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VTrans

Vermont Agency of Transportation

STATEWIDE AIRPORT BUSINESS PLANS

NEWPORT STATE AIRPORT



Prepared by:

McFarland Johnson

40 Farrell Street | South Burlington, VT 05403-6112 | www.mjinc.com

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1. INTRODUCTION

This business plan is intended to recommend potential means of improving the financial performance of the Newport State Airport (EFK). In addition, this business plan will seek to identify methods to embrace current and future economic development activities in the Newport area and tie that development to the Airport's growth and expansion. It is hoped that the Airport will be a key element in the future growth of the region, nicknamed the Northeast Kingdom.

1.1 Missions & Goals

Knowledge of the missions, goals, and background of the sponsor, the Airport, and the development community, helps to identify some of the opportunities and challenges that are currently facing the Airport and that could face the Airport in the future. A clearly defined, current, and realistic mission statement provides the oversight framework to benefit from opportunities as they arise. This analysis is geared toward the future and toward positioning the Airport to take the best advantage of its strengths and assets.

State of Vermont Agency of Transportation

Newport State Airport is owned by the State of Vermont Agency of Transportation (VTrans). VTrans currently owns ten airports across the State. Of these ten airports, seven are operated by the individual airport's contracted Fixed Base Operators (FBO) and the remaining three are operated by State employees. While the mission of each of the individual airports owned by VTrans varies, the mission of the airport system includes many of the overarching themes important at Newport State Airport:

"Vermont's airport system will be accessible, safe, and secure, meeting the needs of its business and recreational users, including implementing new technologies to support the future system. The airport system will be preserved and enhanced, while meeting Federal and State guidance and promoting responsible environmental stewardship and land use compatibility. Vermont's airports will be operated as business-oriented facilities focusing on creating opportunities for a return on the investment and will provide intermodal linkages to national transportation systems¹."

The 2007 Vermont Airport System and Policy Plan (VASPP) also included several goals for VTrans for the coming years. Several of these goals are relevant to the Newport State Airport, including:

- Provide a system of airports that is accessible for people and goods from both the ground and the air throughout the State.
- Preserve and enhance Vermont's existing airport systems infrastructure investment through maintenance and rehabilitation to meet future growth and demand as well as

¹ Executive Summary: Vermont Airport System and Policy Plan, February 2007.

- providing new infrastructure to meet future needs in support of the national air transportation system when needed.
- Plan for future airport development and protect public investment in airports through promotion of compatible land use in the vicinity of airports.
 - Provide a safe and secure system of airports that meets State and Federal guidelines, including routine inspections of airports such as the 5010 Program.
 - Seek adequate and stable funding, including FAA assistance, and assure appropriate staffing to support the Agency's mission.
 - Make timely, sound infrastructure investments derived from airport master plans and based on priorities that are determined through coordination with Vermont's aviation stakeholders, including use of the Vermont Airport Capital Facilities Program.
 - Strive to generate appropriate revenues from the operation of the State-owned airports in support of their continued operation and expansion utilizing a business-oriented approach.

Newport State Airport

Newport State Airport provides a base for recreational and business air transportation services for the local community and the Northeast Kingdom region. However, the Airport does not have a formal mission statement. If a mission statement were to be adopted for the Airport, it could be stated as:

“The mission of the Newport State Airport is to provide safe, efficient, and fiscally sound airport facilities and services to residents and visitors to the Newport area. The Airport strives to be an important part of the Newport community and a catalyst for future development and growth in the Northeast Kingdom.”

Program goals to support the mission, as stated above, could include:

- Continue to operate the Airport safely and efficiently.
- Strive to manage expenditures and increase revenues at the Airport.
- Encourage private sector investment in the utilization and development of the Airport's facilities.
- Create an environment that facilitates business activity and access to the region's businesses.
- Pursue funding for implementation of necessary capital improvement projects to improve safety and usability of the Airport.

At present, Newport is managed by Lakeview Aviation, the Fixed Base Operator (FBO) at the Airport. The FBO receives a small stipend from the State for serving as the Airport Manager.

1.2 Desired End Products

The report that will result from this analysis includes the following:

- An evaluation of current airport business operating practices.
- The identification and evaluation of needs, opportunities, and challenges facing the Airport.
- A five-year projection of revenues and expenses at the Airport for the baseline case and alternative scenarios.
- Strategic planning recommendations for the Airport.
- Graphic materials for airport promotion including color brochures.
- An economic impact evaluation of the Airport, identifying jobs, income, and total output associated with the facility.

1.3 Report Outline

Several aspects of the Airport will be considered as part of this project. These aspects include the financial performance of the Airport, the presence and/or capability to attract corporate or business aviation, the size of the current facility, the relationship between the Airport and the Northeast Kingdom community, and the economic impact of the Airport on the community.

This report has been organized to include the following sections in order to address the issues described above and to produce the desired end products:

- Section 1* - Introduction
- Section 2* - Background
- Section 3* - Airport Characteristics
- Section 4* - Airport Issues
- Section 5* - Airport Improvement Options
- Section 6* - Recommended Plan
- Section 7* - Economic Impact Analysis
- Appendix A* - Lease Summaries
- Appendix B* – Incentives & Programs
- Appendix C* - IMPLAN Results

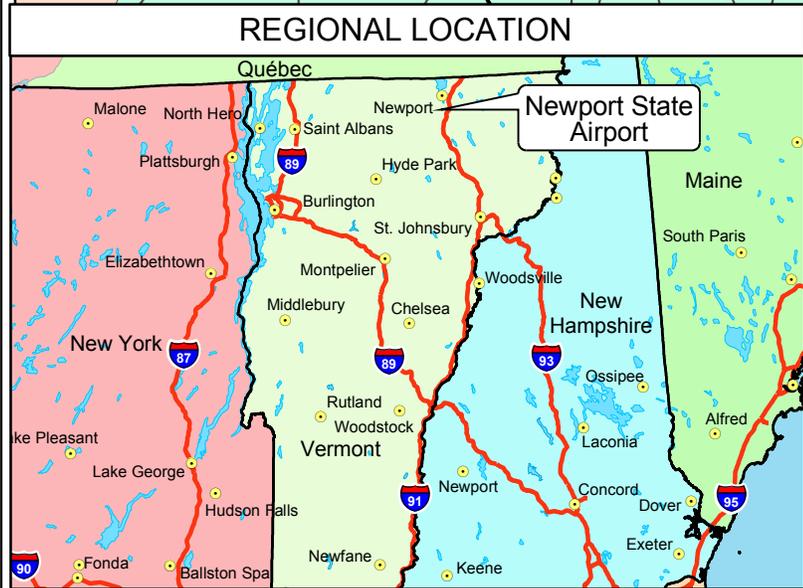
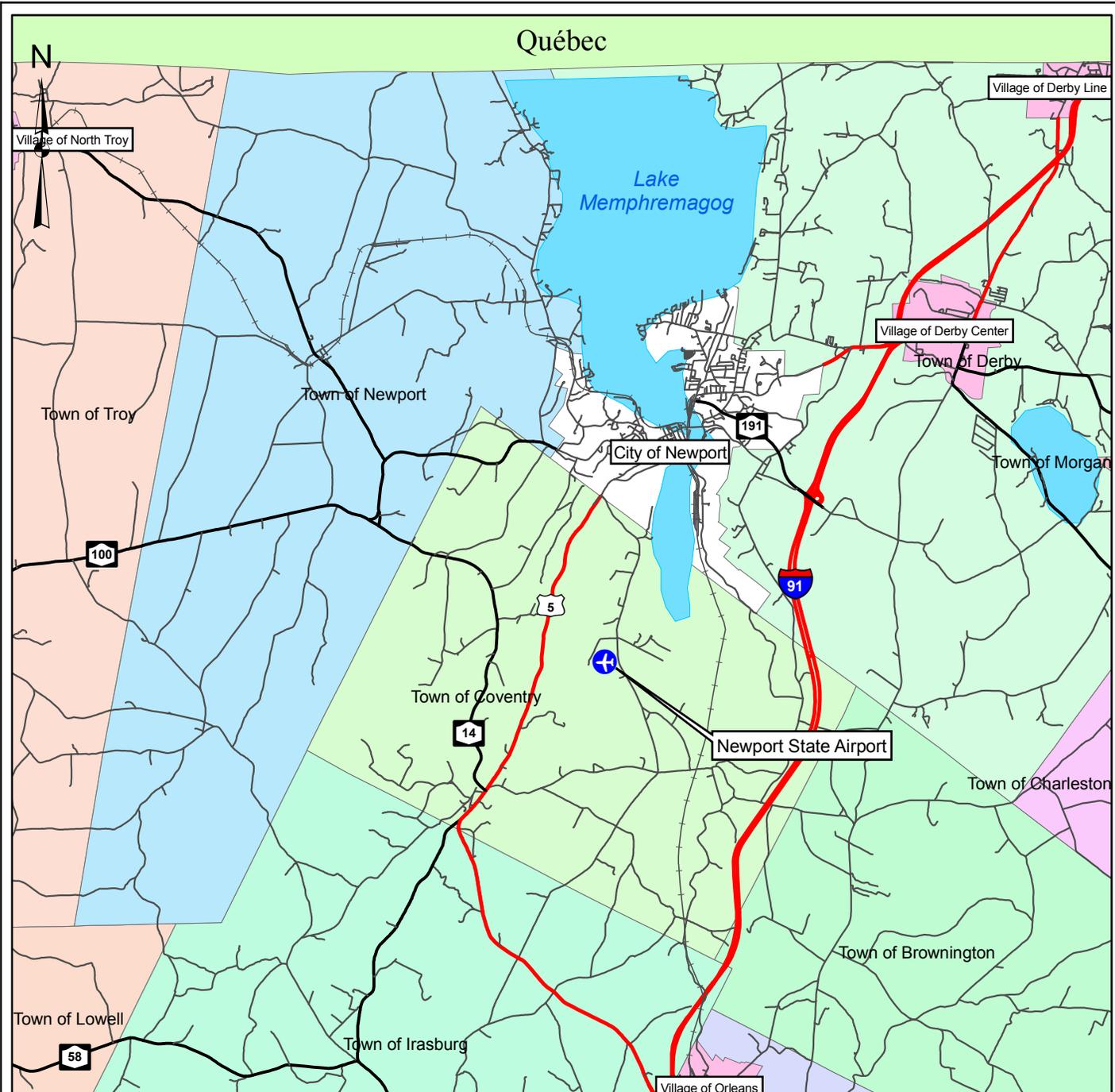
2. BACKGROUND

