suitable for extensive tourist traffic, the expansion of airline services, related revenue stream potential is enhanced.

The further fact that Newport airport is the only all weather airport on the Oregon coast that is likely to survive a tsunami event, the Emergency response value cannot be ignored.

An increase in based aircraft and fuel sales can be projected using simple inflation factors, coupled with a set margin beyond direct costs.

Facilities & Services

Facilities

Aviation support facilities at Newport Airport include a recently refurbished general aviation terminal with attached corporate/maintenance hangar, 10 t-hangar units, 22 private hangars and 36 tie down spaces on the Airport's 3.8-acre paved parking apron. The airport has one VOR transmitter on the field, ILS instrument approach, VOR approaches, and two new GPS approaches. Public facilities include: parking lot, ground communications outlet and security/deer fencing.

Automated Weather Observation, architecturally significant FBO building and furnishings, lighted wind sock, generator supported runway lighting and instrument systems and a 24-hour self-service Avgas system.

Services

The City of Newport manages the existing t-hangar complexes and the fuel concession. The airport manager and full time employees oversee the daily airside and landside operations and maintenance of the airport. Other aviation services, such as flight training, aircraft rentals and aircraft maintenance are provided by private contract

Positive aspects of the Facility

1. Airside facilities comparable to other Municipal Oregon Airports
2. Un-congested airspace
3. Relaxed, appealing atmosphere

Facilities & Services continued

4. Unimproved property available for development
5. Affordable full service aviation resources exclusive to the Central Oregon Coast.

The Newport Airport's airside facilities are superior to other catchment area general aviation facilities. The Airport offers a relaxed atmosphere and un-congested airspace. Additionally, a vast amount of the Airport's landside property is available for future aviation support facility development.

Challenges

1. Underground facilities for light industrial lease sites
2. Lack of transient and executive hangars
3. Limited automobile parking.
4. Insufficient number of T-hangars

The initial challenge faced by the airport is the lack of underground services including water and sewer to the identified lease sites on airport property. Federal Airport Grants for additional T-hangars and car parking lots are available. This plan recommends applying for grant funds. The size and number of the existing T-hangars are insufficient to meet the demand of potential new tenants. These potential customers are basing their aircraft elsewhere, or not locating to the Newport area.

Access & Egress

Newport Airport is easily accessed from S.E. 84th Street off US highway 101.

Hangar Rentals

The existing 10 T-hangars are approximately 4 years old, and accommodate sizes up to a Cessna 182. T-hangars are essential to attracting and retaining a customer base. A recent informal survey of general aviation aircraft owners indicated that T-hangars were the preferred form of aircraft storage. As a consequence of limited number of hangars, aviation businesses involved with training and maintenance choose to locate elsewhere. Additional T-hangars will increase the critical mass of the airport helping to bring in additional revenue. There is also a need for larger business/corporate hangars that can accommodate twin and turboprop aircraft.

Competitive Comparison

The Newport Airport catchment area includes all communities within a 60 mile radius of the airport. This 6500 square mile area includes several municipal regions – North to Tillamook , East to Corvallis and South to Florence. A percentage of the total population, approximately 160,000 people, may potentially use the airport facilities. Recent pilot surveys indicated that

Facilities & Services continued

most personal flying is done within 60 miles of the base airport but it is estimated that the average maximum distance most aircraft owners are willing to travel to hangar their aircraft is thirty miles.

Three airports are in the 60 mile catchment area.

Distance from Newport Municipal Airport:

Glenden Beach Siletz Bay State – 13 miles North

Toledo Airport – 6 miles Northeast

Wakonda Beach Airport – 16 miles South

Corvallis Municipal – 57 miles East

Pacific City – 45 miles North

Florence Municipal – 45 miles South

All of the airports within the catchment area support based and itinerant general aviation aircraft. However, these airports, with the exception of Corvallis, have inadequate infrastructure and aeronautical services necessary to service general aviation and corporate users.

The six airports within the catchment area have similar rates and charges. Currently all airports within the catchment area have 96% occupancy for enclosed hangars.

Newport Airport's proximity to the Willamette Valley and Portland International Airport presents additional opportunities. The scenic nature of our area offers a unique opportunity to attract private and corporate tourism. Additionally, there are extensive undeveloped properties adjacent to the Newport Municipal Airport that could potentially attract aviation and non-aviation related business and both commercial and private aircraft from the Willamette Valley.

Advantages of relocating businesses to the airport include:

1. Potential for more general aviation storage facilities
2. Less expensive maintenance
3. Lower operating costs
4. Fewer delays in and out of the airport – both airside and landside.

Revenue Development

Hangar rental

T-hangars are an excellent source of revenue for airports and fast becoming the preferred¹ method of aircraft storage by aircraft owners. Currently the airport supports 10 enclosed t-

¹ Appendix E

Revenue Development continued

hangar units and 22 private hangars of varying sizes. The t-hangars are one of Newport Airport's more significant income generating services.

Historically, hangar development has been one of the costliest capital projects due to lack of funding eligibility through FAA or DOAV grant programs. With President Bush signing into law Vision 100 in December 2003, hangar development and several other revenue generating capital projects have now become eligible for federal funding² (for example the ramp area surrounding the hangars is eligible for state and federal funding). Current FAA Reauthorization now provides assistance to airports in building revenue generating infrastructure as Congress and the FAA now realize the importance of helping airports to become operationally self-sustaining for their sponsors.

There is no other capital improvement project that has the potential benefit of long term economic success than building new revenue generating t-hangars and business/corporate hangars. The airport will stagnate financially until it can attract more based aircraft.

Fuel Sales

The Newport Airport sells 100LL aviation fuel and Jet A aviation fuel. From FY05/06 to FY07/08 the number of gallons of Avgas pumped per year has increased from 24,000 Gal to 32,400 Gal. Jet fuel increased from 40,700Gal. to 49,500Gal.³

The lack of based aircraft requires the use of aggressive pricing strategies to attract customers from other airports. A larger tenant base, along with larger aircraft will increase fuel sold, and better profit margins.

Market Strategy and Implementation

Competitive Edge

Newport Airport strives to provide full service in an emerging aviation community. Other neighboring airports within the catchment area do not have established aeronautical support facilities and fuel services. Therefore, the airport is uniquely positioned to attract based personal, small and large business aircraft from within the catchment area.

The airport offers a relaxed general and sport aviation atmosphere providing an excellent environment and opportunity to conduct flight training.

2 Appendix E

3 Appendix D

Market Strategy and Implementation continued

Market Strategy

A number of marketing strategies are identified to promote the airport to potential tenants and itinerate users. These marketing strategies include, but not limited to:

1. Cooperative advertising campaigns with FBO and airline
2. Web site development
3. Direct mail / email list server
4. Print media advertising
5. Aviation event promotion

Catchment Area Positioning Statement

Initial promotion of Newport Airport to the 60 mile area should focus on Newport Airport being a “home base” for personal, small and large business aircraft. Decreased operating costs and a friendly, “less corporate” atmosphere should be stressed as advantages, along with the unique recreational and economic opportunities available in the region.

Airport Capital Improvements

Historically, the cycle of growth in the general aviation industry has closely paralleled that of the national economy, and today, after a serious economic decline, the general aviation industry is embarked on resurgence in the economy.

As aviation demand grows, airports across the US are investing in new airport infrastructure that enhances safety and capacity. Recent passage of a multi-year FAA reauthorization bill (Vision 100, December 2003) guarantees the Newport Airport Non-Primary Entitlement and increases the federal share in capital projects from 90% to 95%. For the first time, the current reauthorization bill makes eligible revenue producing projects such as T-hangars and fuel farms. Congress and the FAA recognize the need for airports to become more self sufficient.

Aircraft and their owner/operators are more sophisticated than 10 years ago. High performance aircraft, both factory and kit built, are now accessible and affordable. Aircraft owners prefer hangar space to tie-downs due to coastal weather, and facilities and services usually associated with the corporate jet-set.

Advances in avionics and trends towards smaller more economical private jet aircraft are making smaller airports more accessible to corporate and air taxi operations. FAA and NASA programs such as SATS Lab are moving the aviation industry away from larger more congested airports towards smaller, more convenient general aviation airports. As “door to door” time for airline travel continues to increase, more companies are demanding more

Airport Capital Improvements continued

efficient aircraft, airport operations and seamless transitions from the aircraft to their ultimate destination. To meet this demand, business aviation is recovering and most Business aircraft manufactures are reporting increased deliveries over 2009 thanks largely to the advent of the fractional ownership concept, and partially in response to post 9/11 security concerns. To the business aircraft passenger time has a premium. Airports and FBO's alike are responding by developing airside infrastructure that supports the sophisticated business aircraft, and landside terminal facilities that provide all of the amenities and conveniences of commercial service terminals.

Operating the Airport as a Partnership

The annual operation of an airport can be viewed as a partnership with the airport sponsor funding the majority of the operating expenses and the Federal Aviation Administration (FAA) and Oregon Department of Aviation (ODA) providing most of the capital funding. The Newport Airport has benefited greatly in recent years from a good working relationship with the FAA and the ODA. In the past five years the ODA has funded approximately \$243,056 in capital, promotional, and maintenance projects while the FAA has funded approximately \$232,273 in capital improvements. The next four years of project capital improvement grants projected from ODA is approximately \$545,110 and FAA grants of approximately \$1,650,748. Recent increases in ODA maintenance funds will lessen the sponsor's burden for airport maintenance. Almost all capital improvement projects funded through the FAA and/or ODA are perpetually eligible for various levels of maintenance support. As an example, if the ODA provides funding to assist the sponsor in purchasing a tractor it will then fund 90% of all maintenance on that tractor to help protect their investment. Likewise, if the FAA funds a runway overlay, it will then fund 95% of the major maintenance costs for the projected life of that runway.

The Newport Airport's Airport Capital Improvement Program (ACIP) was developed to meet the projected needs of the Newport Airport while minimizing city funding. Although safety and preservation must always be considered the top priority in all airport planning, revenue generating projects should be a close second. Each of the capital improvement projects listed will provide Newport Airport with the support infrastructure necessary to operate and maintain the airport, and to attract and retain based and itinerant aircraft.

The ACIP is adjusted every five years with each submission to the FAA depending on what types of funding might be available at any particular time or to meet any immediate needs of the airport. Some items listed in the ACIP may be moved or dropped depending on need and funding. The ACIP projects total project costs and their respective FAA, ODA, and Sponsors shares.

In addition to funding capital improvement projects, the ODA will also assist in facility and equipment purchases as well as maintenance and promotional expenses.

Fuel Sales Marketing Plan

The Keys to future success

- 1) Sole Supplier - We currently are the only airport fuel seller. Revenue will be more profitable as air traffic increases.
- 2) Competitive pricing is the foundation to future growth of sales. Currently we are moderately competitive on 100 LL within the regional area, but not as competitive with Jet A .
- 3) Constant Quality of Product With the fuel marketing ideas and a professional approach to the delivery we can effectively present a high caliber of service.
- 4) Management team. The airport manager should take the lead in marketing the airport's regional benefits, services, and fuel sales.
- 5) Continue working with the airline, and the other air services to buy fuel. This is the most important key to success for near term fuel sales increase.
- 6) Encourage the airport manager to negotiate with the parcel shipping companies (FedEx and UPS) and other companies using the airport to buy fuel..
- 7) Develop an annual "fly in" to encourage pilots from around the region to come to Newport.
- 8) Find grants to expand the fuel farm to take advantage of lower fuel prices through larger bulk purchasing.

Objectives

Jet-A needs to be competitive with corporate destinations. The current delivered price for Jet – A on the Oregon coast is mid range compared to the region. Jet-A sales need to be a priority for the FBO. This is where the greatest revenue can be obtained. The projected growth rate for GA in the near future is not good; 2-3 % max for the next 3 years according to the NBAA, 2010 at a 3-5% decrease, and no increase until late 2011.

The Newport Municipal Airport should concentrate on fuel sales to the current operating air services conducting business at the airport. The plan identifies this as a significant objective for revenue enhancement.

