

TOWN OF EAST HAMPTON AIRPORT ECONOMIC ANALYSIS



EXECUTIVE SUMMARY



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East Hampton Airport Economic Analysis

INTRODUCTION

THE PURPOSE OF THIS ECONOMIC ANALYSIS for East Hampton Airport is to recommend potential means to improve the Airport's financial performance and community compatibility, and to highlight the Airport's economic contribution to East Hampton. The economic analysis for the Airport examined whether there were any additional operational, policy, or property use strategies that could increase the benefit of the Airport to the Town.



The findings of the report feature four primary strategic initiatives:

- 1) **Existing Facility Preservation** - Benefits derived from the Airport are dependent upon the active preservation of existing facilities and services.
- 2) **Airport Property Use** - Airport property can be used for both aviation and non-aviation purposes to enhance revenues and create economic development opportunities.
- 3) **Industrial Road Leases** - With the FAA release of this property, lease revenues from non-aviation land uses can be increased through the rent-up of vacant parcels.
- 4) **Intangible Assets** - The Airport can serve as a catalyst for community-benefit development such as recreational fields, an intermodal terminal, or a location for affordable housing.



ECONOMIC IMPACT OF THE AIRPORT

East Hampton Airport supports jobs at each of the FBOs, as well as the jobs of staff and management of the Airport. Regular corporate users of the Airport include Aetna-Cigna, American Express, Analar Corporation, Bristol-Myers Squibb, Executive Jet Aviation, Loanet Inc., MBNA, Pfizer Corp., Phillip Morris Management Corp., Sony, US News & World Report, and many others. Overall, the Airport has a regional economic impact that annually supports:

- 141 Jobs
- \$3.9 million in Income
- \$10.4 million in Total Economic Output

In addition, the Airport serves as a location for regional airline service in the summer months, supporting the jobs of pilots, crew, and airline maintenance workers.



BASELINE FINANCIAL AND ECONOMIC OUTLOOK

It is against this economic backdrop that the historical revenues and expenses for East Hampton Airport are presented:

	<u>Expenses</u>	<u>Revenues</u>	<u>Net Revenues</u>
● 1997	\$740,678	\$751,202	\$10,524
● 1998	\$585,500	\$730,340	\$144,840
● 1999	\$1,006,082	\$1,076,070	\$69,988
● 2000	\$1,192,683	\$1,356,350	\$163,667

It is key to note that in 1999 and 2000, Revenues included subsidies from the Town of \$232,500, and \$254,000, respectively. Without those subsidies, the Airport would operate at a loss. Both revenues and expenses have grown significantly, due in part to increasing fuel prices and the decision to set up an independent Airport Fund supported by a new taxing district.