2.1 Airport Location

Newport State Airport is located in northern Orleans County, Vermont, approximately eight miles south of the Canadian border. The Airport is located in the Town of Coventry, approximately three miles to the southwest of the City of Newport. The population of the Town of Coventry was 1,014 in the year 2000, while the City of Newport had a population of 5,005 and was the second smallest city in the State, ahead of only Vergennes. The Airport is 40 miles north of St. Johnsbury, Vermont and 111 miles southeast of Montreal, Quebec. Access to the Newport area is provided from the north and south via Interstate 91, with its northern terminus at the Canadian border and its southern terminus in New Haven, Connecticut. Interstate 91 is located to the east of the Airport. Additional access from the north and south is provided via U.S. Route 5, and State Routes 5A, 14, and 100. Access to the area from the east and west is mainly via State Route 105, originating in St. Albans at the western border of the State and terminating at Brunswick along the New Hampshire border. State Route 105 passes through Newport. U.S. Route 5, State Route 105, and State Route 191 all provide access to Downtown Newport from Interstate 91. Access to the Airport is gained via U.S. Route 5 to Airport Road. The Airport location is shown in Figure 1.

Newport State Airport is located in a predominately rural section of Orleans County, surrounded in three directions to the south, east, and west by agricultural fields and rural residential development, and to the north by a landfill. In 2004, the Airport and an adjacent farm were utilized for *Coventry*, a music festival that featured the final concert by the musical group *Phish*. An estimated 65,000 people attended the event on the rain soaked farm next to the Airport, utilizing the runways and other airport space for parking. According to the airport manager, the terminal building was utilized as a convenience store during the event, with a tractor-trailer brought to the Airport to keep shelves stocked.

To the north of the Airport is a sanitary landfill owned and operated by New England Waste Services of Vermont, a subsidiary of Rutland-based Casella Waste Systems. The entrance to the landfill is along Airport Road. As with most sanitary landfills, an odor from the waste is noticeable at the Airport under some conditions. In addition, there were problems in the past at the Airport associated with seagulls hovering over the landfill. These seagulls caused a safety issue for airport users. Airport management has indicated that a wildlife deterrence program operated by the landfill has been successful as of late in mitigating the effects of the birds on the Airport and the community. The landfill also attracts wild animals such as bears and deer. Currently, the landfill is reaching capacity and Casella has plans to expand the landfill further south to the Airport property line. Any changes that occur at the Airport in the future will need to consider this proposed expansion.



NEWPORT STATE AIRPORT
ORLEANS COUNTY, VERMONT

LOCATION MAP

SCALE: AS SHOWN	DATE: NOVEMBER 2008	FIGURE: 1
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2.2 Regional Profile

As noted above, the Airport, while maintaining the Newport name, is actually located in the Town of Coventry. However, the regional economic center for the area is the City of Newport. Founded in 1918, the City of Newport was formerly a Village and a part of the Town of Newport. The central business district abuts the southern shore of Lake Memphremagog, a 30-mile long waterway along the United States-Canada border. The lake is a source of tourist traffic via several boat tours that dock at the City Dock as well as private boat owners, mainly from Canada, who utilize the lake for vacation purposes. Newport is one of only a few sites in the country with an Outlying Area Reporting Station (OARS) connected to the United States Customs and Border Patrol. With this system, tourists on the lake can utilize the Newport City Dock and clear Customs via a video telephone system installed at the Dock, eliminating the need to make additional stops outside of Newport and providing an incentive to stop in Downtown Newport².

Downtown Newport is currently undergoing a massive revitalization, with a variety of businesses including a health food store, several restaurants, art galleries, a bookstore, and a hardware store. In addition, the State has recently constructed a new State Office Complex adjacent to the waterfront that includes a new campus for the Community College of Vermont. The 2004 Municipal Plan indicated that the construction of the State offices was the beginning towards a new movement to better utilize the waterfront as an asset to the town. In the future, businesses looking to rehabilitate buildings in the downtown area will be encouraged to utilize what is now the back of the structures, facing the waterfront, as a focal point in their development. Merchants in the downtown area have been supporting revitalization efforts through the renovations of various storefronts, in addition to the purchasing of similar flags (manufactured by a local merchant) that identify the goods available in each store.

The population of the city shrank from a peak in 1950 of 5,217 to 4,434 in 1990. However, as the city has begun, and continues, to revitalize, and new employers have continued to locate in the area, population numbers began to rise. In 2000, the population of Newport had grown by 12.9% to 5,005. A 2006 population estimate predicted that the population of the city grew by another 5.7% to 5,289, the largest population in the history of Newport. The surrounding Town of Newport has also seen growth, with a constant rise in population from 1,125 in 1970 to a 2006 population estimate of 1,890, or a growth of nearly 68%. The population of Orleans County has grown recently, with a 1970 population of 20,153 and a 2006 population estimate of 27,718, or a growth rate of nearly 38%³.

According to the 2000 United States Census, 75% of the population in Newport over the age of 25 had received a high school diploma, while only 15% had received a Bachelors degree. Both of these figures are well below the national average, indicative of the service industry dominance in the Newport area, which will be discussed in a later section. Nearly 30% of the population is classified as disabled and the median age in the city is nearly 40, both above the national average. These figures indicate an aging population with an increased level of “brain

² United States Customs & Border Protection
(http://www.customs.gov/xp/cgov/travel/pleasure_boats/boats/oars.xml)

³ State of Vermont Department of Health (<http://healthvermont.gov/research/2006pop/2006pop.aspx>)

drain”, or a loss of younger, more educated residents, to other areas of the State or country. The median household income in 2000 was at \$25,544, or 61% below the national average. Nearly 90% of the homes in Newport are occupied, 52% of which are owner-occupied with the remaining rented or utilized as a secondary residence⁴.

The figures presented in the previous paragraphs are representative only of the year-round population in Newport and Orleans County. The State of Vermont has one of the largest rates of second homeownership in the country. According to the 2008 Newport City Market Analysis, there are approximately 49,000 second homes in Vermont, including approximately 4,700 vacant housing units in the Newport primary trade area, some of which are second homes and some of which are truly vacant. According to a 2005 regional analysis completed by the Northeast Vermont Development Association, 24% of the total housing units in Orleans County were second homes. Second homeownership is expected to rise in the region with the proposed construction of approximately 1,000 new homes adjacent to the Jay Peak Ski Resort in Orleans County, and 1,000 new homes adjacent to Burke Mountain Ski Resort in nearby Caledonia County. Officials in the Newport area indicate that these units may be utilized as second and third homes.

2.3 Airport & Regional Economic Climate

The business climate at the Airport and within the surrounding region was reviewed to illustrate strengths and weaknesses of the region prior to considering business plan alternatives. In order to develop a successful business plan for the Airport, it must serve the needs, current and future, of its surrounding community. Making sure that the Airport has the facilities that the community needs will help to ensure that the Airport can generate revenue for the State of Vermont.