. The Airline, Fed-Ex, and Ameriflight are using our services. The Airline is purchasing fuel, and very little fuel is purchased by the other two businesses. If the Airline alone purchased 280 gallons per week or 40 gallons per day this would equate to \$ 106.40 in net income per week or \$ 5,532.80 in annual income. (based on \$ 0.38 per gallon margin). If the Airline would purchase 350 gallons per week (50 gallons per day, only 25 gallons per flight) this would equate to \$ 133.00 net gain per week or \$6916.00 annually. The Airline alone will not get us to the desired increase in revenue. The numbers do not include increased fuel sales to Fed-Ex or .Ameriflight. Although these services occasionally purchase fuel it is currently very small and any increased sales would be worth the airport manager's negotiation.

All numbers are based on a competitive unpredictable fuel market. The recommendation of this plan strongly believes the airports future growth depends significantly on competitive fuel prices, aggressive marketing of both price and local events to attract pilots.

Bulk purchase discounts and volume discount in sales would be further incentives and would be controlled by the airport manager. Currently there are too many aircraft that land at ONP, stay to conduct either business or pleasure, and then depart without the purchase of fuel. The airport manager needs to plan for increasing fuel sales. Line crew should be present, ready to

Fuel Sales Marketing Plan continued

direct transiting planes, and pumping fuel until at least 20:00 during summer months. Along with fueling planes, the line crew should always offer good service and image. The service provided by airport employees is a key component of the business plan. Maintaining the level of service has a direct benefit to increase the customer base. Other steps to increase service such as “service oriented phone responses” have been drafted and forwarded to the city manager for implementation by the line personal. The goal is to enhance our service to the customers so they are more likely to return. Another step to marketing of fuel is the development of a new upscale airport logo for t shirts, ball caps and jackets, letterhead, and envelopes. This seems like a small, but very important step towards improving the airport’s professional image. This step is an understated form of advertising and would lead towards increased community involvement at the airport. Local merchants could then sell the ball caps, shirts, and other items with a small royalty going to the airport.

Advertise / Marketing

The marketing plan for ONP is to increase awareness of the airport and the greater Newport region. Based on these marketing efforts the plan believes that during the first year of implementation the resulting benefit in revenue will see a 3-5% overall increase. The 3rd year we believe the increased in revenue will be 5-7%. In the 5th year a 7-10% combined fuel sales and other business related income.

Programs already implemented;

- 1) Negotiations with the Airline to buy fuel at ONP.
- 2) Visiting pilot information packet handed out to every visiting pilot. (see sample)
- 3) A new independent web page to increase pilot awareness for flight planning, business engagements and vacation planning.
- 4) The birth of a 501C-3 nonprofit organization to benefit the future airport projects.
- 5) Saturday BBQ’s at the FBO to develop fellowship with the local airport community and visiting pilots.
- 6) Work with the line personal to maintain “service excellence”. Try to improve on the already exceptional service our line crew provides. Provide training and identify those needed areas for enhanced service to visiting pilots.
 - a. Handout of services
 - b. Guidelines for phone contacts
- 7) Work with the Newport Chamber of Commerce to establish and advertise presence at the regional “fly in” in Puyallup, WA (February 2010) extolling the local activities and services to pilots from 4 states.
- 8) Develop a volunteer component to the airport for service and activities. Work with the newly established airport foundation and under guidance of the airport manager promote a group of volunteers to greet transiting pilots and other visitors, relieve the line personal of their less demanding jobs, and develop community ownership and pride in the airport. This single component to the business plan could save several thousand dollars in airport expenses.

Fuel Sales Marketing Plan continued

Programs to plan and implement (starting in 2010)

- 1) Develop a continued beneficial relationship with the Newport Chamber of Commerce to cross promote local events to the aviation community. Possibly in other states to attract pilots and their families to the Newport area.
- 2) Develop a sense of local ownership of the FBO and the airport with the local community through family oriented activities providing free word of mouth advertising to the airport.
 - a. Start a annual community “fly in fair” in the fall to include local families and visiting pilots along with a pancake breakfast, face painting, USCG helicopter and fixed wing static display. Possibilities include plane rides for kids, raffles, fundraiser plane wash, hot air balloon rides, seafood dinner, booths of local restaurants and retail services. An annual fly in could result in 50 visiting pilots and families flying to Newport. AOPA numbers indicate that each person in a plane spends at least \$100.00 per day and each plane transiting carries on average 2 people. This could result in \$10,000.00 to the region by those visitors.
 - b. Request the airport manager develop a working relationship with the local paper and offer a “spotlight” article monthly, resulting in the public having a more positive awareness of the airport (regional impact, revenue, passengers). The local public perception is a valued resource.
 - c. Work with local business to establish connections to the airport. The most obvious would be to persuade the UPS group to lease space at the airport. Another possibility might include the Chinook Winds Casino Group.
 - d. When budget allows, have magnetic signs made for every airport vehicle (form of positive advertisement).
 - e. Develop a modern style logo with retail sales of hats, polo shirts, jackets, and other miscellaneous items for sale to the public. This has an annual potential income of \$ 800.00 to \$ 1,200.00. This is currently done on a smaller scale. This fosters local positive alignment with the community members for the airport and is an excellent way to advertise the airport and local region.
 - f. Establish “fly in” fliers for current local events
 - a. Wine and Seafood weekend
 - b. Fourth of July
 - g. Develop a transportation system to get visiting pilots and their families to the Bayfront, Nye beach and Up Town Newport. (Shuttle van potential business if not done by the FBO , est. \$2000.00 per year)
 - h. Develop adequate water, electrical, and sewer to the airport. All are needed for the airport and the FBO to add more hangers and attract private business both in aviation and non-aviation industries. .
 - a. Current hanger rental income is \$37,000.00 per year to the city. If hanger space was increased by 50%, annual revenues at the current rental rates would increase by \$18,500.00.

Fuel Sales Marketing Plan continued

- b. If a 60 x 60 foot hanger was built the potential annual benefit could result in \$15,600.00 (assumption is \$200.00 per night fee / x 1.5 aircraft in the proposed hangar per week x 52 weeks per year).

Numbers

In order to break even at the current margin the Newport Airport needs to sell 2200 gallons of 100 LL and 5842 gallons of Jet-A per month to achieve income of approx. \$5549.47 per month.

A break even analysis.

Revenue per gallon for 100 LL is \$ 0.62 cents average.

Revenue per gallon for Jet-A fuel is \$0.95 per gallon.

Average revenue per gallon for JET-A fuel is currently \$ 2770.83 per month or \$33,250.00 per year. Average revenue per gallon for 100 LL Avgas is currently \$ 1,742.50 per month or \$20,910.00 per year.

Estimated monthly fixed costs are .45 cents per gallon from fuel farm to wing these cost should not change by more than 6 % per year.

Average percent variable costs 10- 20% plus all due to the changeable price of fuel delivered costs.

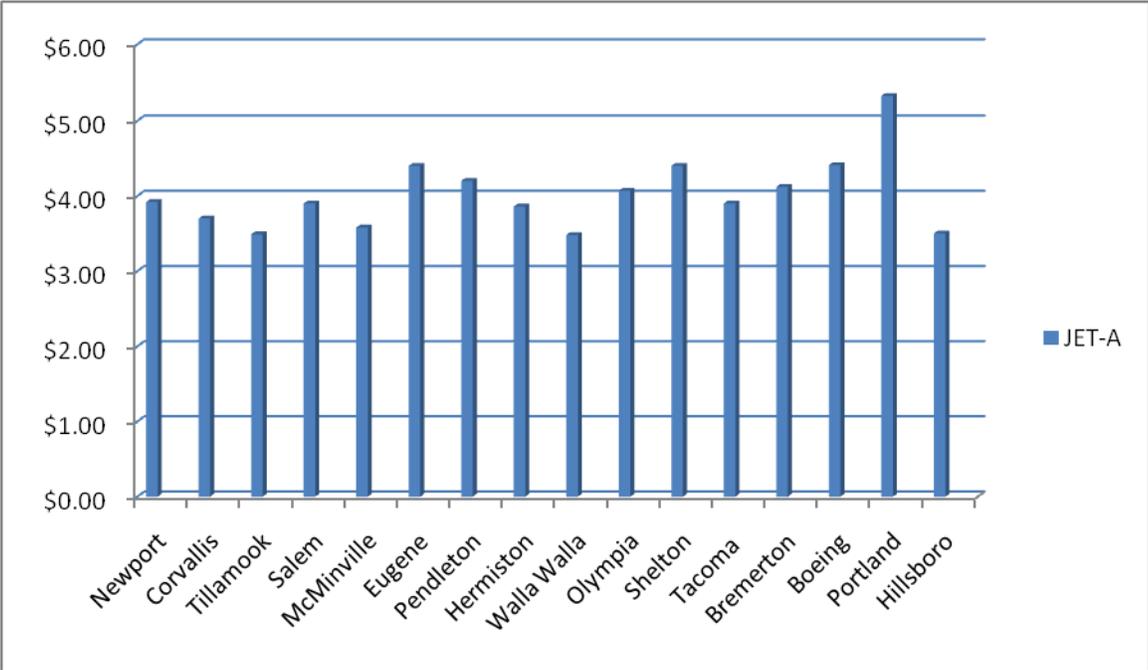
Monthly gallons to break even: we need to increase the fuel sales by 1700 gallons per month on average. This is a very large daunting task and cannot be accomplished by fuel sales alone.

All other avenues of profitability should be evaluated. The Newport Municipal Airport serves a larger regional area, but the bulk of the costs are paid by the city. It would be a great benefit for the city to negotiate a more balanced form of income from those associated regional area commissions who represent those who use the airport. The cost distribution would then be a better representation of the shared use by the citizens of the region. The resulting negotiations may lead to a name change for the airport. I.e. Newport Regional Airport.

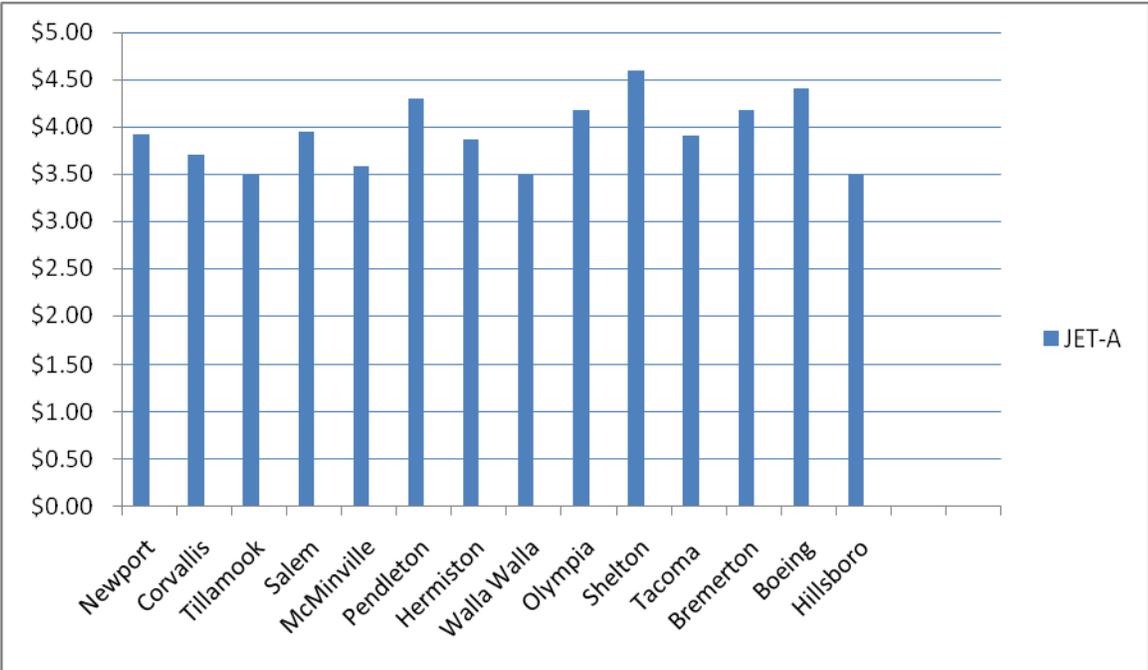
Competitive analysis

ONP is currently moderately competitive with its 100LL in price as compared to local fuel competitors in aviation fuel sales according to the last check on "Airnav" 12/15/09.