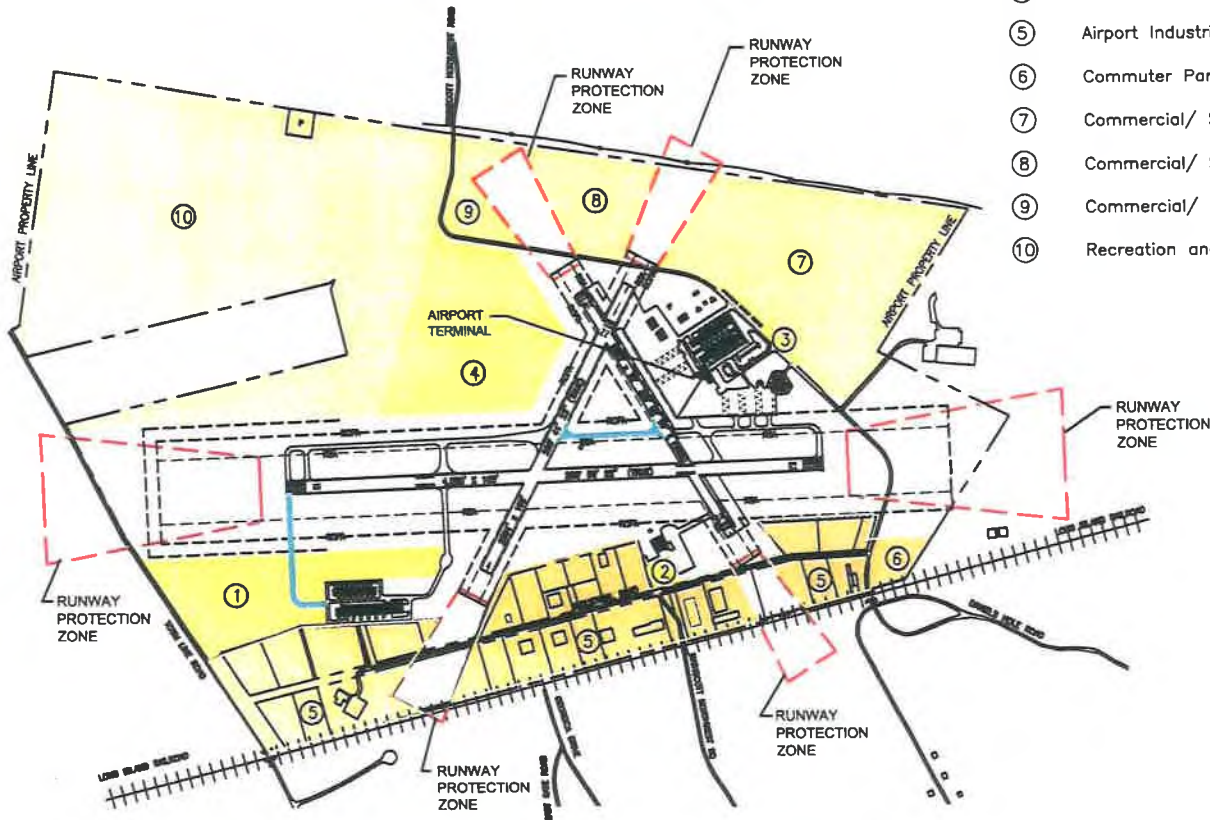
OVERALL AIRPORT USE

Recommendations from this analysis are limited primarily to the maintenance of existing facilities, the conversion of some tie-down spaces to hangar space for existing based aircraft, and a number of non-aviation community-friendly projects. This analysis does not include any proposals that will alter the airport's role regarding the nature and type of aircraft activity and services available at the facility. Figure E-2 presents a graphic depiction of Airport use recommendations. A total of eight sites covering approximately 319 acres are illustrated. The plan includes approximately 48 acres for airport related use, 129 acres of non-aviation use and over 141 acres of recreation and open space buffer area.



DESCRIPTION OF THE AIRPORT'S COMPETITIVE POSITION

There are five public-use airports within a 35 mile radius of East Hampton Airport. Three of the service area airports have primary runways of less than 3,300 feet, and serve primarily recreational users. Suffolk



Site No.	Recommended Use	Acres
①	Taxiway, Aprons, Hangars	12.3
②	Aircraft Hangar	0.9
③	Vehicle Parking	1.0
④	Aircraft Hangars	34.0
⑤	Airport Industrial Park	73.5
⑥	Commuter Parking	3.1
⑦	Commercial/ Service/ Light Industrial	52.4
⑧	Commercial/ Service/ Light Industrial	13.7
⑨	Commercial/ Service/ Light Industrial	6.9
⑩	Recreation and Open Space	141.4

LEGEND

- Future Aviation Related Use
- Future Non-Aviation Use
- Future Airfield Pavement
- Existing Airfield Pavement
- Existing Airport Buildings
- Airport Property Line
- Runway Protection Zone
- Object Free Area
- Runway Safety Area



EAST HAMPTON AIRPORT	
FUTURE AIRPORT LAND USE	
<p style="text-align: center;">McFarland-Johnson, Inc. in association with R.A. Wiedemann & Associates, Inc. and Shumaker Consulting Engineers</p>	<p>FIGURE E - 2</p>

County-Gabreski Airport has the longest runway at 9,000 feet, while East Hampton and Brookhaven airports have primary runways between 4,200-4,300 feet. Examination of rates and charges at area airports reveals that East Hampton landing fees, fuel costs, and aircraft hangar storage rates are in the middle-to-upper price range.



ECONOMIC ANALYSIS OPTIONS AND RECOMMENDATIONS

A number of recommendations have been made as a part of this study, all with the goals of improving the Airport's financial performance and its community compatibility. Specific recommendations by timeframe are presented below:

Immediate

- **1st Priority - Preserve Existing Facilities:** Existing facilities at the Airport should be preserved through regular maintenance and capital investment.
- **2nd Priority - Eligible Grants:** It is recommended that grants for all eligible projects be sought from both the FAA and NYSDOT. All open grants should be closed out as soon as allowed by project completion.