Existing Airport Tenants & Users

There are many tenants at the Newport State Airport. Descriptions of several of these lessees are below:

Lakeview Aviation

Lakeview Aviation is currently the FBO at Newport. In addition to serving the needs of airport users as the FBO, the owner has also been contracted by VTrans to act as the airport manager and to maintain the grass areas at the Airport. Lakeview provides a variety of services to users of the Airport including maintenance, aircraft rentals, flight training, a pilot lounge, a courtesy car, 100LL and Jet-A aircraft fuel, and aircraft parking space, both in hangars and on aprons.

Lakeview leases two buildings at the airfield including the 1,250 square foot terminal building and the 3,780 square foot maintenance hangar (which also includes the former airport restaurant, which is currently closed and utilized for storage). In addition, the FBO owns one

⁴ American Factfinder, U.S. Census Bureau, (<http://factfinder.census.gov>)

conventional hangar on land leased from the State at the Airport where aircraft owners can lease space for interior parking. Lakeview Aviation has been the FBO at the Airport since December 2003.

Corporate Aviation

While no corporate aircraft are currently based at the Airport, the 2007 Airport Layout Plan Update (ALPU) listed nearly 45 company-owned jets or turboprop aircraft that utilized the facilities at Newport State Airport over a one-year time span starting in mid-2006. These aircraft include charter aircraft as well as corporate aircraft. A full listing of these users can be found in Table 1.

Alaska Power & Telephone	ATM Holdings	Bob Jones University	Columbia Forest Products
Delta Railroad Construction	Denton Aviation Consulting	Earthwalk Communications	Elias-Savon
Family Dollar	Golden Rule Financial	GS Air	Highland Associates
Knowlton Aviation	Ligonair	LJ Associates	Malco Leasing
McNeill Transportation II	Menzil	Meyer Chatfield Aviation	Mooney Airplane
Myers Medical Equity	Nighthawk Management	Northcoast Technologies	Northeastern Aviation
Northwestern Michigan College	On-Air	Ponder Investment	Primecare Medical
Rubaiyat Trading	SIMS Innovations	Socata Aircraft	Super King Partners
Synergy International	TD Air	Textron Corporation	Tyburn Management
Wal-Mart	Watersoft	Wells Fargo Bank	Wells Fargo Equipment Finance
Wells Highland Whites Partnership	Wildcat Ventures	YDJ Reinsurance Intermediaries	Zeliff Construction

Source: Airport Layout Plan Update, November 2007

Regional Economic Profile

The economy of the City of Newport and Orleans County has been historically based on a strong manufacturing presence. However, since 1999, manufacturing jobs have diminished and the companies in service industries became the dominant employers in the region. While manufacturing has decreased in importance in the region, there is still a strong presence by many new and old employers in the Newport area in this sector. In addition to manufacturing and the service industry, government employment in Orleans County has also been an important contributor to the economy. While it would be expected that Orleans County, the third-largest producer of agricultural products in the State of Vermont, would have a large number of employees in agriculture-related professions, agriculture counts for only a small number of jobs in Orleans County.

Major employers in the Orleans County area can be found in a variety of industries. According to the Northeast Vermont Development Association (NVDA), the largest employer in Orleans County is Jay Peak Ski Resort, with approximately 200 year-round employees, and over 300 additional employees during peak months. Nearly all of these positions are in the service industry performing tasks throughout the resort from ski lift operators to housekeeping staff. Table 2, below, details the major employers in the Newport area.

Employer	Approximate Number of Employees
Jay Peak Ski Resort	500
Columbia Forest Products	350
Ethan Allan	350
North Country Hospital	300
MSA Gallet	80
Newport Furniture	80
Louis Garneau	80
Vermont Teddy Bear	80

Source: Northeast Vermont Development Association

Today, a breakdown of Orleans County employment by economic sector shows that 20 percent of total employment is with Governmental agencies (federal, state, and local), 19 percent is in the Education/Healthcare sector; 18 percent is in Trade, Transport, & Utilities; Manufacturing employs 17 percent; Retail employs 13 percent; and Agriculture employs one percent⁵. The remaining 17 percent is distributed throughout the other employment sectors.

Second-home ownership in Vermont is very high. Even with the slump in the nationwide housing market, national statistics show that Vermont was one of only two states that had an increase in the sales price of dwellings in the third quarter of 2007 compared the third quarter of 2006. In a supplement to the 2008 Newport City Market Analysis, it was calculated that second home visitation added over \$101 million in visitor spending to the economy of Vermont⁶.

In addition to second-home ownership in the Newport area, tourism is also a key component to the growing economy of the region. During the summers of 2006 and 2007, the North Country Chamber of Commerce received 1,351 visitors from Quebec, as well as 1,034 from Vermont, 453 from Massachusetts, and 326 from New Hampshire. While these figures solely represent those who stopped at the Chamber of Commerce for information, it is an indication of the origin of visitors as well as the overall number of visitors to the area. Between January and August of 2007, 356 people visited the Chamber. Of these visitors, 101 requested information about destinations outside of Newport, including Canada and neighboring regions in Vermont and New England. Seventy-five of the inquiries were for activities in the region, including Lake Memphremagog, and 68 were interested in shopping and retail available in the region.

⁵ Regional Plan for the Northeast Kingdom, Volume II: Regional Analysis, August 2006.

⁶ Newport City Market Analysis, 2008.

Industrial Parks

One measure of a community's economic growth potential is the extent to which industrial and/or commercial space is available to accommodate business growth. In the Newport vicinity, a variety of individual retail, office, and commercial/industrial facilities are currently on the market for sale and/or lease. Such facilities can be found in downtown Newport, Derby, and Orleans. For businesses seeking vacant land for new construction, the area is home to the following industrial parks:

- **Orleans Business Park:** This Park is located approximately seven miles south of the Airport. Currently, 25 acres of space in the park has been leased by current and prospective occupants. Occupants include North Troy Wood Products, who are considering the purchase of an additional lot in the park. If this lot is purchased, the business park would be fully occupied.
- **Derby Industrial Park:** This privately owned industrial park is approximately five miles east of the Airport, near Interstate 91. This park is utilized by manufacturer MSA Helmets, who leases space on one of the three currently occupied lots. There are seven lots available for future development.
- **St. Johnsbury/Lyndon Industrial Park:** The St. Johnsbury/Lyndon Industrial Park comprises approximately 135 acres and is situated west of Interstate 89 and east of U.S. 5 in Lyndon, north of St. Johnsbury and South of Newport and Derby. The park is 33 miles south of the Airport. Approximately 75 acres are available for development. Current tenants in the park include UPS, the Carter Business Resource Center, and a 24/7 childcare center.

There are also a wide variety of individual commercial and/or industrial sites in the area, which range from small facilities of just 2,000 - 3,000 square feet, to medium-sized facilities of around 30,000 square feet. The following is a sample of the facilities:

- **Newport Incubator Building:** This building is approximately six miles south of the Airport on Lakemont Drive in Newport, near North Country Hospital. The site is home to the regional office for the Northeast Vermont Development Association, as well as offices for the Northeast Kingdom Collaborative, the USDA/Rural Development Association, and several medical offices. In addition, there is some space available for future growth at the complex.
- **Downtown Newport:** There is space available for new offices and small businesses in Downtown Newport, particularly on Main Street. There are several buildings with ground level retail space and upper-level office space available, including the former Montgomery Wards building which currently houses a natural foods store and café on the ground floor, and offices on the upper-levels.

Federal Economic Programs

Through the progressive efforts of residents and development officials in the Northeast Kingdom, the region has received two unique designations from the Federal government. Both of these designations are designed to increase the quality of life in the Northeast Kingdom while at the same time creating jobs and enhancing the economic viability of the region. These programs are detailed below:

EB-5 Visa Program

The EB-5 Visa Program was created under section 203(b)(5) of the Immigration and Nationality Act (INA), 8 U.S.C. § 1153(b)(5). This program allows for 10,000 immigrant visas to become available annually for foreign investors who are seeking permanent United States residence based on their work and partnership in a new commercial venture in the United States. According to the United States Citizenship & Immigration Services Bureau (CIS), of these 10,000 visas set aside annually for the program, 5,000 are specifically dedicated for investors who have applied under a pilot program involving dedicated “Regional Centers.” A Regional Center is defined by the CIS as a project that:

- Is an entity, organization or agency that has been approved as such by the Service;
- Focuses on a specific geographic area within the United States; and,
- Seeks to promote economic growth through increased export sales, improved regional productivity, creation of new jobs, and increased domestic capital investment.⁷

The Jay Peak Ski Resort, and the planned expansion and construction of a new hotel, has been recognized as a regional center by the CIS. According to a 2008 interview in the *New York Times*, there are 35 investors in the new hotel development at Jay Peak who are a part of the EB-5 program. In the near future, another hotel and water park is to be constructed with funds collected from 150 EB-5 investors⁸. In addition, a waterfront hotel in Downtown Newport and a bio-tech facility, expected to bring at least two-hundred new jobs to the area, are expected to be part of the EB-5 program⁹.