Fuel Sales Marketing Plan continued



However the current price of Jet-A is “not as competitive” looking at the current price, if you remove PDX and EUG, the current price is at least 30 cents higher per gallon than most fuel suppliers in a 200 mile radius.



Fuel Sales Marketing Plan continued

Historical Results

| YEAR | JET-A | 100LL |
|---------|-------------|-------------|
| 2005 | 40,700 gal. | 24,000 gal. |
| 2006-07 | 61,900 gal. | 24,000 gal. |
| 2007-08 | 49,500 gal. | 32,400 gal. |
| 2008-09 | 35,000 gal. | 20,500 gal. |

Future Growth

The growth of traffic at the Newport Airport can be tied to the growth of the local area; 3-5% per year according to the 2000 census report. Therefore, airport activity should reflect comparable increases in local airport development, a low estimate of regional growth over the next 10 years. In 2010, according to the National Business Aviation Association (NBAA) a 5% decrease is expected in general aviation with a projected recovery in late 2011. A return to an increased growth in general aviation of 2 - 3% per year over the next 5 years is expected. The Newport Municipal Airport should pursue an aggressive strategy that would lead to growth and development of the resource.

Financial Plan

Historically the Newport Airport has not been profitable. This Financial Plan will chart a course for the airport to be self-sustaining for both operational and capital costs by 2014.

For the purposes of developing this plan, operational expenses are projected using a 3.0% inflationary factor. Any non-maintenance projects or equipment with a ten year or greater lifespan and/or funded with state or federal grant money will be considered a capital expense. It is also assumed that all capital improvement funds will be allocated and utilized within the year in which projects occur.

Recent Financial History

The chart below shows operating and capital losses to the City of Newport from FY06 to FY08. This chart is based on the City of Newport's Annual Financial Audit Reports. A more detailed look at FY10 and FY11 is included later in this section.

Operating and Capital Losses:

| | | |
|---------|---|--------------------|
| FY05/06 | - | (\$170,664) |
| FY06/07 | - | (\$705,190) |
| FY07/08 | - | (\$628,452) |

In 2005 the airport embarked on a capital improvement program to bring the airport up to FAR 139 standards. In addition, the City Council saw the value of a vibrant FBO to the airport and the city and chose to purchase the FBO from the private owner and operator. Considerable capital improvements were required both to bring the airport back to operational standards and to repair a terminal building that was partially condemned. Based aircraft had been declining due to uncertain service and other factors. Transient aircraft arrivals and departures have also decreased.

Using Avgas and Jet-A gallons pumped per year as an indicator of airport usage, the charts below show that the airport is now very much in favor with the aviation community. Capital investments are paying off as the airport has developed into a facility that attracts pilots from other area airports and regular airline service has been established.

Summary – FY05/06 Trough FY07/08

| | | | |
|---------|---|-------------------|-------------------|
| FY05/06 | - | Jet A 40,700 gal. | Avgas 24,000 gal. |
| FY06/07 | - | Jet A 61,900 gal. | Avgas 24,000 gal. |
| FY07/08 | - | Jet A 49,500 gal. | Avgas 32,400 gal. |

Financial Plan continued

While the airport's fuel flowage has increased remarkably through FY06/07, a slight decrease in the number of gallons pumped in FY07/08 may indicate that the airport has maximized its potential to attract fuel sales from neighboring airports, considering the number of based aircraft (essentially 100% hangar occupancy) has been consistent over the past two years.

Operating Expenditures and Revenues for FY07/08 and FY08/09

| Expense Item | FY07/08 | FY08/09 |
|----------------------------|-----------|-----------|
| Personnel Services | \$269,483 | \$281,000 |
| 6012 Association Dues | 0 | \$39 |
| 6014 Services | \$22,000 | \$32,951 |
| 6016 Temp | 0 | \$22,862 |
| 6018 Disposal Services | 0 | \$231 |
| 6020 Insurance | \$25,000 | \$6,469 |
| 6025 Custodial Services | \$3,000 | \$4,494 |
| 6042 Advertising | 0 | \$3,035 |
| 6120 Legal Services | 0 | \$137 |
| 6121 Contractual Services | \$12,550 | \$325 |
| 6122 Computer Networking | 0 | \$140 |
| 6146 Animal Control | 0 | \$465 |
| 6149 Grant Expense | \$25,000 | 0 |
| 6154 Air Service Grant | 0 | \$1,839 |
| 6222 Utilities | \$15,000 | \$19,739 |
| 6231 Telephone & Radio | \$8,900 | \$8,501 |
| 6331 Building Maintenance | \$15,500 | \$28,304 |
| 6332 Eq. Repair & Maint. | \$18,000 | \$29,547 |
| 6333 Vehicle Maint. | 0 | \$5,378 |
| 6405 Bank Service Charge | 0 | \$5,698 |
| 6424 Jet A | \$156,750 | \$70,132 |
| 6425 Avgas | \$101,000 | \$59,722 |
| 6426 Gas & Mileage | \$6,500 | \$8,340 |
| 6481 Travel & Mtg. Expense | \$7,700 | \$4,210 |

Financial Plan continued

| | | |
|-------------------------------|--------------------|--------------------|
| 6482 Training | \$25,000 | \$7,559 |
| 6511 Bldg. & Grds Supplies | \$26,220 | \$6,715 |
| 6513 Materials Supplies | \$1,000 | \$215 |
| 6515 Office Supplies | \$2,500 | \$2,126 |
| 6516 Purchased Water | \$2,850 | \$1,566 |
| 6615 Computer Software | \$3,400 | \$961 |
| 6626 Radio Eq. | \$1,500 | 0 |
| 6643 Small Tools | \$2,000 | \$2,551 |
| OH Cost Allocation | 0 | \$67,800 |
| Totals | \$446,870 | \$412,173 |
| Revenues | | |
| 4540 Jet A | \$203,815 | \$153,681 |
| 4541 Avgas | \$124,000 | \$78,523 |
| 4514 Concessions | \$2,800 | \$1,794 |
| 4542 Oil | \$650 | \$617 |
| 4543 Pilot Supplies | \$2,500 | \$1,331 |
| 4544 Food Catering | \$200 | \$35 |
| 4550 Misc. Sales | \$4,800 | \$6,036 |
| 4555 Leases & Rents | \$49,000 | \$42,589 |
| 4556 Tie Down | \$1,800 | \$706 |
| 4557 Rental Cars | \$4,500 | \$2,953 |
| 4601 Interest on Investments | \$1,200 | 0 |
| 4665 Proceeds Sewer Fund | \$30,000 | \$31,200 |
| Totals | \$425,265 | \$319,465 |
| Operating Expenditures | (\$446,870) | (\$412,173) |
| Net operating Income | (\$21,605) | (\$92,708) |

In conducting its day-to-day business, the Newport Municipal Airport sells fuel, rents hangar space (which in turn generates personal property tax), receives revenues from airport businesses, and collects reimbursements from other city tenants for infrastructure located at the airport. Hanger rental and fuel sales will continue to be the largest source of revenue

Financial Plan continued

income for the airport. During FY08/09 the airport operated at a deficit due to a sharply declining economy and a disruption to the airport management continuity. The ledgers on the following page detail the operational costs of doing business, as well as the major revenue for the airport.

Capital Expenditures and Reimbursements for FY07/08 and FY08/09

Most capital projects at the Newport Municipal Airport are eligible for state and/or federal funding. The FAA has tentatively committed over 1.65 million dollars in capital improvement funds over the next five years. In FY07/08 and FY08/09 federal projects were funded at 90% of the total project cost, with state funding providing an additional 8%. Projects that are only eligible for state funds are supported on a 50% to 100% basis, depending on the type of project. At the time of the preparation of this document, a comprehensive list of grant funded projects was not available. Future capital projects are presumed to be either partially or fully grant funded and at that time an appropriate ROI can be calculated.

Operating Expenditure and Revenue Projections⁴

Based on a 3.0% inflationary factor, the following charts demonstrate projected operating expenditures and revenues for the Newport Municipal Airport through FY13/14. These charts reference planned capital improvements, new revenue streams and operating cost saving. Several line items in FY09/10 include increases above 3.0% to meet anticipated staffing, maintenance, or marketing needs.⁵

Operating Expenses

| Cost Item | Annually | Quarterly | Monthly | FY09/10 | FY10/11 | Fy11/12 | FY12/13 | Fy13/14 |
|--|----------|-----------|---------|---------|---------|---------|---------|---------|
| Jet Fuel | 77,696 | 19,424 | 6,475 | 77,696 | 81,581 | 85,660 | 89,943 | 94,440 |
| Jet-A Airline fuel sales (50 gal/day) | 44,190 | 11,047 | 3,682 | 44,190 | 33,142 | 35,000 | 37,000 | 41,000 |
| Avgas | 57,041 | 14,260 | 4,753 | 57,041 | 59,893 | 62,887 | 66,032 | 69,333 |
| Airport Director | 100,000 | 25,000 | 8,333 | 100,000 | 104,000 | 108,160 | 112,486 | 116,986 |
| Airport Employee | 50,000 | 12,500 | 4,167 | 50,000 | 52,000 | 54,080 | 56,243 | 58,493 |
| Airport Employee | 50,000 | 12,500 | 4,167 | 50,000 | 52,000 | 54,080 | 56,243 | 58,493 |

⁴ Appendix C

⁵ Appendix D

Please note : Airline Jet-A and employee figures for FY11/12, FY12/13, FY13/14 are assuming KONP will be servicing a FAA Part 139 Airline after Connect Oregon Funds with Seaport expire.

Financial Plan continued

| | | | | | | | | |
|----------------------|--------|--------|-------|--------|--------|--------|--------|--------|
| FBO Employee | 50,000 | 12,500 | 4,167 | 50,000 | 52,000 | 54,080 | 56,243 | 58,493 |
| Temp Employee | 20,000 | 5,000 | 1,667 | 20,000 | 20,000 | 20,000 | 20,000 | 20,000 |
| Catering | 1,200 | 300 | 100 | 1,200 | 1,500 | 1,800 | 1,800 | 1,800 |
| Association Dues | 39 | 10 | 3 | 39 | 41 | 42 | 44 | 46 |
| Services | 4,000 | 1,000 | 333 | 4,000 | 4,160 | 4,326 | 4,499 | 4,679 |
| Disposal Services | 231 | 58 | 19 | 231 | 240 | 250 | 260 | 270 |
| Insurance | 6,469 | 1,617 | 539 | 6,469 | 6,728 | 6,997 | 7,277 | 7,568 |
| Custodial Service | 4,494 | 1,124 | 375 | 4,494 | 4,674 | 4,861 | 5,055 | 5,257 |
| Advertising | 3,035 | 759 | 253 | 3,035 | 3,156 | 3,283 | 3,414 | 3,551 |
| Legal Service | 137 | 34 | 11 | 137 | 142 | 148 | 154 | 160 |
| Professional Service | 325 | 81 | 27 | 325 | 338 | 352 | 366 | 380 |
| Computer Networking | 140 | 35 | 12 | 140 | 146 | 151 | 157 | 164 |
| Animal Control | 465 | 116 | 39 | 465 | 484 | 503 | 523 | 544 |
| Air Service Grant | 1,839 | 460 | 153 | 1,839 | 1,913 | 1,989 | 2,069 | 2,151 |
| Utilities | 19,739 | 4,935 | 1,645 | 19,739 | 20,529 | 21,350 | 22,204 | 23,092 |
| Tele & Radio | 8,501 | 2,125 | 708 | 8,501 | 8,841 | 9,195 | 9,562 | 9,945 |
| Bldg Maint | 30,000 | 7,500 | 2,500 | 30,000 | 31,200 | 32,448 | 33,746 | 35,096 |
| Equip Repair | 30,000 | 7,500 | 2,500 | 30,000 | 31,200 | 32,448 | 33,746 | 35,096 |
| | | | | | | | | |
| Vehicle Maint | 5,378 | 1,345 | 448 | 5,378 | 5,593 | 5,817 | 6,050 | 6,291 |
| Bank Srvc charges | 5,698 | 1,425 | 475 | 5,698 | 5,926 | 6,163 | 6,409 | 6,666 |
| gas oil mileage | 8,340 | 2,085 | 695 | 8,340 | 8,674 | 9,021 | 9,381 | 9,757 |
| Radio Comm | 149 | 37 | 12 | 149 | 155 | 161 | 168 | 174 |
| Travel & Meeting | 4,210 | 1,053 | 351 | 4,210 | 4,378 | 4,554 | 4,736 | 4,925 |
| Training | 7,559 | 1,890 | 630 | 7,559 | 7,861 | 8,176 | 8,503 | 8,843 |
| Building Supplies | 6,715 | 1,679 | 560 | 6,715 | 6,984 | 7,263 | 7,553 | 7,856 |
| Materials Supplies | 215 | 54 | 18 | 215 | 224 | 233 | 242 | 252 |
| Office Supplies | 2,126 | 532 | 177 | 2,126 | 2,211 | 2,299 | 2,391 | 2,487 |
| Purchased Water | 1,566 | 392 | 131 | 1,566 | 1,629 | 1,694 | 1,762 | 1,832 |
| Concession Supplies | 3,836 | 959 | 320 | 3,836 | 3,989 | 4,149 | 4,315 | 4,488 |
| Computer Software | 961 | 240 | 80 | 961 | 999 | 1,039 | 1,081 | 1,124 |
| Small Tools | 2,551 | 638 | 213 | 2,551 | 2,653 | 2,759 | 2,870 | 2,984 |