4/2002-12/2002

- **1st Priority - Industrial Road Development:** Market vacant lease parcels on Industrial Road, once the release of property by the FAA is formalized.
- **2nd Priority - Conversion of Tie-Down Space to Hangars:** Begin development of 10 additional hangar spaces for the conversion of tie-down space to hangar space.
- **3rd Priority - Community Outreach:** The Airport should continue to be promoted by the Town as a venue for community outreach, educational, and charity events.
- **3rd Priority (tie) - Economic Impact:** The economic impact of the Airport should be publicized locally to enhance understanding and appreciation.

1/2003-12/2005

- **1st Priority - Conversion of Tie-Down Space to Hangars:** Begin development of 10 additional hangar spaces for the conversion of tie-down space to hangar space.
- **2nd Priority - Increase Fuel Flowage Fees:** Fuel flowage fees should be increased by \$0.03 per gallon by the year 2005.
- **3rd Priority - Airport Land Use:** Airport land should be examined for both aviation and non-aviation uses.
- **4th Priority - Intangible Asset Development:** Land properly released from aeronautical use by the FAA should be used for community-friendly projects such as recreational facilities, affordable housing, or an intermodal terminal.

Other Recommendations

- **Management Structure:** No changes are recommended for the management structure or practice at the Airport.
- **Administrative:** No changes are recommended for the administrative or accounting practices at the Airport.

If these recommendations are followed it is estimated conservatively that net revenues at the Airport can be increased as follows:

	<u>Expenses</u>	<u>Revenues</u>	<u>Net Revenues</u>
● 2002	\$1,260,800	\$1,351,500	\$ 90,700
● 2003	\$1,273,600	\$1,397,000	\$123,400
● 2004	\$1,281,700	\$1,429,300	\$147,600
● 2005	\$1,295,000	\$1,490,600	\$195,600

These net revenues do not include the annual \$254,000 subsidy to the Airport by the Town. As shown, the Airport is likely to increase net revenues to nearly \$200,000 by the year 2005. This financial performance may allow the Airport tax, currently necessary for operations, to be reduced or eliminated.

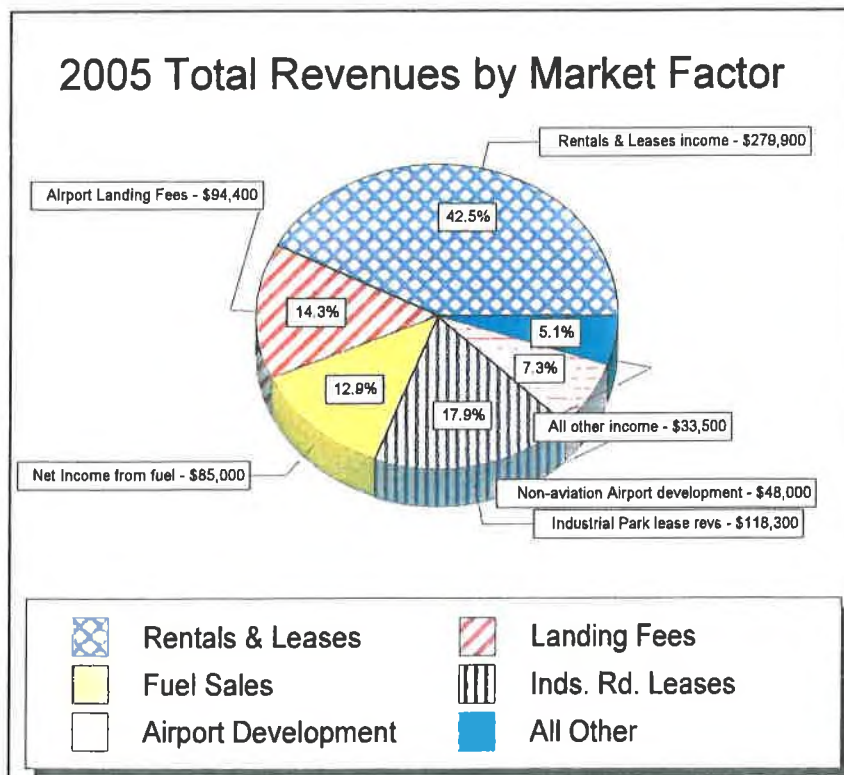


Figure E-3 - Strategic Impact of Market Factors on Revenues