In order to participate in the EB-5 program, an investor must:

- Demonstrate that a "qualified investment" (defined in the paragraph below) is being made in a new commercial enterprise located within an approved Regional Center; and,
- Show, using reasonable methodologies, that 10 or more jobs are actually created either directly or indirectly by the new commercial enterprise through revenues

⁷ United States Citizenship and Immigration Services, Immigration Through Investment, (<http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=4ff96138f898d010VgnVCM10000048f3d6a1RCRD&vgnnextchannel=4f719c7755cb9010VgnVCM10000045f3d6a1RCRD>)

⁸ Bernstein, Fred. For Foreign Investors Only, Profit Isn't Only Goal, *New York Times*, March 16, 2008.

⁹ Smith, Robin. Stenger: Bio-Tech Facility Going to Orleans County, *Caledonian Record*, September 19, 2009.

generated from increased exports, improved regional productivity, job creation, or increased domestic capital investment resulting from the pilot program.

There are a variety of regulations regarding participation in the EB-5 program. Investors must first start a new commercial enterprise by creating a new business; purchase an existing business and immediately restructure it; or expand an existing business by 140% of the current employment or maintain the current employment of a business that has lost greater than 20% of its net worth within the past two years. In addition, investors must invest at least \$1,000,000, or, in the case of Jay Peak, if the investment is in an area where the unemployment rate is greater than 150% above the national unemployment rate, a minimum investment of only \$500,000 is required. Finally, an investor must create full-time employment for a minimum of 10 persons, or maintain current employment at the pre-investment level for commercial enterprises that have been in business for at least two years and have lost greater than 20% of its net worth within the past two years. After these conditions are met, investors can apply for permanent resident status. There are no requirements with the EB-5 program that investors reside, or ever visit, their investments or the locations where their investments have occurred. Newport Renaissance and the Northeast Vermont Development Association have both indicated that the EB-5 program has been significant in the expansion of Jay Peak and in creating new jobs in an area that has historically had the highest unemployment in Vermont.¹⁰

Rural Economic Assistance Program

The Rural Economic Assistance Program (REAP) is a pilot program organized by the United States Department of Agriculture's (USDA) Rural Development Agency, with local representatives organizing the program in designated regions. As of 2008, there are five regions in the United States, including two each in Upstate New York and North Dakota, as well as a program in the Northeast Kingdom. "The REAP Initiative was established to address critical issues related to constraints in economic activity and growth, low density settlement patterns, stagnant or declining employment, and isolation that has led to disconnection from markets, suppliers, and centers of information and finance".¹¹ The program is intended to improve the economic condition of rural communities in the project regions. The four project goals are:

- Improving economic viability, diversity, and competitiveness of the local economy and enhancing its participation in state, national and global markets;
- Assisting local communities to develop cooperative strategies that will maintain and expand essential community functions, basic infrastructure, education, health care, housing, and telecommunications;
- Assisting families with crises resulting from displaced employees and joblessness; and
- Providing financial and technical assistance to implement a citizen-built strategic plan.

¹⁰ United States Citizenship and Immigration Services, Immigration Through Investment, (<http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnnextoid=4ff96138f898d010VgnVCM10000048f3d6a1RCRD&vgnnextchannel=4f719c7755cb9010VgnVCM10000045f3d6a1RCRD>)

¹¹ United States Department of Agriculture, Rural Economic Area Partnership Zones, (<http://www.rurdev.usda.gov/rbs/ezec/Communit/reap.html>)

Each participating community, and the designated community group in charge of the local efforts, is required to develop a citizen-led long-term strategic plan according to the principles of the Community Empowerment Initiative, an aspect of the program. In the case of the Northeast Kingdom, the lead agency is the Northeast Kingdom Enterprise Collaborative. REAP zones are required to follow a set of guidelines. These guidelines are detailed in Appendix B. Total REAP spending in the Northeast Kingdom for Fiscal Year 2007 was over \$11 million. Over \$5 million was utilized for both business and cooperative programs, and housing programs. Over \$500,000 was utilized for community programs. The REAP program has infused over \$65 million in the region since its establishment in 2000. In addition, the 2007 Annual Report indicates that much of the USDA funding also received local matches, indicating local support of projects and an increased amount of money available for projects proposed by the local REAP community participants.¹²

In a July 2008 meeting with the director of Newport Renaissance, a group committed to the revitalization of the Newport area, it was noted that REAP has indicated a willingness to participate in a runway extension at Newport State Airport. It is the belief of local REAP representatives that the runway extension will have a significant impact on the economy of the Northeast Kingdom by bringing new jobs and allowing for the successful completion of the proposed expansion projects at Jay Peak and Burke Ski Resorts.

Local and State Incentives & Programs

Review of the local business climate in Newport, Orleans County, and the entire Northeast Kingdom benefits from consideration of local and State incentives and programs available to support the growth and expansion of businesses in the area. Such incentives and programs, in concert with available developable land, create an environment where businesses have the ability to grow. A complete listing of local and State incentives can be found in Appendix B.

¹² United States Department of Agriculture, Northeast Kingdom REAP Zone, (<http://www.rurdev.usda.gov/rbs/ezec/Communit/vtreap.html>)

3. AIRPORT CHARACTERISTICS

3.1 Airport Classification

The Vermont Airport System and Policy Plan (VASPP) divided all public-use airports in the State of Vermont into four categories: National Service, Regional Service, Local Service, and Specialty Service. Newport was classified by the VASPP as a Local Service Airport. Such airports primarily cater to recreational and personal flying activities and are considered to have a significant level of importance to the community. These airports may serve some corporate/business aviation users, including jet activity, in addition to flight training, but primarily provide storage and facilities for piston-driven single and multi-engine aircraft.¹³ Newport State Airport, while meeting many characteristics of a Local Service Airport, serves the Northeast Kingdom as a regional airport, with corporate and charter traffic that exceeds the standards established for a Local Service classification. Appendix D of the VASPP provides several objectives that a Local Service Airport should meet. The objectives and their current status at the Airport are noted in Table 3.

Objective	Recommended Minimum	Minimum Standard Met	Minimum Standard Not Met
Airport Reference Code	B-I	X	
Runway Length	4,000'	X	
Runway Width	75'	X	
Runway Strength	12,500 lbs	X	
Taxiway Requirements	Connectors or Turnarounds, Partial Parallel Desired	X	
Approach	Non-Precision 1,000'/3 miles	X	
NAVAIDs	Rotating Beacon, Lighted Wind Indicator / Segmented Circle, VGSI, Appropriate Non-Precision Approach	X	
Lighting	Medium Intensity Runway Lights	X	
Weather Reporting	AWOS or ASOS	X	
Ground Communications	Public Phone, Ground Communication Outlets or Remote Communication Outlets	X	
Hangar Space	15,300 sq. ft.		X
Apron Space	2,400 sq. ft.	X	
Terminal/Administration Building Space	1,500 sq. ft.	X	
Fence Coverage	Operations Area at Minimum		X
Automobile Parking	21 spaces	X	
Fuel Service	Self-Serve AvGas, Jet A as needed	X	
FBO Requirements	Limited Service	X	
Aircraft Maintenance	Limited Service	X	
Ground Transportation	Loaner Car Available, Rental Car Desirable	X	

¹³ Vermont Airport System and Policy Plan, February 2007, Chapter 3, page 3.12.

The Airport is also included in the *National Plan of Integrated Airport Systems (NPIAS)*. The NPIAS is a national airport system plan for the development of public use airports in the United States prepared by the Federal Aviation Administration (FAA). This plan identifies needed improvements in the national airport system for airports that are eligible for federal funding provided through the Airport Improvement Program (AIP). Expenditure of AIP funds is scheduled through the five-year Airport Capital Improvement Program (ACIP). The Airport's role in the NPIAS is that of a general aviation airport. General aviation activity at the Airport is comprised of primarily single-engine and multi-engine propeller aircraft used for both business and recreational purposes or activities.

3.2 Existing Aviation Activity

Like many other small general aviation airports, Newport State Airport caters to a wide variety of users from private individuals using the Airport for recreational flying and flight training to those utilizing the Airport to access nearby attractions and businesses. At present, there is a limited amount of business and corporate related flight activity with a much larger amount of flight activity related to nearby attractions such as Jay Peak and Burke Mountain Ski Resorts. The proximity to these attractions, the facilities available at the airfield, as well as the paved runway and taxiway availability make Newport an attractive option for flyers although the limited runway length (4,000') reduces the ability for use by some business jet and larger turboprop aircraft. The Airport Master Record, last updated in April 2008, indicates that 20 single-engine aircraft are based at the Airport and 8,789 operations are completed annually. Specific figures can be found in Table 4.