Financial Plan continued

| Radio | 61 | 15 | 5 | 61 | 63 | 66 | 69 | 71 |
|--|--------|--------|-------|----------------|----------------|----------------|----------------|----------------|
| Equipment | 5,021 | 1,255 | 418 | 5,021 | 5,222 | 5,431 | 5,648 | 5,874 |
| OH Cost Allocation | 67,800 | 16,950 | 5,650 | 67,800 | 70,512 | 73,332 | 76,266 | 79,316 |
| XFER General Debt Services | 52,088 | 13,022 | 4,341 | 52,088 | 52,088 | 52,088 | | |
| TOTAL | | | | 733,814 | 749,068 | 689,254 | 663,266 | 690,484 |
| | | | | | | | | |
| Expenses from potential revenue | | | | | | | | |
| Jet Fuel Increase (Promo Activities) | | | | 15,539 | 23,309 | 31,078 | 31,078 | 31,078 |
| Jet Fuel Inc (NOAA Opportunities) | | | | | 1,457 | 2,185 | 2,914 | 2,914 |
| Avgas Increase (Promo Activities) | | | | 8,556 | 13,119 | 18,823 | 18,823 | 18,823 |
| Avgas Increase (Flight Training) | | | | 6,637 | 6,637 | 6,637 | 6,637 | 6,637 |
| Avgas Increase (Scenic Flights) | | | | 4,148 | 4,148 | 4,148 | 4,148 | 4,148 |
| Avgas Increase (NW Aviation Conf) | | | | 2,593 | 2,593 | 2,593 | 2,593 | 2,593 |
| Transient 60 x 65 Hangar | | | | 16,000 | | | | |
| Executive 60 x 65 Hangar | | | | 16,000 | | | | |
| T-Hangars (10 New) | | | | 5,000 | | | | |
| | | | | | | | | |
| Customer Service Rep (.75 FTE) | | | | | 39,000 | 39,000 | 39,000 | 39,000 |
| TOTAL | | | | 74,474 | 90,264 | 104,466 | 105,194 | 105,194 |

Financial Plan continued

Revenue Sources

| Revenue Item | FY09/10 | FY10/11 | FY11/12 | FY12/13 | FY13/14 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Jet Fuel | \$122,240 | \$128,352 | \$134,770 | \$141,508 | \$148,583 |
| Jet Fuel Increase (Airline) | \$69,524 | \$52,143 | \$35,000 | \$37,000 | \$41,000 |
| Avgas | \$28,405 | \$29,825 | \$31,317 | \$32,882 | \$34,526 |
| Avgas (Self Serve) | \$40,600 | \$42,630 | \$44,762 | \$47,000 | \$49,350 |
| Concessions | \$3,000 | \$3,150 | \$3,308 | \$3,473 | \$3,647 |
| Oil | \$617 | \$648 | \$680 | \$714 | \$750 |
| Pilot Supplies | \$1,331 | \$1,398 | \$1,467 | \$1,541 | \$1,618 |
| Catering | \$2,400 | \$3,000 | \$3,600 | \$3,600 | \$3,600 |
| Misc. Sales and Service | \$6,036 | \$6,338 | \$6,655 | \$6,987 | \$7,337 |
| Rent and Leases | \$45,000 | \$47,250 | \$49,613 | \$52,093 | \$54,698 |
| Tie Down | \$706 | \$741 | \$778 | \$817 | \$858 |
| Rental Cars | \$2,953 | \$3,101 | \$3,256 | \$3,418 | \$3,589 |
| Service provided from city for sewer | \$31,200 | \$32,760 | \$34,398 | \$36,118 | \$37,924 |
| | | | | | |
| Yearly Revenue | \$604,012 | \$601,335 | \$564,602 | \$580,152 | \$596,480 |
| Transfer from Room Tax | \$315,000 | \$315,000 | \$315,000 | \$315,000 | \$315,000 |
| Total Profit (Loss) | (\$64,802) | (\$82,732) | (\$59,652) | (\$18,114) | (\$29,004) |
| ADDITIONAL REVENUE SOURCES | | | | | |
| Jet Fuel Increase (Promotional Activities) | \$24,448 | \$36,672 | \$48,896 | \$48,896 | \$48,896 |
| et Fuel Increase (NOAA Opportunities) | | \$2,292 | \$3,438 | \$4,584 | \$4,584 |
| Avgas Increase (Promotional Activities) | \$4,261 | \$7,161 | \$10,275 | \$10,275 | \$10,275 |

Financial Plan continued

| | | | | | |
|---|--------------------|-------------------|-------------------|------------------|------------------|
| Avgas Increase (SS) (Promo Act) | \$6,090 | \$9,683 | \$13,893 | \$13,893 | \$13,893 |
| Avgas Increase (Flight Training) | \$8,390 | \$8,390 | \$8,390 | \$8,390 | \$8,390 |
| Avgas Increase (Scenic Flights) | \$5,244 | \$5,244 | \$5,244 | \$5,244 | \$5,244 |
| Avgas Increase (NW Aviation Conf) | \$3,278 | \$3,278 | \$3,278 | \$3,278 | \$3,278 |
| Transient 60 x 65 Hangar | | \$15,600 | \$15,600 | \$15,600 | \$15,600 |
| Executive 60 x 65 Hanger | | \$15,600 | \$15,600 | \$15,600 | \$15,600 |
| T-Hangars (10 New) | | \$1,800 | \$1,800 | \$1,800 | \$1,800 |
| Special Event Rental | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 |
| Industrial Leases | | | \$25,000 | \$25,000 | \$25,000 |
| ⊕ Major Golf Course | | | | | \$75,000 |
| | | | | | |
| UNREALIZED REVENUES: | | | | | |
| Airline Space Rental | \$4,800 | \$3,600 | | | |
| ARFF Truck Maintenance Compensation | \$14,400 | \$14,400 | \$14,400 | \$14,400 | \$14,400 |
| Shooting Range | \$4,800 | \$4,800 | \$4,800 | \$4,800 | \$4,800 |
| Total Additional Revenues | \$87,711 | \$140,520 | \$182,613 | \$183,759 | \$333,759 |
| Total Additional Expenses | \$74,474 | \$90,264 | \$104,466 | \$105,194 | \$105,194 |
| Adjusted Profit (Loss) | (\$116,565) | (\$97,476) | (\$46,504) | (\$4,548) | \$59,561 |

⊕ Potential income based on land lease revenues only.

Other Important Considerations

Other Facility Uses

The Newport Airport currently has approximately 1650 square feet of space for use as a meeting and presentation room. While this feature has not been promoted in the past, this is a high quality space attractive to high end meetings and presentations.

Economic Development Contributions

Airports are an important economic development engine for their communities. Many businesses, when considering locations, will choose not to move into areas that are not serviced by an airport. Additionally, many businesses prefer a smaller general aviation type airport to larger, more congested airports.

Regional Economic Impact⁶ of the Newport Airport

| | |
|---|--|
| Direct regional economic impact (per ONP 08/09 budget) | \$246,009.00 |
| Indirect regional economic impact (AOPA) (Based on state ODA report of 6600 operations in 08) (operations/2)*2.5 passengers*\$100 | \$825,000.00 |
| Induced regional economic impact (AOPA) Indirect)) | \$3,213,027.00 (3*(Direct + Indirect)) |
| Total annual regional economic impact | \$4,284,036.00 |

Regional economic impact for specific categories;⁷

| | |
|-------------------|---------------------|
| NOAA ⁸ | \$4,000,000.00/year |
|-------------------|---------------------|

6 Calculations performed per AOPA "What's your airport worth?" publication included in Appendix A

7 Appendix B

8 Value arrived at by consensus of "Airport Working Group" meeting of 12/22/2009 See Appendix C

Regional Economic Impact⁹ of the Newport Airport continued

(Based on \$4 million / year airport contribution to NOAA decision)

Emergency Preparedness \$6,500,000.00

(Based on airport grants over last 4 years)

Discretionary expenditures \$78,523.00

(Based on Avgas sales 08/09)

Political access \$1839.00

(Air service state grant 08/09)

Business Aviation \$153,681.00

(Based on 08/09 Jet A sales)

The Newport Airport has sufficient capacity to support most corporate aircraft types This fact should be used as a marketing tool to attract business to the Newport area.

Conclusions

The Newport Airport relies on two main revenue streams to generate income – fuel sales and hangar rentals. Fuel sales are largely influenced by the number and type of based customers. As is evidenced by the slight FY08/09 decrease in fuel flowage, the airport may have maximized its potential to sell fuel to the existing customer base

Projections indicate that the airport has the potential to become self supporting by FY14 if the proposed capital improvement program and business promotional programs is implemented. In addition further savings could be realized by implementing a volunteer program to help with tasks at the airport.

Appreciation

The airport working group consisted of the following members; Mark Fisher, Wally Sherman, Richard Larson, Mark Watkins Adam Bryan, Jim Voetberg, Jeff Bertuleit, and our thank you is offered for their hard work and contributions to this Newport Municipal Airport business and marketing plan.

9 Calculations performed per AOPA “What's your airport worth?” publication included in Appendix A

Appendix A

(Article Provided by the Aircraft Pilots and Owners Association 12/22/2009)

AOPA Airport Support Network

Guide to Obtaining Community Support for Your Local Airport

What's Your Airport Worth?

General aviation airports — Paying their way

How often have you heard someone say, "The airport's a drain on the taxpayers and doesn't pay its way?" Or "The airport's only used by the rich?" We know that's hogwash, but how do we educate the uninformed? We need a mechanism with which to educate them. Proving the economic benefit of the airport is one way to demonstrate to the community that the airport does play a vital role in the local economy.

A comprehensive report, titled "The Economic Impact of Civil Aviation on the U.S. Economy," conducted in 1991 by Wilbur Smith Associates and updated in April 1993, found that *general aviation's annual economic impact on the nation's economy exceeds \$42 billion per year.*

To prove the point that general aviation airports provide economic benefits, consider the findings of two new studies. In one, the FAA acknowledges that a typical general aviation airport with 100 based aircraft and no commercial service saves time and reduces the travel costs of those who use that airport over the next best transportation alternative. In dollar terms, that transportation benefit alone is estimated by the FAA to be more than \$1 million annually.

As another means of comparison, consider another study, a recent and comprehensive analysis of airport economic benefit — good old dollar benefit to the community. This particular study was completed by an independent international consulting firm for the Commonwealth of Virginia.

There are 80 public-use airports in Virginia, fewer than the national average of 110 per state. Admittedly, Virginia has two international airports, but the number of active aircraft in the state is only slightly less than the national average, as are the estimated hours flown in the commonwealth. Therefore, it's fair to compare Virginia's airports and its diverse economy with those of other states.

The study clearly shows that "Virginia's 80 public-use airports allow the State's business community to participate in national and international markets, and public and private funds invested in the Commonwealth's airports annually produce economic returns which far exceed the amounts spent to operate and maintain those facilities."

The basis of this information was the U.S. Department of Commerce's Regional Input-Output Modeling System (RIMS II), which admittedly does not encompass ALL

Appendix A continued

economic benefits. The study also used a very conservative dollar multiplier of 2.8. Many experts believe that a multiplier of 4 or even 5 is realistic.

The Virginia study also concludes that:

- Each dollar spent by aviation and/or aviation-dependent businesses generates an additional \$1.52 in economic activity.
- Airport jobs are desirable, and the average airport wage was 40 percent higher than the average Virginia salary.
- For every job at the airport, nearly three are created in the visitor-related economy.
- Aviation-related businesses and their employees annually contribute \$105 million in local taxes.
- Aviation facilities attract new industry to the commonwealth; and
- Many visitors arriving by air spend about \$70 per day in this geographical area.

The consultants also made an astounding announcement concerning the expenditure of more than \$28 million spent on airport capital improvements. "Airport construction projects are particularly beneficial because dollars spent by state and local governments are highly leveraged with federal and private funds. The multiplier effects of construction spending are especially strong because each dollar spent on construction generates an additional \$2 in economic activity. Together these two factors mean that airport development projects produce an impact on the State's economy that is more than 25 times the amount contributed by State and local funds."

One of the most important aspects of the study was that of general aviation's impact. Of course, the economic impacts associated with general aviation airports varied. The busiest, Leesburg, generates nearly \$28 million a year in economic activity. But even the smallest general aviation airports contribute more than \$100,000 annually to the economy. The point is that Virginia's average general aviation airport has only 23 based aircraft but contributes \$1.6 million per year in economic activity, most of which is spent locally. Total payroll attributable to the average general aviation airport is more than \$400,000.

Interestingly, even airports with less than 10,000 operations a year produced economic impact exceeding the amount of money necessary to operate and maintain the facility.

Enough of the facts and figures — what can be learned from this information?

It is clear that if Virginia's general aviation airports generate these significant economic benefits, it can reasonably be assumed that similar airports across the country (and in your community) do the same.

Appendix A continued

Local general aviation airports produce identifiable economic benefits over and above the tax dollars spent on operating and maintaining the facilities, and benefits over the intangible benefits inherent with access to the nation's air transportation system.

Communities should try to understand the value of their own airports by embarking on an economic analysis. Without that information, the airport is vulnerable to those who criticize the airport for nuisance factors such as airplane noise or perceived safety risks.

Economic impact-jobs, sales, taxes-is often the only defense for an airport being surrounded by houses or coveted by real estate barons. Unfortunately, these impacts usually haven't been calculated or communicated to city or county officials and the media. This comes home to roost when officials, hard-pressed to pay for a new water treatment plant and harassed by anti-noise activists, sit down and look at the "high cost" of operating an airport.

You and your airport support group must challenge citizens who are concerned about local economic stability and growth, or who care about the tax base that pays for schools, roads, and hospitals, to care about their local airport. If you demand the facts, you will discover that deregulation and a changing national economy have not diminished the value of general aviation airports, but that they are needed now more than ever. By following the steps outlined in the next section, your group can prove to the community that airports are for people who don't fly.

Calculating Economic Impact

The centerpiece of the AOPA Airport Support Packet is a modular approach to calculating the direct, indirect, and induced economic impacts of an airport.

"What's Your Airport Worth?" provides the information and instructions an airport group needs to perform an easy, simplified, cost-benefit analysis that quantifies the airport's economic contribution to the region. It offers a layman's method for accomplishing a credible study and adds modules of increasingly sophisticated information that comprise the building blocks for expanding the study. This building-block approach allows the airport group, using available expertise and resources, to decide how detailed an economic study it wishes to perform.

Any airport group can quickly perform a preliminary economic impact study of its public airport to prove that the facility attracts outside dollars and contributes economic benefits such as jobs, services, and taxes. Those numbers are an effective lobbying and public relations tool in defending or promoting the airfield. That kind of information also makes an excellent news item for distribution to the local media. As a demonstration of its simplicity, an example of this basic method conducting a preliminary study follows.

The preliminary study can also provide the impetus for an appropriate agency to conduct or fund an in-depth follow-up cost/benefit analysis. Using this basic method as a starting point sets the stage for a professional, detailed, and unassailable audit of additional transportation and aviation activity payoffs. Groups can use preliminary

Appendix A continued

results to campaign for more intense (and costly) studies by experts using more sophisticated formulas. These formulas can then be provided to consultants and universities, which often undertake these more advanced studies at the behest of pilot groups and local government agencies.

The Basis of Economic Impact

The economic impact of an airport is a measure of the benefits it provides *to the community*. These benefits include the jobs, wages, and expenditures that take place at the airport. They also include the effects of these expenditures in moving from hand to hand through the community, enhancing economic activity far from the airport itself.

Economic benefits also include expenditures made by those transient passengers who use the airport but spend their money at other locations. Savings in time and money that the existence of the airport permits represent another economic benefit that resides with the community. Finally, economic benefits also include the intangible effect the airport has on business decisions to locate or remain in a specific area. Business location decisions based on airport availability are intangible and harder to identify and quantify. Unfortunately, these last benefits and the social values are difficult to measure.

Economic impact as a whole comprises direct, indirect, and induced impacts.

Direct impact is associated with providers of services at the airport. These providers include the airport operator (public or private), FBOs, air carriers, freight haulers, concessionaires, government installations, educational institutions, military facilities, flight schools and maintenance operations, among others. The value of direct impact is the sum of all payroll, capital expenditures, operating and maintenance costs, taxes, and fees incurred by every provider of services. With some research, a total dollar-value figure can be obtained for almost any facility through the one-page economic survey found at the end of this section.

Strictly speaking, direct impacts should represent economic activities that would not occur in the absence of the airport. When approaching service providers on the airport with the survey form, it is important to convey to them that you will not provide sensitive financial information from the form to anyone else and that only form totals will be used. It's also best if you make the completion of the form anonymous with no direct reference to the specific business.

Indirect impact is associated with the users of airport services. These include both corporate and public users, government agencies, and aviation and non-aviation businesses. The value of this impact is the sum of the fees and charges paid, time and cost savings, and expense related to food, lodging, ground transportation, and similar outlays.

By quickly calculating the impact of itinerant operations and adding that figure to the direct economic impact, a total economic impact is developed.

Appendix A continued

Induced impact is often called "the multiplier effect." It gets this name because a dollar, once spent, does not disappear but continues to move through the local economy until it is incrementally exported from the community. Each new dollar spent effectively multiplies its own economic effect. There have been a multitude of economic studies done to definitively establish this multiplier for various geographic areas and segments of the economy. These studies indicate that multipliers ranging from two to seven are appropriate for airport economic estimates. Because induced impact is the portion of an impact analysis most subject to controversy, it is a good idea to use a very conservative multiplier figure. We recommend a multiplier of three in general but also recommend that you obtain a figure that is applicable for your airport area by contacting the chamber of commerce, economic development authority, or appropriate state agency.

Direct Impact

As an example, let's assume that an airport support group has paid a visit to all employers and businesses on a general aviation airport (theirs has about 80,000 annual local operations). Using the questionnaire, the group determines that the total for wages, fees, charges, taxes, and operations and maintenance (O&M) costs and capital improvements is \$5.5 million (**direct impact**) for the current year.

Indirect/induced impact

The group contacts the FAA airport district office or airports division of the regional office and learns that the same airport has 50,000 transient operations annually. Calculate the **indirect economic impact** this way:

Divide by 2 to determine annual transient arrivals.

$$50,000/2 = 25,000$$

Multiply by the average number of occupants per aircraft. Assume 2.5: (the FAA estimates 2.5 occupants aboard each general aviation flight.

$$25,000 \times 2.5 = 62,500$$

Multiply that figure by the average dollars spent in the local economy by transient passengers. Local chambers of commerce or tourism officials can provide the average dollars spent by each visitor. Assume \$100.

$$62,500 \times \$100 = \$6,250,000 = \text{Total Indirect Impact}$$

*Next, to determine **induced impact**, multiply the sum of direct and indirect impacts by the multiplier effect to determine total impact. Assume a multiplier of 3.*

$$\begin{aligned} \text{Induced impact} &= 3 \times (\text{direct} + \text{indirect impact}) = \\ 3 \times (\$5,500,000 + \$6,250,000) &= 3 \times \$11,750,000 \\ &= \$35,250,000 \end{aligned}$$

Appendix A continued

To determine **total economic impact**, add the direct, indirect and induced impacts.

| | |
|-----------------------------------|---------------------|
| Direct (total from questionnaire) | \$5,500,000 |
| Indirect | \$6,250,000 |
| Induced | \$35,250,000 |
| TOTAL | \$47,000,000 |

Tax Impact

Another aspect of economic benefit is **tax impact**. In making quick assessments of tax impact, it is easier to use only the direct plus indirect values. In the case of a much smaller airport than the one previously discussed, assume this total to be \$3 million. Assume that the local tax subsidy is \$50,000. The portion of this money that ends up as property tax is typically 1 percent. Let's use only the airport economic impact figure for simplicity.

If a state sales tax is in place, the portion of the direct and indirect total that will be paid as sales tax is typically about one-tenth of 1 percent for each 1 percent of sales tax. If, for example, the sales tax is 5 percent, the portion of the direct and indirect total that will be paid as sales tax is five times one-tenth of 1 percent, or one half of 1 percent.

State income taxes and other miscellaneous taxes can easily reach three-fourths of 1 percent each.

Returning to this example, the tax impact would be calculated as follows:

| Tax type | Amount |
|--------------------------------------|-----------------|
| Property tax (1% of \$3,000,000) = | \$30,000 |
| Sales/Use (0.5% of \$3,000,000) = | \$15,000 |
| State Income (.75% of \$3,000,000) = | \$22,500 |
| Miscellaneous | \$22,500 |
| Total Tax Contribution | \$90,000 |

Compared to the \$50,000 in tax support, this is a favorable balance and indicates a very strong return on taxpayer investment. Keep in mind, too, that these figures do not include federal taxes. Inclusion of federal taxes as well as the tax effect of induced impact are complexities well beyond the scope of this simplified approach.

For more exacting formulas exploring transportation benefits, the effects of increased aviation activity, and aviation's stimulation of business, contact the nearest FAA regional office for a copy of "Measuring the Regional Economic Significance of Airports."

Appendix A continued

Existing support groups nationwide have used economic impact as the pivotal weapon in their battle to save America's airports.

Finally, publish and distribute the results throughout the community, making sure the information gets the widest possible circulation. Prepare, preferably with the aid of a freelance writer or newsman, a complete final report and a summary highlighting the dramatic contributions of the airport. The full study should be available to all who want a copy. Summary pamphlets should be widely distributed throughout the community. You may elect to create a visual program, using slides and/or overheads, to enhance the material when presented to an interest group. Again, help may be available from a nearby high school or university photography club.

If possible, do not allow the study to become out of date. A periodic review should be conducted and material adjusted as changes occur. A new industry, increased flight schedules, a new operator — all of these reflect the continuing economic contribution of aviation to the community.

The direct impact formula was developed by Eckrose/Green Associates, an airport consulting firm in Madison, Wisconsin. Their formula is endorsed by the National Association of State Aviation Officials (NASAO). By adding the AOPA itinerant aircraft formula to the equation, a total economic impact is determined.

Many state aviation divisions have already conducted in-depth economic impact studies on airports within the state. Be sure to check with your state's division of aeronautics office.

Economic impact by state information may be found in the resource guide contained in this book.

Direct Economic Impact Questionnaire

We, _____, are conducting a survey to develop information concerning aviation's economic impact upon our community. We are asking all organizations directly involved with aviation and our airport to complete this questionnaire. The data you can furnish will enable us to tell a better story about the value of aviation. All information will be kept completely confidential, and only industry totals will be released.

We would like the data to be for (year) _____. If your data is for a different period, please indicate here _____.

1. How many employees do you have at the airport?
2. What is your annual payroll at the airport? \$ _____
3. You employ additional people away from the airport who support your airport operation?
4. If so, what is the annual cost of that support? \$ _____
5. How much did you pay to the airport last year for:

Appendix A continued

Operations/maintenance

\$ _____

Landing fees

\$ _____

Rentals

\$ _____

Other fees/taxes

\$ _____

Subtotal \$ _____

6. How much did you spend in the area for the following:

Fuel, supplies, and equipment

\$ _____

Advertising

\$ _____

Local service (repair,
janitorial, utilities, etc.)