Table 4: Airport Master Record (2008)	
Based Aircraft	
Ultralight	0
Single Engine	20
Multi-Engine	0
Jet	0
Helicopter	0
TOTAL	20
Operations	
General Aviation	8,564
Commercial Operations	0
Air Taxi	0
Military Operations	220
TOTAL	8,784

Source: FAA Airport Master Record (<http://www.gcr1.com/5010Web/airport.cfm?Site=EFK>)

According to the 2007 VASPP, there were 17 aircraft based at the Airport. This figure included 15 single engine aircraft and two multi-engine aircraft. The 2007 Airport Layout Plan Update (ALPU) indicated 31 based aircraft at the Airport, including three ultralights, two sport

aircraft, 22 single-engine aircraft, three multi-engine aircraft, and one turboprop. However, in a July 2008 meeting with the airport manager, it was determined that there are presently 27 single-engine aircraft based at the Airport, with no based jets or multi-engine aircraft. The airport manager indicated that the lack of jets or multi-engine aircraft could change in the future with new developments occurring in the area and improved airport facilities. In terms of operations, the Airport had 7,140 in 1997 according to the VASPP. The ALPU adjusted that number to coordinate with the increase in based aircraft and determined that 8,000 operations occur annually at the Airport. Forecasts provided in the ALPU can be found in Table 5. Forecasts provided in the VASPP can be found in Table 6.

Table 5: ALPU Based Aircraft & Operations Forecasts				
Based Aircraft				
	Existing (2007)	Short-Term	Intermediate	Long-Term
Ultralight	3	2	2	3
Sport Aircraft	2	5	10	13
Single-Engine	22	23	20	24
Multi-Engine	3	0	0	0
Turboprop	1	2	2	3
Jet	0	2	4	8
Helicopter	0	2	2	3
TOTAL	31	36	41	53
Total Operations				
	Existing (2007)	Short-Term	Intermediate	Long-Term
Ultralight	96	277	305	366
Sport Aircraft	304	1,272	1,811	2,259
Single-Engine	6,176	5,486	5,346	5,827
Multi-Engine	256	990	777	645
Turboprop	528	339	720	1,079
Jet	608	274	541	1,225
Helicopter	32	163	179	215
TOTAL	8,000	8,800	9,680	11,616

Source: Airport Layout Plan Update, November 2007.

Table 6: VASPP Based Aircraft & Operations Forecasts				
Based Aircraft				
	Existing (2005)	Short-Term (2010)	Intermediate (2015)	Long-Term (2020)
Ultralight / Sport / Other	0	0	0	0
Single-Engine	15	16	17	17
Multi-Engine	2	2	2	2
Jet	0	0	0	1
Helicopter	0	0	0	0
TOTAL	17	18	19	20
Total Operations				
	Existing (2005)	Short-Term (2010)	Intermediate (2015)	Long-Term (2020)
General Aviation	6,960	7,400	7,800	8,200
Commercial Operations	0	0	0	0
Military Operations	180	180	180	180
TOTAL	7,140	7,580	7,980	8,380

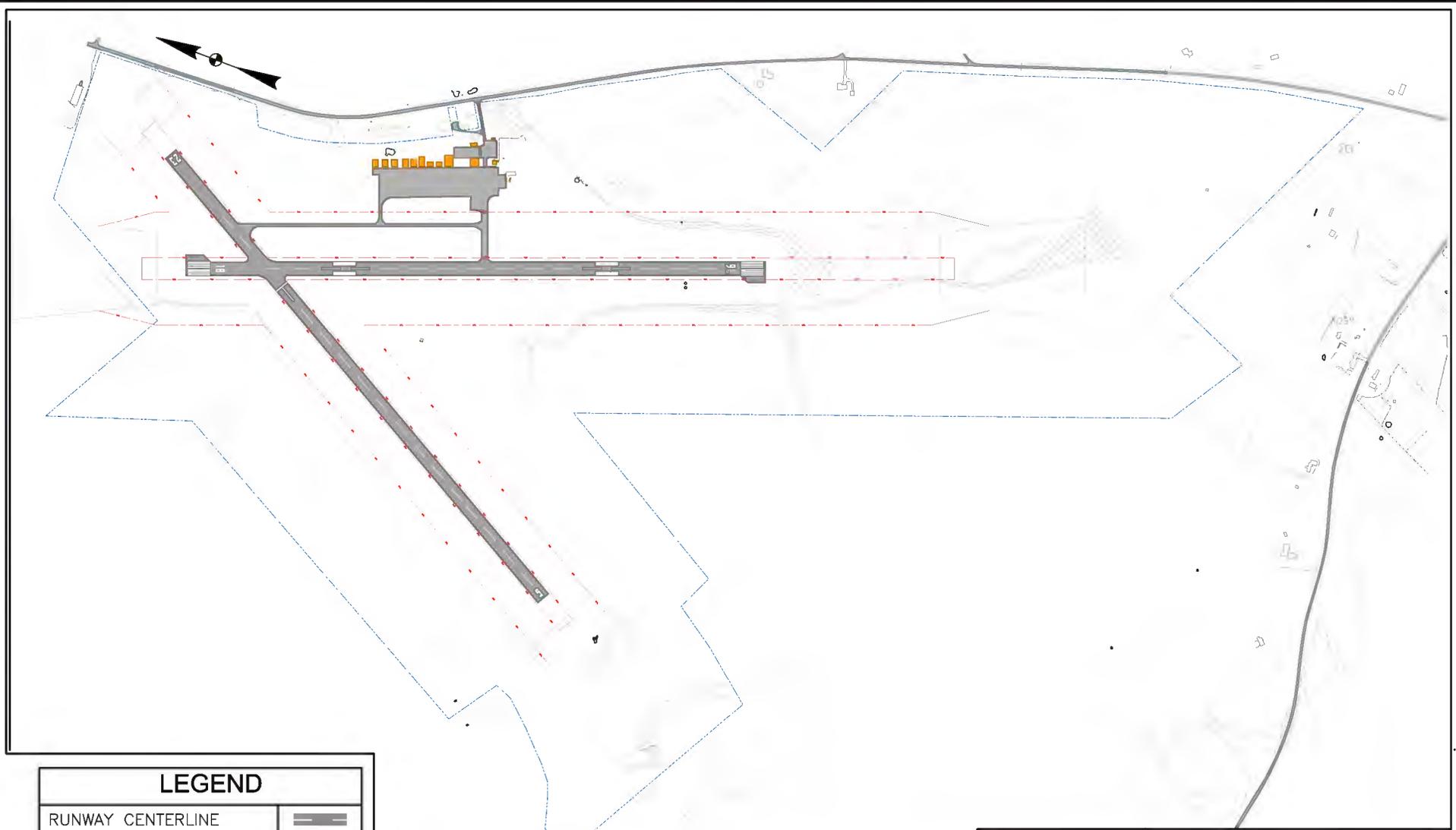
Source: Vermont Airport System & Policy Plan, February 2007.

In addition to the forecasted operations provided by the ALPU and VASPP, the airport manager estimated that the Airport has approximately 7,700 operations annually, with the potential to see a much larger number after a proposed runway extension is completed, including a larger proportion of jet traffic. The airport manager indicated that an acoustical counter was installed at the Airport in an attempt to count operations since the facility does not have a control tower. Based on estimates and results from the acoustical counters, VTrans estimates that Newport State Airport had 10,000 operations in Fiscal Year 2008 (July 1, 2007 through July 1, 2008).

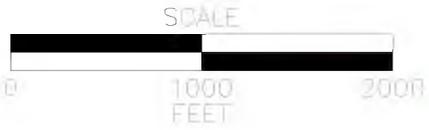
3.3 Existing Airside Facilities

Runways

The Airport has two runways. Runway 18-36 is the primary runway and extends in a north-south direction, while Runway 5-23 is the crosswind runway and extends in an east-west direction. Table 7 summarizes the characteristics of the runways. The airport manager estimated that approximately 20% of the operations at the Airport utilize the crosswind runway during certain weather conditions. Figure 2 shows the existing layout of the Airport and its facilities.



LEGEND	
RUNWAY CENTERLINE	
RUNWAY SAFETY AREA	
BUILDING RESTRICTION LINE	
AIRPORT PROPERTY LINE	
AIRPORT PAVEMENT	
ROADS	
AIRPORT BUILDINGS	
ARP	
WETLAND AREA	



NEWPORT STATE AIRPORT ORLEANS COUNTY, VERMONT		
EXISTING LAYOUT		
SCALE: AS SHOWN	DATE: JUNE 2009	FIGURE: 2
McFarland Johnson in association with		
R.A. Wiedemann & Associates, Inc.		