\$ _____

Charitable contributions \$ _____

Grand total \$ _____

Check the box that best describes the airport's relationship to your business:

Essential

Very helpful

Helpful

No influence

Did you choose your present location because of the airport?

Yes

No

Appendix B (Excerpts from ODA Aviation Plan 2007)

Oregon Aviation Plan 2007

Chapter 8

**Table 8.3 Economic Contribution to the State Economy per ODA Airport
(Dollars are rounded to the thousand to avoid implications of “false precision”)**

| | | |
|-----------------------|----------|---------------|
| Vernonia Airfield 3 | \$68,000 | \$180,000 |
| Wakonda Beach State 2 | \$44,000 | \$145,000 |
| Wasco State 1 | \$18,000 | \$57,000 |
| Total Amount | 35,172 | \$927,631,000 |

\$2,998,930,000

Sources: Airport and Tenant Surveys, EDR Group and Mead & Hunt Analyses, IMPLAN econometric package. Notes: Totals include spin-off effects, totals may not add due to rounding.

8.1.b. Contribution of Airports to Regional Economies within Oregon

In addition to the individual airport assessments, it was determined the evaluation of the impacts of the airports on a regional level would be beneficial. **Figure 8.1** illustrates the geographic boundaries of the five regions defined for the *ConnectOregon* program. The program provides funding for both aviation development and economic growth, and has been used as a point of reference throughout this study. **Table 8.4** presents the total contributions from airports by each of the five regional economies within Oregon. **Tables 8.5 through 8.9** show the contribution by each airport to their respective regions. It must be noted that the contributions made by an airport to a regional economy and state economy differ for two reasons:

- Regional impacts account for visitors from other regions in Oregon, as well as from out of state. When measuring contributions to the state economy only travelers arriving from out of state are counted.
- By definition, spin-off effects (economic multipliers) for the state are equal to or larger than regional spin-offs. This is because spin-offs from direct impacts measure the extent to which businesses purchase supplies and workers spend wages in a regional or state economy. For example, if a business or consumer purchases a computer one town over a regional boundary, that purchase would be counted in the Oregon economy, but not in the regional economy.

Oregon Department of Aviation (Final Document February 2008)

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Appendix B continued

Oregon Aviation Plan 2007

Chapter 8

Table 8.6 Regional Contribution of Airports from Region 2 – Willamette Valley & Coast

| | | | |
|-------------------------|---------------|----------------------|------------------------|
| Newport Municipal | 700 | \$17,780,000 | \$59,847,000 |
| Oakridge State | 1 | \$14,000 | \$44,000 |
| Pacific City State | 4 | \$77,000 | \$252,000 |
| Sandy River | 5 | \$130,000 | \$325,000 |
| Santiam Junction State | 0 | \$0 | \$0 |
| Siletz Bay State | 6 | \$99,000 | \$325,000 |
| Sportsman Airpark | 68 | \$1,698,000 | \$5,423,000 |
| Tillamook | 1,205 | \$35,241,000 | \$135,468,000 |
| Toledo State | 1 | \$12,000 | \$41,000 |
| Vernonia | 3 | \$60,000 | \$164,000 |
| Wakonda Beach State | 2 | \$41,000 | \$133,000 |
| Regional Totals: | 13,156 | \$322,409,000 | \$1,024,214,000 |

Sources: Airport and Tenant Surveys, EDR Group and Mead & Hunt Analyses, IMPLAN econometric package.

Notes: Totals include spin-off effects.

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Table 8.7 Regional Contribution of Airports from Region 3 – Southwestern Oregon
(Dollars are rounded to the thousand to avoid implications of “false precision”)

| <i>Airport</i> | <i># of Job</i> | <i>Wages</i> | <i>Business Sales</i> |
|----------------------------|-----------------|----------------------|-----------------------|
| Ashland Municipal | 389 | \$9,484,000 | \$34,882,000 |
| Bandon State | 9 | \$158,000 | \$512,000 |
| Brookings | 7 | \$108,000 | \$339,000 |
| Cape Blanco State | 1 | \$9,000 | \$29,000 |
| George Felt | 2 | \$55,000 | \$131,000 |
| Gold Beach Municipal | 11 | \$254,000 | \$675,000 |
| Grants Pass | 719 | \$22,746,000 | \$60,275,000 |
| Illinois Valley | 10 | \$215,000 | \$528,000 |
| Lakeside Municipal | 2 | \$52,000 | \$121,000 |
| Myrtle Creek Municipal | 10 | \$241,000 | \$624,000 |
| Pinehurst State | 0 | \$5,000 | \$16,000 |
| Powers – Hayes Field | 1 | \$42,000 | \$87,000 |
| Prospect State | 1 | \$14,000 | \$45,000 |
| Rogue Valley International | 4,312 | \$96,911,000 | \$263,254,000 |
| Roseburg Regional | 103 | \$2,315,000 | \$7,428,000 |
| Seaside Municipal | 8 | \$205,000 | \$519,000 |
| Southwest Ore. Regional | 2,715 | \$81,309,000 | \$266,379,000 |
| Toketee State | 0 | \$0 | \$0 |
| Valley View | 2 | \$61,000 | \$149,000 |
| Regional Totals: | 8,302 | \$214,186,000 | \$635,992,000 |

Sources: Airport and Tenant Surveys, EDR Group and Mead & Hunt Analyses, IMPLAN econometric package.
Notes: Totals include spin-off effects.

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8.2.b. Total Economic Impacts

Total economic impacts are the sum of on-airport economic activities, off-airport spending by visitors who arrive by air, and spin-off impacts (economic multipliers). Airport impacts are provided by region and state to show the contribution of each airport to the regional and state economies. In addition, aviation-dependent impacts are provided by region to show the importance of airports to non-aviation businesses. All impacts reported represent a base year of 2005. Each type of impact is defined further as follows:

Appendix B continued

□ **On-Airport Direct Impacts** represent economic activities that occur on airport grounds. By separating aviation-related activities from non-aviation activities, the *Oregon Aviation Plan (OAP 2007)* illustrates the regional economic contribution of aviation by airport in the regional and state economies, as well as the overall impact of each airport as a facility. Aviation related activities are those that would not occur without the airport, such as airlines, fixed base operators (FBO), government, and other tenants located at the airport that are directly dependent on the airport. This category also includes airport management and other individuals employed directly by the airport, as well as retail and service operations for passengers, pilots, and other on-airport employees.

In some cases airports provide land or building space for companies that are not affiliated with aviation. These tenants are not related to the aviation mission of the airport, but are using the facility as convenient and affordable business or industrial parks. As airports provide resources for non-aviation businesses, these businesses represent part of the economic contribution of airports. Accordingly, they are counted but separated from aviation-related business activities.

□ **Off-Airport Visitor Spending** is the sum of expenditures made by air travelers who are visiting from outside the region that occurs off the airport in the regional economy. Visitor spending includes lodging, food, entertainment, recreation, retail purchases and local ground transportation (retail purchases and on-airport car rentals are captured by on airport impacts). Off-airport spending includes expenditures by general aviation pilots and passengers as well as for commercial passengers.

Visitors flying into Oregon from out of state contribute to the regional economy as well as to the state economy. However, passengers flying within Oregon from one region to another contribute to the region of their destination airport without bringing additional money into Oregon. Therefore, in regions with air carrier airports, the direct impact of visitor spending for the region is higher than the impact of visitor spending for the state. It is important to note that only arrivals from points of origin outside a given region were tabulated for that region. Passengers returning home are not counted as they are not bringing additional income into their home regions. All general aviation visitors are counted as out-of-state arrivals

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□ **Aviation-Dependent Impacts** represent area businesses that are dependent on airports for shipping products produced in Oregon to their customers and for business travel. These businesses may relocate or suffer substantial loss without airport access. This impact is not included in traditional economic impact methodology and is analyzed and reported by region for this study. Thus, the economic dependence of a region on aviation represents the cumulative impacts of all airports within a region. The analysis is provided as an indicator of the importance of airports to regional economies.

□ **Spin-Off Impacts** (economic multipliers) reflect the recycling of dollars through both the regional and state economy. Spin-off impacts are often reported as indirect and induced impacts. Indirect impacts reflect the purchase of goods and services by businesses that make direct sales on-airports to visitors or for aviation services. Induced impacts occur when workers of the businesses spend their wages on consumer purchases.

Appendix B continued

The core concept behind spin-off impacts is that dollars spent in the economy do not disappear; rather, they move through the economy in successive rounds until incrementally exported from the region and state. As aviation-related expenditures enter the economy, they circulate among other industry sectors, creating successive waves of additional economic benefit in the form of business sales, jobs, and payroll. These successive rounds of spending are the spin-off impacts and help to represent the full impact of each dollar generated due to aviation in Oregon. Spending occurring outside the area is considered economic leakage and is not reflected in the economic multiplier.

8.2.c Data Collection

An extensive data collection program was conducted for this study. Survey efforts included distribution of survey instruments to four distinct groups including airport managers, business users including tenants and aviation reliant, air carrier passengers and general aviation passengers.

□ The **Airport Manager Survey** was designed to gather the local employment, payroll, and average annual capital expenditures for each airport. The survey also requested qualitative information on airport benefits that may not be quantifiable. The survey was distributed by mail to the 90 airports which were identified for the economic assessment portion of the study. Of those public-use airports, responses were received from 63 airports, which is a seventy percent (70%) response rate.

In addition to the written survey, personal visits were conducted to Oregon's airports. As previously stated, the impacts for airports under the jurisdiction of the Port of Portland (Portland International Airport, Portland Hillsboro Airport, Portland Mulino Airport and Portland Troutdale Airport) were not part of this study, and therefore not visited.

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Table 8.23 Number of Visitors to Oregon through ODA General Aviation-Only Airports

| | | | | | |
|---------------------|--------|--------|-----|---|--------|
| Sisters Eagle Air | 1,400 | 700 | 64% | 2 | 900 |
| Skyport | 2,000 | 1,000 | 63% | 2 | 1,250 |
| Sportsman Airpark | 12,500 | 6,250 | 12% | 2 | 1,500 |
| Starks Twin Oaks | 22,230 | 11,115 | 74% | 2 | 16,480 |
| Sunriver | 16,600 | 8,300 | 73% | 3 | 18,075 |
| Tillamook | 26,800 | 13,400 | 71% | 3 | 28,500 |
| Toketee State | 300 | 150 | 0% | 2 | 0 |
| Toledo State | 1,150 | 575 | 96% | 2 | 1,100 |
| Valley View | 2,965 | 1,483 | 62% | 2 | 1,830 |
| Vernonia Airfield | 3,000 | 1,500 | 67% | 2 | 2,000 |
| Wakonda Beach State | 830 | 415 | 90% | 2 | 750 |
| Wasco State | 2,400 | 1,200 | 58% | 2 | 1,400 |

Appendix B continued

| | | | | | |
|------------------------|----------------|----------------|------------|-----------|-------------------|
| Totals/Averages | 989,643 | 494,822 | 51% | 2. | 35 598,875 |
|------------------------|----------------|----------------|------------|-----------|-------------------|

Source: FAA data and interviews with airport managers and ODOA staff.

Notes: Total visitor arrivals are estimated at 599,475 and an average of 2.38 people per flight. Excludes airports administered by the Port of Portland.