	Table 7: Runway Characteristics			
	Runways			
	18	36	5	23
Airport Reference Code	B-I		B-I	
Length	4,000'		4,000'	
Width	100'		100'	
Pavement Condition	Good		Fair	
NAVAIDS				
ILS	No	No	No	No
VASI	No	No	No	No
REILs	No	Yes	No	No
MALS/R	No	No	No	No
PAPI	No	Yes	No	No
Runway End Elevation	929'	917'	922'	926'
Marking	Non-Precision		Visual	
Lighting	Medium Intensity Runway Lights		None	
Gross Weight Limitations	Single Wheel: 30,000 lbs. Double Wheel: 44,000 lbs.		Single Wheel: 30,000 lbs. Double Wheel: 44,000 lbs.	

Source: AirNav, July 2008 (<http://www.airnav.com/airport/EFK>)
FAA Airport Master Record, as of July 2008

Taxiways

Newport currently has two taxiways. Taxiway A is a partial parallel taxiway to Runway 18-36. Taxiway A begins 650' from the Runway 23 end of the crosswind runway and terminates at Taxiway B, which is a stub taxiway providing access from the southern end of the apron to Taxiway A and Runway 18-36. There is also an entry point to Taxiway A from the northern end of the apron. With no complete parallel taxiways to any runway end, aircraft landing and preparing to takeoff must taxi on the active runway and utilize runway turnarounds at each runway end.

Airport Reference Code

An Airport Reference Code (ARC) is based on two factors. The letters are based the Approach Speed, which is the stall speed of the aircraft multiplied 1.3 times. The Roman numerals are based on the wingspan or tail height of an aircraft, whichever indicates the most demanding design group. Table 8 below indicates the groupings to determine the ARC. The ARC for an airport is based on the largest aircraft that regularly uses the airport, with the term "regularly" defined as at least 250 takeoffs annually (500 annual operations).

Table 8: Airport Reference Code (ARC)		
Aircraft Approach Category	Approach Speed	
A	Less than 91 knots	
B	91 knots or more but less than 121 knots	
C	121 knots or more but less than 141 knots	
D	141 knots or more but less than 166 knots	
E	166 knots or more	
Airplane Design Group	Wingspan	Tail Height
I	Up to but not including 49 feet	Up to but not including 20 feet
II	49 feet up to but not including 79 feet	20 feet up to but not including 30 feet
III	79 feet up to but not including 118 feet	30 feet up to but not including 45 feet
IV	118 feet up to but not including 171 feet	45 feet up to but not including 60 feet
V	171 feet up to but not including 214 feet	60 feet up to but not including 66 feet
VI	214 feet up to but not including 262 feet	66 feet up to but not including 80 feet

Source: FAA Advisory Circular 150/5300-13, Change 12, page 1.

The 2007 ALPU indicated that the largest aircraft to utilize the Airport is a Cessna Citation X (a C-II aircraft with an approach speed of 131 knots and a wingspan of nearly 64'). In addition, other common aircraft that visit the Airport include the Canadair 600, now known as the Bombardier Challenger 600, (a B-II aircraft with an approach speed of 118 knots and a wingspan of approximately 62'), the Cessna Citation Excel (an B-II aircraft with an approach speed of 117 knots and a wingspan of over 56'), the Raytheon Hawker 800 (a B-II aircraft with an approach speed of 113 knots and a wingspan of over 54'), the Dassault Falcon 50 (a B-II aircraft with an approach speed of 108 knots and a wingspan of nearly 62'), the Cessna Citation VII (a C-II aircraft with an approach speed of 126 knots and a wingspan of over 53'), and the Cessna Citation Ultra (a B-II aircraft with an approach speed of 108 knots and a wingspan of over 52'). While these large aircraft use the Airport, their operations at Newport are intermittent. None of these aircraft qualify as a design aircraft for planning purposes, because, in total, according to the airport manager, only 26 operations per month, or 312 per year, are completed by jet aircraft.

Prior to the 2007 ALPU, Newport State Airport had an Airport Reference Code (ARC) of B-I for both runways. Within that document, the design aircraft for the main runway was changed to the Cessna Citation Excel, which has a B-II ARC. The crosswind runway was proposed to remain at B-I; however, the document also proposed that the Beechcraft King Air 350 be used as a design aircraft. The King Air 350 has an ARC of B-II with a wingspan of 57 feet and an approach speed of 109 knots. This discrepancy needs to be resolved to help to direct future airport planning.

Surfaces and Safety Areas

Although this is a business plan and will concentrate on business issues pertaining to the Airport, it is important to note instances where the airport's facilities are not meeting FAA safety standards. This is due to the fact that federal funding will not be made available for any other purpose at an airport until all of its safety issues are addressed. Therefore, any plans to use federal funds to construct or improve facilities must be predicated on addressing the issues mentioned in the following section.

FAR Part 77 Imaginary Surfaces

The specification for airspace surrounding airports has been set forth in Federal Aviation Regulation (FAR) Part 77, Objects Affecting Navigable Airspace. This airspace is defined and delineated by a set of geometric surfaces referred to as "imaginary surfaces", which extend outward and upward from airport runways. Those imaginary surfaces identify the maximum acceptable height of objects beneath and within their boundaries. An object may be considered an obstruction to air navigation if it penetrates an imaginary surface.

The imaginary surfaces consist of five geometric surfaces that surround an airport's runways. These surfaces are the primary, approach, transitional, horizontal, and conical. If a surface is penetrated, the approach or departure minimums at that airport could be impacted.

According to an obstruction analysis completed for the ALPU, penetrations to the imaginary surfaces at Newport are minimal. Further, all obstructions are either on airport property or on land upon which the Airport maintains an aviation easement. Therefore, existing obstructions should not prove an impediment to future airport development.

Runway Protection Zones (RPZ)

The Runway Protection Zone (RPZ) is an area off the runway end designated to enhance the protection of people and property on the ground. An RPZ is a trapezoidal area that begins 200 feet from each runway end that extends and diverges based on the type of aircraft that the facility expects to serve, and by the approach visibility minima for each runway end. It is generally kept clear of concentrated activity and development such as residential uses or places of public assembly. The FAA recommends property acquisition and/or lease easements within the RPZ to ensure necessary control over these areas. Table 9 describes the RPZ requirements for the runway ends at the Airport. According to the ALPU, all of the Runway 5 and Runway 36 RPZs are entirely on airport property. The RPZs for Runways 18 and 23 are partially off-airport property; however, all of that land is controlled by aviation easements¹⁴. All RPZ's at Newport State Airport meet current FAA guidelines.

¹⁴ Airport Layout Plan Update, November 2007, page 2.17.

Runway End	Length (feet)	Inner Width (feet)	Outer Width (feet)	RPZ Acres	Requirement Met
18	1,000	500	700	13.77	Yes
36	1,000	500	700	13.77	Yes
5	1,000	500	700	13.77	Yes
23	1,000	500	700	13.77	Yes

Source: Airport Layout Plan Update, May 2003.

Runway Safety Areas (RSA)

The Runway Safety Area is a defined surface surrounding the runway which is designed to reduce the risk of damage to airplanes and injuries to their occupants resulting from overshoots, undershoots, or excursions from the runway. At Newport, the RSA width should be 120 feet, or 60 feet from the runway centerline in each direction. The RSA length should be 240 feet beyond each runway end. At present, the Airport complies with RSA standards for runway width on all runway ends, and for length off the ends of Runways 5, 18, and 23. The Airport is not in compliance for length off the Runway 36 end, where only 150 feet is available because of wetlands off the runway end.¹⁵

3.4 Existing Landside and Aviation-Support Facilities

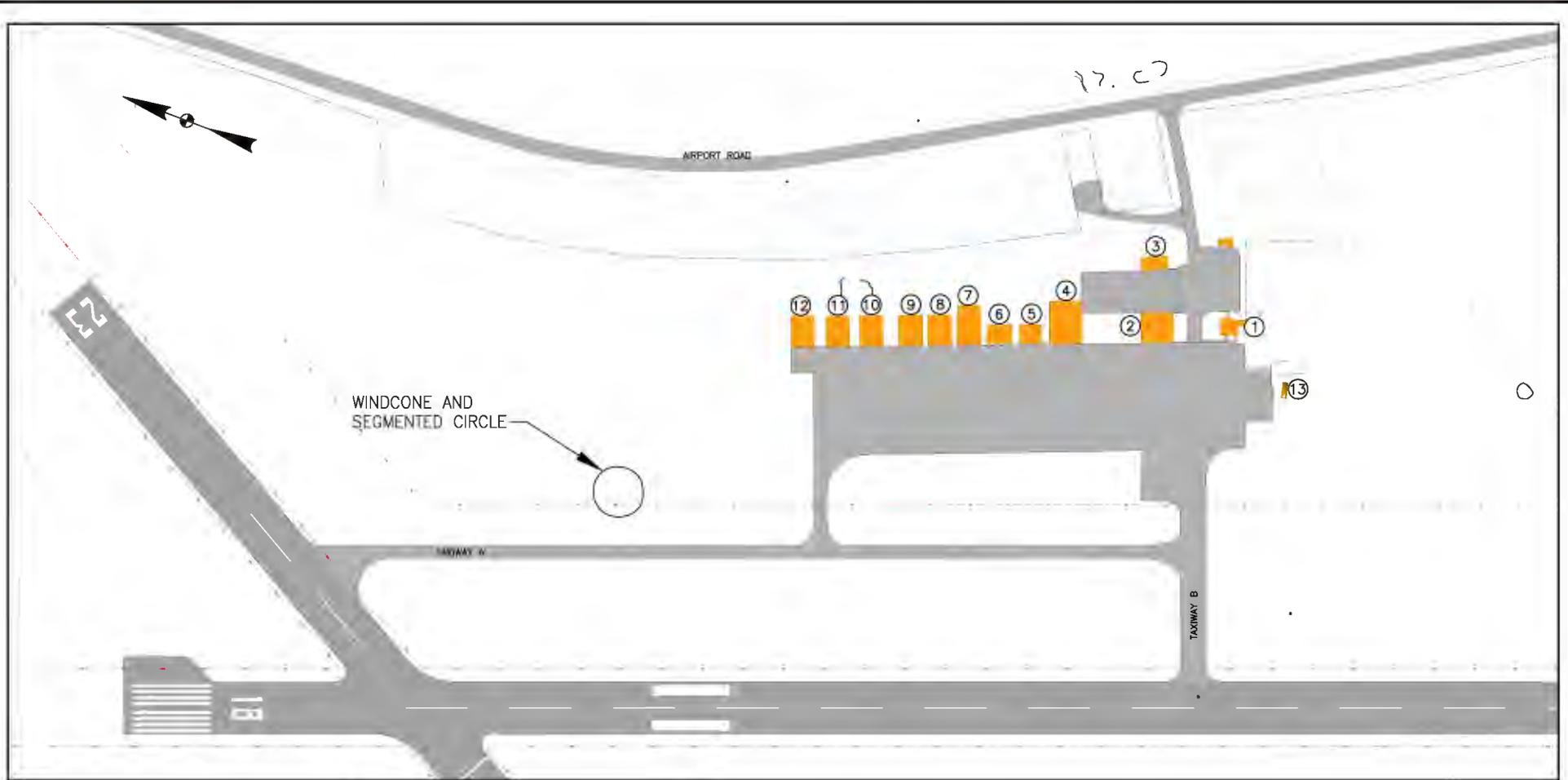
Landside and aviation-support facilities accommodate the many activities and services involved in storing and maintaining aircraft and in processing aircraft before and after use of the airside facilities. Landside facilities at Newport include aircraft hangars and aprons, an FBO office/terminal, aviation fuel facilities, and automobile parking lots. Well-maintained and affordable landside facilities are important to an airport’s efficient operation and success. Figure 3 provides an existing layout of the terminal area.

Terminal

The office for the FBO, also serving as a terminal for arriving and departing pilots, is a one-story structure of 1,250 square feet. The terminal includes a number of functional areas including an office for the airport manager, restrooms, as well as a pilot lounge area and a computer to access the WSI weather information services. In addition, the FBO provides wireless internet to users of the Airport in the terminal. The building is locked after



¹⁵ Airport Layout Plan Update, November 2007. Page 2.16.



FACILITIES TABLE	
ID	FACILITY NAME
1	TERMINAL
2	FBO HANGAR
3,4	PUBLIC STORAGE
5-12	PRIVATE HANGARS
13	FUEL FARM

LEGEND	
RUNWAY CENTERLINE	
RUNWAY SAFETY AREA	
BUILDING RESTRICTION LINE	
AIRPORT PROPERTY LINE	
AIRPORT PAVEMENT	
ROADS	
AIRPORT BUILDINGS	
BEACON	
ARP	
WETLAND AREA	



NEWPORT STATE AIRPORT ORLEANS COUNTY, VERMONT		
TERMINAL AREA		
1"=300'	JUNE 2009	3
McFarland Johnson <small>in association with</small>		
R.A. Wiedemann & Associates, Inc.		

hours; however a telephone is available outside of the building for pilots arriving when the FBO is closed. The terminal is owned by the State and leased to the FBO.

Apron

Newport State Airport currently has one apron that encompasses approximately 18,444 square yards of aircraft parking. The apron can be found to the west of the terminal and the row of conventional hangars. According to the ALPU, this apron has the space for 22-25 small single engine aircraft, as well as 2-3 larger aircraft including jets.¹⁶ According to the airport manager, there are currently 28 marked tie-downs on the apron. The tie-down spaces are owned by the State and operated under a lease by the FBO, Lakeview Aviation.



Fuel Farm

The under-ground fuel tanks are located at a fuel apron adjacent to the terminal building. The fuel tanks, each with a capacity of 10,000 gallons, store 100 Low Lead (100LL) and Jet-A fuel. Both fuel types are available self-serve, 24 hours a day.¹⁷ Fuel at the Airport is branded by Shell Aviation. The airport manager indicated that the Jet-A fuel tank at the Airport was recently installed after a trial period at the Airport with a large fuel truck providing full service fuel in an effort to gauge the need for Jet-A. According to the manager, approximately 6,000 gallons of Jet-A fuel are dispensed at the Airport each month, indicating the need for the continued availability of Jet A at the airfield. The FBO stated that the large fuel truck currently garaged at the Airport was being sold and a new smaller truck would handle any full service Jet-A fueling in the future. In addition, the FBO noted that full service fueling was offered free of charge when an FBO representative was on-site, citing his desire to build customer service and relationships. The Vermont Agency of Transportation constructed the system and continues to own the fuel farm, but the facility is operated under a lease to the FBO.

Hangars

There are eleven conventional hangars at the Airport in addition to the terminal building. Two buildings, a highway material storage building, and a 3,780 square foot building currently utilized as the maintenance hangar, are owned by the State. The maintenance hangar was also formerly home to a restaurant at the Airport, which closed over a year ago due to a lack of business. The remaining eleven hangars at the Airport are on land leased by the State to tenants who constructed hangars on the leased lots. According to the 2007 ALPU, the Airport had a capacity to store 11 aircraft in hangars. With the addition of one new hangar since the

¹⁶ Airport Layout Plan Update, November 2007, page 2.12.

¹⁷ Airport Layout Plan Update, May 2003, page 2-18.

completion of the ALPU, the aircraft storage capacity has grown to twelve. Nearly all of the privately owned hangars at the Airport have been constructed within the past ten years. Detailed information about the terms of the leases at the Airport, as well as detailed characteristics of the hangars, can be found in Appendix A.



Automobile Access and Parking

Vehicles wishing to access Newport State Airport utilize Airport Road (County Route 16). From Downtown Newport, airport users will travel west on Pleasant Street (State Route 105/U.S. Route 5) and then south on Coventry Road (U.S. Route 5) before turning left onto Airport Road towards the Airport. Once at the Airport, there is one parking lot for automobiles. According to the ALPU, the main lot is paved with space for approximately 10-15 vehicles.¹⁸ In addition to the aforementioned parking lot, each hangar also has several spaces for tenant use accessible via a gravel road behind the row of conventional hangars.

Deicing

Minimal deicing services are available. Lakeview Aviation indicated that the preferred method to deice would be to park aircraft in a heated hangar. However, some Type I deicing does occur at the Airport.

Safety/Security

The airport manager indicated that there are some security issues. During all seasons, wild animals are regular visitors to the Airport, including deer, moose, and bears, often drawn by the proximity of the landfill, which is located less than a mile north of the Airport. At times during wintry conditions, snowmobile riders will travel along a path on and along the crosswind runway. During warmer months, all-terrain vehicle users can also be found on the Airport. The addition of a partial fence around the Airport has succeeded to prevent entry by most trespassers. However, vehicle drivers have been known to enter the Airport and drive down the runways and taxiways when the gates to the airfield are open. In addition, the airport manager recalled an instance recently where a jogger was utilizing the crosswind runway for exercise when an aircraft was completing an operation on it. The airport manager has indicated that a complete perimeter fence is planned in the future and should eliminate most trespassing from the Airport.

Aircraft Rescue & Firefighting

As a small airfield with no commercial traffic, Newport does not have Aircraft Rescue & Firefighting (ARFF) services on airport property. The Airport is served by the Newport Fire

¹⁸ Airport Layout Plan Update, November 2007. Page 2.18.

Department, which responds in the event of an emergency at the Airport. The fire department is an all-volunteer fire department with a station approximately four miles from the Airport. Ambulance service is provided by the Newport Ambulance Service, a not-for-profit corporation with full-time employees¹⁹ and a station approximately six miles from the Airport.