Table 8.24 Direct Visitor Spending per Itinerant Operations and the Sum of Spending at ODA Airports

(Dollars for *Total Spending by GA Visitors* are rounded to the thousand to avoid implications of "false precision")

| <i>Airport</i> | <i>Total GA Visitor Arrivals</i> | <i>Average Spending per Trip</i> | <i>Total Spending by GA Visitors</i> |
|--------------------------------|----------------------------------|----------------------------------|--------------------------------------|
| Albany Municipal | 12,650 | \$110 | \$1,392,000 |
| Alkali Lake State | 100 | \$20 | \$2,000 |
| Arlington Municipal | 450 | \$20 | \$9,000 |
| Ashland Municipal | 17,748 | \$135 | \$2,391,000 |
| Astoria Regional | 23,700 | \$94 | \$2,238,000 |
| Aurora State | 59,213 | \$143 | \$8,483,000 |
| Baker City Municipal | 6,915 | \$71 | \$492,000 |
| Bandon State | 3,000 | \$100 | \$299,000 |
| Beaver Marsh | 150 | \$30 | \$5,000 |
| Bend Municipal | 40,817 | \$131 | \$5,354,000 |
| Boardman | 1,200 | \$47 | \$57,000 |
| Brookings | 1,900 | \$78 | \$149,000 |
| Burns Municipal | 5,300 | \$49 | \$260,000 |
| Cape Blanco State | 567 | \$30 | \$17,000 |
| Cascade Locks State | 1,500 | \$30 | \$45,000 |
| Chehalem Airpark | 7,003 | \$105 | \$735,000 |
| Chiloquin State | 2,700 | \$30 | \$81,000 |
| Christmas Valley | 1,900 | \$30 | \$57,000 |
| Columbia Gorge Regional/Dalles | 8,920 | \$91 | \$808,000 |
| Condon State – Pauling Field | 4,470 | \$30 | \$134,000 |
| Cottage Grove State | 9,735 | \$151 | \$1,474,000 |
| Country Squire Airpark | 1,200 | \$20 | \$24,000 |
| Crescent Lake State | 300 | \$30 | \$9,000 |

Appendix B continued

8.2.g Determining Spin-Off Impacts (Economic Multipliers)

Spin-offs (also called economic multipliers) are the impacts of: (1) businesses spending some of their income for supplies and services; and (2) workers spending their wages for consumer purchases. These subsequent business and consumer-spending effects support additional jobs, wages, and business income for the Oregon economy.

Activities occurring at an airport generate additional orders for goods and services from suppliers and may include orders for:

- Printing and publishing for an airport operator and airlines
- Banking, insurance, legal, accounting, and technical services for airport businesses
- Off-site bus and parking services for airport employees
- Food products for airport restaurants
- Wholesale merchandise to be sold by airport stores
- Furniture and equipment for offices, hotels, restaurants, and stores located at an airport

Activities serving air travelers located off-of-airport property (off-airport) also generate additional orders for goods and services from suppliers and can include orders for:

- Fueling and maintenance services for use by off-airport taxis, rental cars, tour buses, and public transportation
- Construction and support operations of convention and hospitality facilities for visitors.
- Food products for off-airport restaurants
- Wholesale merchandise to be sold by off-airport stores
- Furniture and equipment for off-airport hotels, restaurants, and stores
- Retail purchases of food, clothing, cars, stereos, computers, and other products
- Purchases of services spanning haircuts, cleaning, car repair, and insurance

This “re-spending” of income supports additional jobs within Oregon’s five regions and statewide. For non-aviation airport-dependent businesses, spin-off effects are based on the portion of business income that is spent on aviation or that supports production of cargo shipped from Oregon airports. Direct economic activities generated at Oregon Airports, stimulated by visitor spending, and as a result of aviation dependent activities, lead to additional downstream impacts on suppliers, as well as subsequent consumer spending of worker income.

To quantify these downstream effects, both regional and statewide multipliers were calibrated and applied using the IMPLAN modeling package. IMPLAN stands for “Impact Analysis for Planning” and is now the most widely used input-output economic modeling system in the United States, with a client list of 500 public and private agencies including several federal agencies and numerous state agencies. Separate multipliers were used for each major industry grouping that represents on-airport tenants, visitor expenditures, and dependent industries in order to increase accuracy.

Appendix B continued

For this study the direct job and income effects for on-airport, visitor spending, and related jobs were documented and then assigned to specific sector groups, based on information from interviews, surveys, and research completed for this project and based on experience in aviation and freight economies internationally. The IMPLAN model was then calibrated for each of the five airport analysis regions, as well as for the state of Oregon as a whole. The model was run to determine the direct effects on specific industry groupings within the classifications of on-airport employment, off-airport visitor spending, and off-airport business activities dependent on airports for business travel and cargo services. Analyses of retail impacts were adjusted to account for retail markups. Retail portions of economic multipliers also incorporate these margins. Regardless of whether economic impacts are measured in terms of jobs, income, or business sales, these impacts can be classified into three categories:

- **Direct economic effects** are represented as the net increase in business activity associated with businesses on-airport or off-airport.
- **Indirect economic effects** are the broader effects on business activity for suppliers to the directly affected businesses. This can include production, distribution, and transportation for suppliers of goods and services.
- **Induced economic effects** are further shifts in spending on food, clothing, shelter, and other consumer goods and services as a consequence of the change in workers and payroll of directly and indirectly affected businesses.

This study assembled classifications of the 509 sectors in the IMPLAN modeling package by each of the five analysis regions and by the state as a whole to best mirror types of industries on airports, types of visitor spending, and other industries that rely on aviation services. The classification schemes used for on-airport, visitor spending, and air-dependent impacts are shown in **Appendix D**.

As shown in **Figure 8.2**, total economic impacts by airport are the sum of on-airport direct economic activities, off-airport direct visitor spending, and spin-off impacts (economic multipliers). Regional impacts also include the contribution of airports to support industries throughout the state that rely on business travel and shipping products by air cargo.

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Table 8.26 Direct Impacts of Airports in Oregon to the State Economy
(Dollars are rounded to the thousand to avoid implications of “false precision”)

| Category of Impact | # of Jobs | | Wages | | Business Sales | |
|--|-----------|-------|---------------|---------------|----------------|---------------|
| | Regional | State | Regional | State | Regional | State |
| On-Airport Aviation (FBO and air related tenants) | 7,273 | 7,273 | \$262,147,000 | \$262,147,000 | \$827,475,000 | \$827,475,000 |
| Off-Airport Visitor Spending | 6,948 | 6,762 | \$104,459,000 | \$101,641,000 | \$332,973,000 | \$324,097,000 |

Appendix B continued

| | | | | | | |
|---------------------------------------|---------------|---------------|------------------------|----------------------|------------------------|------------------------|
| On-Airport Non-aviation Activities | 2,177 | 2,177 | \$67,294,000 | \$67,294,000 | \$320,530,000 | \$320,530,000 |
| Total ODA Airports | 16,398 | 16,213 | \$433,900,000 | \$431,082,000 | \$1,480,978,000 | \$1,472,102,000 |
| Port of Portland Totals | 39,259 | | *\$837,935,000 | | \$4,972,007,000 | |
| Total Amount | 55,657 | | \$1,271,835,000 | | \$6,452,985,000 | |

Sources: EDR Group and Mead & Hunt analyses.
Columns may not add due to rounding.

Notes: When applying Coos County Alternative Scenario: ODA Airport job impacts are 16,766 (region) and 16,579 (state), wages are \$439.2 million (region) and \$436.4 million (state), and business sales impacts are \$1.497 billion (region) and \$1.489 billion (state).

*Port of Portland studies provided by Port.

The average annual wage of direct jobs generated by airports is determined to be \$26,500. However, wages vary significantly by classification. Workers in aviation-related jobs located on airports earn an average of \$36,000 annually, while on-airport jobs in businesses not connected to aviation pay an average of \$31,000. Off-airport workers who serve visitors average \$15,000 in wages. It should be noted that many of these service workers are part-time and are employed at low hourly rates.

Table 8.27 shows the direct Oregon statewide impacts for each airport, consisting of on-airport employment, both aviation and non-aviation related, and visitor spending by air travelers arriving from out of state. Six of the 90 airports listed below, including Bend Municipal, McNary Field, Mahlon Sweet Field, Redmond Municipal - Roberts Field, Rogue Valley International, and Southwest Oregon Regional airports, show direct employment of more than 1,000 people, and together account for more than 10,000 of the 16,000 jobs directly generated by Oregon's airports (except for the Port of Portland airports).

Table 8.27 Direct Statewide Economic Impacts of ODA Airports

(Dollars are rounded to the thousand to avoid implications of "false precision")

| Airport Name | # of Jobs | Wages | Business Sales |
|---------------------|------------------|--------------|-----------------------|
| Albany Municipal | 31 | \$455,000 | \$1,514,000 |
| Alkali Lake State | 0 | \$1,000 | \$2,000 |
| Arlington Municipal | 0 | \$3,000 | \$9,000 |
| Ashland Municipal | 217 | \$5,132,000 | \$20,575,000 |
| Astoria Regional | 274 | \$8,873,000 | \$24,025,000 |
| Aurora State | 999 | \$25,923,000 | \$75,083,000 |

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Table 8.27 Direct Statewide Economic Impacts of ODA Airports

| | | | |
|-------------------------|---|----------|-----------|
| Miller Memorial Airpark | 1 | \$36,000 | \$100,000 |
| Monument Municipal | 1 | \$18,000 | \$50,000 |

Appendix B continued

| | | | |
|-----------------------------------|---------------|----------------------|------------------------|
| Mulino | 44 | 801,000 | 2,404,000 |
| Myrtle Creek Municipal | 6 | \$122,000 | \$361,000 |
| Nehalem Bay State | 1 | \$14,000 | \$44,000 |
| Newport Municipal | 395 | \$9,862,000 | \$35,033,000 |
| Oakridge State | 1 | \$7,000 | \$24,000 |
| Ontario Municipal | 13 | \$185,000 | \$587,000 |
| Owyhee Reservoir State | 0 | \$0 | \$0 |
| Pacific City State | 3 | \$42,000 | \$138,000 |
| Paisley | 1 | \$19,000 | \$54,000 |
| Pinehurst State | 0 | \$3,000 | \$9,000 |
| Portland Downtown Heliport | 18 | \$340,000 | \$989,000 |
| Powers Hayes Field | 1 | \$18,000 | \$50,000 |
| Prineville | 12 | \$437,000 | \$1,309,000 |
| Prospect State | 1 | \$8,000 | \$26,000 |
| Redmond Municipal - Roberts Field | 1,581 | \$30,967,000 | \$102,293,000 |
| Rogue Valley International | 2,570 | \$50,337,000 | \$148,142,000 |
| Rome State | 0 | \$0 | \$0 |
| Roseburg Regional | 64 | \$1,340,000 | \$4,447,000 |
| Sandy River | 2 | \$64,000 | \$180,000 |
| Santiam Junction State | 0 | \$0 | \$0 |
| Scappoose Industrial | 191 | \$9,989,000 | \$37,243,000 |
| Seaside Municipal | 5 | \$101,000 | \$301,000 |
| Siletz Bay State | 4 | \$54,000 | \$178,000 |
| Sisters Eagle Air | 3 | \$74,000 | \$218,000 |
| Skyport | 1 | \$18,000 | \$50,000 |
| Southwest Oregon Regional | 1,292 | \$43,734,000 | \$150,899,000 |
| Sportsman Airpark | 33 | \$877,000 | \$3,182,000 |
| Starks Twin Oaks | 82 | \$1,614,000 | \$4,372,000 |
| Sunriver | 50 | \$903,000 | \$2,770,000 |
| Tillamook | 566 | \$17,709,000 | \$78,063,000 |
| Toketee State | 0 | \$0 | \$0 |
| Toledo State | 0 | \$7,000 | \$22,000 |
| Valley View | 1 | \$29,000 | \$86,000 |
| Vernonia Airfield | 1 | \$31,000 | \$90,000 |
| Wakonda Beach State | 2 | \$22,000 | \$73,000 |
| Wasco State | 1 | \$9,000 | \$28,000 |
| Totals | 16,213 | \$431,082,000 | \$1,472,102,000 |

Appendix B continued

8.3.b Direct Economic Impacts of Aviation

According to survey and research findings, aviation contributes (including airports administered by the Port of Portland) \$14.6 billion to Oregon's economy in direct business sales, accounting for more than 85,000 jobs as shown in **Table 8.28**. These impacts include airport aviation impacts, direct spending by air travelers, and non-aviation business activity that relies on airports for travel and cargo shipments. This related business activity accounts for over 32,000 jobs and nearly \$8.5 billion in sales throughout the state.

Table 8.28 Direct Impacts of Aviation Activities in Oregon

(Dollars are rounded to the thousand to avoid implications of "false precision")

| Category of Impact | # of Jobs | | Wages | | Business Sales | |
|---|------------------|--------------|-----------------|-----------------|-----------------------|-----------------|
| | Regional | State | Regional | State | Regional | State |
| On-Airport Aviation (FBO and air related tenants) | 7,273 | 7,273 | \$262,147,000 | \$262,147,000 | \$827,475,000 | \$827,475,000 |
| Off-Airport Visitor Spending | 6,948 | 6,762 | \$104,459,000 | \$101,641,000 | \$332,973,000 | \$324,097,000 |
| <i>Subtotal: Direct Airport Aviation Related Activities</i> | 14,221 | 14,035 | \$366,606,000 | \$363,788,000 | \$1,160,448,000 | \$1,151,572,000 |
| Off-Airport Aviation Dependent Business Activities | 32,429 | 32,429 | \$1,662,752,000 | \$1,662,752,000 | \$8,463,830,000 | \$8,463,830,000 |
| Totals | 46,650 | 46,464 | \$2,029,358,000 | \$2,026,540,000 | \$9,624,278,000 | \$9,615,402,000 |
| Port of Portland Totals | *39,259 | | \$837,935,000 | | \$4,972,007,000 | |
| Total Amount | 85,909 | | \$2,867,293,000 | | \$14,596,285,000 | |

Source: United States Census Bureau, Foreign Trade Division prepared by WISERTrade, <http://www.flypdx.com/>, BTS, and Air Carrier

Statistics Database. 2002 United States absorption table for air transportation, United States Department of Commerce Bureau of Economic Analysis (updated to 2004 and packaged by IMPLAN).

Notes: Applying the Coos County alternative scenario, total impacts of ODA airports are: jobs - 47,018 (regional) and 46,831 (state); wages - \$2.032 billion (regional) and \$2.035 billion (state); and business sales - \$9.64 billion (regional) and \$9.63 (state). Regional impacts include air travel by Oregon residents to different parts of the state, while state impacts includes only travelers who arrive in Oregon from out-of-state, therefore a difference in regional and state impacts exists.

*Port of Portland studies provided by Port.

Appendix C

(AWG email answers to financial questions)

Questions? answers. - Sent - Yahoo! Mail Yahoo! Mail Updates occur every 1440

Message Questions?

Answers. Wednesday, December 23, 2009 11:38 AM From: "Walter Sherman" <iflyhyr@yahoo.com>To: "Adam Bryan" <adam.onp@gmail.com>Cc: "Sheldon Hunt" <shunt@helmetfire.com>Bcc: "Richard Larson" <larsonr@samhealth.org>, "Steve Schuster" <sshuster_7@yahoo.com>, "Greg Stanton" <gjstanton@charter.net>, "mark watkins" <tangoair@peak.org>Hi Adam, Discussed the questions you sent with the following results;

REVENUES

1. Airline fuel discount to come.
2. Tie down fees have been returned to \$3.00/night per airport committee.
3. Anticipated fuel sales increase due to promotional activity;
Jet-A - 12mo. =+20%, 24mo. =+10%, 36mo. =+10%
Avgas - 12mo. =+15%, 24mo. =+8%, 36mo. =+10%
4. By consensus;
Flight training - 1920 Gal./yr
Scenic flight - 1200 Gal./yr
5. NOAA executive transportation;
Jet-A - 12mo. =600Gal., 24mo. =900Gal., 36mo. =1200Gal.
6. NW aviation show; 12mo. =750Gal., 24mo. =750Gal., 36mo. =750Gal., Avgas
7. Airline space rental - \$400.00/month (unrealized revenue)
8. ARFF truck maintenance compensation - \$1200.00/month (unrealized revenue)
9. Shooting range - \$400.00/month (unrealized revenue)
10. 10 new T hangers - 12mo. =0, 24mo. =\$1800.00, 36mo. =\$1800.00
11. Transient hanger 60'x65' - 12mo. =0, 24mo. =\$15600.00, 36mo. =\$15600
12. Executive hanger 60'x65' - 12mo. =0, 24mo. =\$15600.00, 36mo. =\$15600
13. Special event rental - \$1000.00/mo.
14. Catering - 12mo. =\$200.00/mo., 24mo. =\$250.00/mo., 36mo. =\$300.00/mo (net)
15. Industrial leases - 12mo. =0, 24mo. =0, 36mo. =\$25000.00
16. Major golf course - 60mo. =\$150,000.00

OPERATING EXPENSES

1. Debt service expense expires in 2012 I think.
2. Transient hanger const cost - \$16000.00 (10% of \$160,000.00 grant)
3. Executive hanger const cost - \$16000.00 (10% of \$160,000.00 grant)
4. Customer service representative - .75 FTE \$39,000.00/yr
5. Line 29 Building maintenance - \$30,000.00/yr (08/09 actual after striping grant removed plus inflation)

Appendix D

(ODA Airport Data)

Newport Municipal Airport – Individual Airport Report

3. Survey Responses

4.

As previously discussed, surveys were a critical part of the data collection effort. Below is a summary of the surveys and staff interviews that provide the context that surrounds the *OAP 2007*. Surveys were sent to state, local, and county government officials, businesses, airport managers, pilots, chamber of commerce members, and host communities to solicit input of the state aviation system from diverse interests groups.

3.4.a Community Information

Currently, tourism is noted as the primary industry in the Newport area. The Airport is perceived by survey respondents to be a valuable economic asset to the community. If there was no longer an airport available, respondents believe the public would use the next closest airport or move to a new location. Airport expansion was noted as the main citizen concern.

3.4.b Economic Development

The importance of aviation for growth from an economic perspective is ranked high in survey results. Respondents noted that airport upgrades would increase economic growth for the surrounding communities. It was identified that the most important item that Newport Municipal Airport could do to promote economic growth is to add commercial service. Respondents also perceived that the impact to the economy would be negative if the Airport was no longer available. Businesses would substitute with other transportation modes. Respondents were unsure if the city of Newport and Lincoln County would be supportive of a funding mechanism to finance future airport developments.

3.4.c Airport Development and Use

The airport users for Newport Municipal Airport are recreation, tourism, out-of-town business, and local business. Surrounding communities rely on the Airport for delivery of mail/cargo.

There are perceived operational limitations which include:

- Terminal amenities
- Availability of fuel

3.4.d Air Shuttle

Upon the request of ODA, the feasibility of a state operated and subsidized air shuttle service is being investigated. This air shuttle service would link various communities within the state. Traditionally, air shuttle services do not compete with regular commercial service, their intent is to commute between smaller local communities instead of large regional airports; therefore, they are

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Airport Role in Economy

Airport: Newport Municipal
Airport Code: KONP

County: Lincoln

Region: Willamette Valley and Coast

Evaluated for Year: 2005

Activity Data

Total Commercial Operations: 0
Total Commercial Implements: 0

Total Commercial Visitors: 0
Total GA Operations: 24,027
Total GA Passengers: 48,054
Total GA Visitors: 14,025
Total Military Operations: 0
Run Date: 1/4/2008 2:18:00 PM

On-going Contribution to the Regional and State Economies

| Direct Effects of On Airport Activities and Visitor Spending | Jobs | | Wages | | Business Sales | |
|--|--------|--------|---------------|---------------|-----------------|-----------------|
| | Local | State | Local | State | Local | State |
| 1. On Airport (incl. FBO and air related tenants) | 146 | 146 | \$4,187,000 | \$4,187,000 | \$12,749,000 | \$12,749,000 |
| 2. Off-Airport: Visitor Spending | 29 | 29 | \$415,000 | \$415,000 | \$1,364,000 | \$1,364,000 |
| Total Direct | 175 | 175 | \$4,602,000 | \$4,602,000 | \$14,113,000 | \$14,113,000 |
| Spin-off Effects: Supplier and Income Re-spending | | | | | | |
| 3. Due to On Airport Aviation | 118 | 128 | \$3,111,000 | \$3,736,000 | \$9,697,000 | \$11,825,000 |
| 4. Due to Visitor Spending | 13 | 15 | \$345,000 | \$399,000 | \$1,128,000 | \$1,355,000 |
| Total Spin-off | 131 | 143 | \$3,456,000 | \$4,135,000 | \$10,825,000 | \$13,180,000 |
| Total Airport Aviation Related Impacts | 306 | 319 | \$8,058,000 | \$8,737,000 | \$24,938,000 | \$27,293,000 |
| Total Airport Generated Impacts - Not Aviation | | | | | | |
| 5. On Airport Non-aviation Activities | 220 | 220 | \$5,259,000 | \$5,259,000 | \$20,921,000 | \$20,921,000 |
| 6. Spin-offs due to Non-aviation Activities | 173 | 213 | \$4,462,000 | \$5,412,000 | \$13,988,000 | \$17,418,000 |
| Total Airport Non-aviation Impacts | 393 | 433 | \$9,721,000 | \$10,671,000 | \$34,909,000 | \$38,339,000 |
| Total Aviation and Non-aviation Related | 700 | 751 | \$17,779,000 | \$19,408,000 | \$59,847,000 | \$65,632,000 |
| Regional Off-Airport Aviation Dependent Business Activity | | | | | | |
| 7. Direct Business Activity | 8,061 | 8,061 | \$368,349,000 | \$368,349,000 | \$2,142,913,000 | \$2,142,913,000 |
| 8. Spin-offs due to Dependent Activity | 14,509 | 17,423 | \$425,253,000 | \$518,828,000 | \$1,468,166,000 | \$1,788,387,000 |
| Total Off-airport Aviation Dependent Activity | 22,570 | 25,484 | \$793,602,000 | \$887,177,000 | \$3,611,079,000 | \$3,931,300,000 |

Note: Regional Off-airport Aviation Dependent Business Activities account for business activity in the region that rely on aviation for business travel and cargo, and do not reflect a specific airport

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Appendix E

(Recent airport articles)

USATODAY.com USA TODAY

FAA low priorities get \$3.5B in grants

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By Thomas Frank, USA TODAY

WASHINGTON — Airports have spent \$3.5 billion in federal money since 1998 on projects the Federal Aviation Administration rated as low priority because they do little to improve the most pressing needs in the nation's aviation system, a USA TODAY analysis shows.

The money comes from a program that is supposed to improve aviation safety. Priority goes to projects such as runways, taxiways and beacons. But the program also has funded terminals at little-used airports, hangars to store private jets, and parking areas that are free to customers, according to the analysis of FAA records obtained under the Freedom of Information Act. Other findings:

- The amount of money spent on low-priority projects hit a record \$507 million in the fiscal year that ended Sept. 30. That's nearly five times the amount in 1998, when the FAA established a new ranking system for airport projects.

- More than \$2 billion in low-priority funds has gone to airports used mostly by private jets and piston-engine planes, including \$700 million for terminals. Pellston Regional Airport in Michigan used \$7.5 million in federal funds to build a terminal with stone fireplaces and cathedral ceilings. The airport averages three departures a day.

PRICEY MAKEOVER: A closer look at some low-traffic airports

UNCLE SAM: Feds keep little-used airfields in business

EARMARKS: Small airports land big money

- Congress helped increase low-priority spending by allowing 2,800 airports used by private planes to spend federal funds on parking lots and hangars, and by guaranteeing those airports money every year. Parking lot upgrades score between 16 and 19 on the FAA's 100-point scale that gives the highest numbers to safety projects. Installing runway lights scores between 77 and 97. Projects scoring under 41 are considered low priority and get extra FAA scrutiny.

Money for projects such as hangars "could likely be better used on higher-priority projects like airspace modernization," said David Castelveter of the Air Transport Association, the airline trade group.

"That would allow more flights and would reduce delay."

The FAA defends the spending. "They're all good projects," said Catherine Lang, FAA acting associate administrator for airports. The rating system

Appendix F continued

is only one factor the FAA considers for grants it issues. Other factors: local priorities, environmental issues and an airport's growth.

Former Transportation Department inspector general Kenneth Mead said the FAA "ought to revise their rating system" to include all factors it considers. "The system should be transparent," he said.

The ratings are not used to evaluate projects airports fund with annual entitlement grants, which they can spend on any project federal law allows. Most low-priority projects used entitlement funds.

Todd Hauptli of the American Association of Airport Executives said low-rated projects may be vital to an airport: "National priority and local priority are just two different animals."