Airfield Maintenance

Maintenance of the facilities at Newport State Airport is accomplished by the Vermont Agency of Transportation District 9. VTrans District 9 currently has its headquarters in Newport on U.S. Route 5 and has a maintenance garage in Derby and Irasburg. VTrans is responsible for the removal of snow and ice during wintry conditions. VTrans also maintains a highway materials storage building on airport property. The FBO maintains the grass at the Airport during the summer months.

3.5 Airport Service Area Analysis

Figure 4 illustrates the airport service area and other nearby public-use airports. A 30-mile circle is assumed to enclose each general aviation airport's Airport Service Area (ASA). Table 10 provides details about the public-use airports in the Newport ASA, as well as several comparable airports in the Northeast. In addition to the facilities mentioned in this section, there are a number of private airports that are not open to the public within the ASA. These are not considered in this analysis because their impact on Newport State Airport is minimal.

Table 10: Airport Service Area & Other Comparable Airports

Airport	City & State	Distance from Newport (nautical miles)	Primary Runway Length (feet)	NPIAS Designation	Ownership
Airport Service Area					
Newport State	Newport, VT	N/A	4,000	General Aviation	Public (State)
John H. Boylan State	Island Pond, VT	21 miles	2,650	General Aviation	Public (State)
Caledonia County State	Lyndonville, VT	24 miles	3,300	General Aviation	Public (State)
Morrisville-Stowe State	Morrisville, VT	30 miles	3,701	General Aviation	Public (State)
Other Comparable Airports					
Eastern Slopes Regional	Fryeburg, ME	77 miles	4,200	General Aviation	Public (Authority)
Skyhaven	Rochester, NH	111 miles	4,001	General Aviation	Public (State)
Northampton	Rochester, NH	155 miles	3,365	General Aviation	Private
Oswego County	Fulton, NY	202 miles	5,197	General Aviation	Public (County)

Source: McFarland Johnson, Inc, 2008

¹⁹ Newport City Municipal Plan, September 2004, pages 41-42.

Comparison of Facilities

Table 11 provides a comparison of facilities at other airports within the Newport State Airport ASA as well as at the other comparable airports. Three of the four airports in the ASA have paved asphalt runways while one has a turf runway. Of these airports, Newport has the longest runway with 4,000' in length, followed by Morrisville-Stowe with 3,701'. Within the ASA, only Newport has more than one runway, with a 4,000' crosswind runway.

Aviation Services

Table 12 presents the availability of various aviation services at each of the airports. Eastern Slopes Airport provides a wide range of general aviation services, except avionics service. Morrisville-Stowe also provides many services with the exception of avionics and charter service. Some services are offered at Newport, Northampton, Oswego, and Skyhaven, while no services are offered at J.H. Boylan State and Caledonia County State.

Hangars and Tie-Downs

Table 13 presents different aircraft storage space options available at airports in the ASA and their costs as well as landing fees and fuel costs. Tie-down spaces are currently available at Newport for \$35 a month, which is about average among the surveyed airports. The airport surveyed with the lowest cost per month for a tie-down was Caledonia County (\$25/month) and the highest price was noted at Northampton, Oswego, and Skyhaven (\$50/month). Of the airports surveyed in Vermont, Newport charges the highest amount per month for a tie-down. Of the four airports that leased space in a conventional hangar, the \$150/month charged by Lakeview Aviation for space in their hangar was the second lowest response, with Caledonia County (a semi-attended airport) charging \$100/month and Morrisville-Stowe charging a minimum of \$300/month. While Newport does not have any T-hangars utilized for aircraft storage, several of the out-of-state surveyed airports did. Prices per month ranged from \$140 at Eastern Slopes to \$375 at Skyhaven.

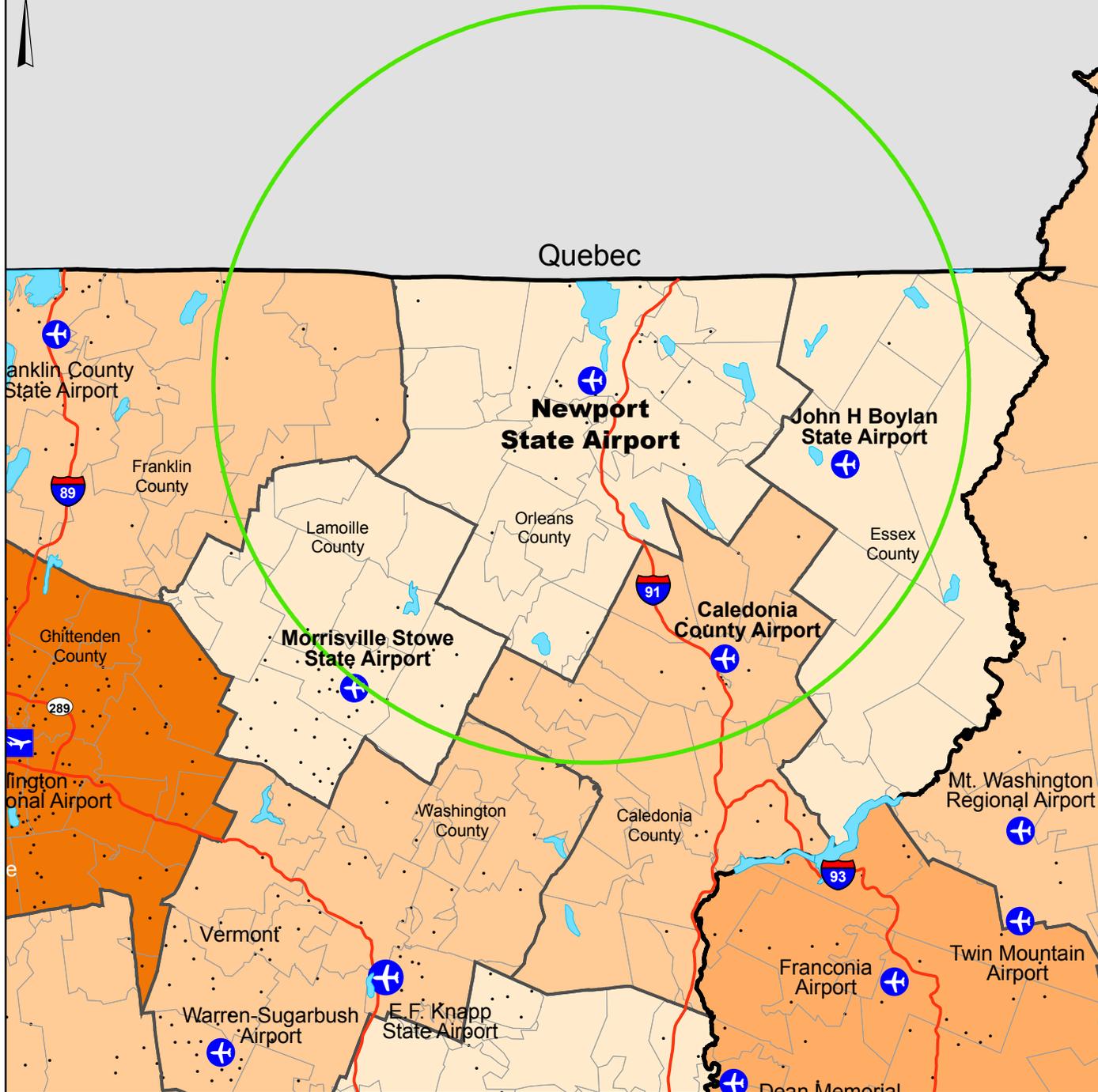
Fuel

With the exception of the unattended J.H. Boylan State Airport, all of the listed airports offered 100LL fuel, and several also offer Jet A. As of December 9, 2008, 100LL fuel was priced at \$4.50/gallon at Newport State Airport. Of the six airports selling 100LL utilized in this study, Eastern Slopes had the lowest selling price at \$4.40/gallon and Morrisville-Stowe had the highest at \$5.44/gallon. According to AirNav.com, the national average for 100LL fuel was \$4.62 and the Vermont average was \$5.12, both above the price per gallon at Newport.

The cost of Jet-A fuel on December 9, 2008 at Newport was \$4.75/gallon. Only three airports surveyed sell Jet-A fuel with Oswego County selling as low as \$4.50/gallon and Morrisville-Stowe again charging the highest at \$5.69/gallon. According to AirNav.com, the national average for Jet-A fuel was \$4.62. However, the average for the State of Vermont was \$5.00 per gallon, above the price at Newport. Fuel prices are highly volatile. Prices cited in this analysis are provided as a point of reference, and should not be used to draw conclusions.



30 Mile Radius



Population by County

- 0 - 30000
- 30001 - 60000
- 60001 - 90000
- 90001 - 120000
- 120001 +
- No Data Available

- Commercial Service
- General Aviation
- Service Area
- Zip Code Boundaries
- Registered Aircraft



NEWPORT STATE AIRPORT
ORLEANS COUNTY, VERMONT

SERVICE AREA

SCALE: AS SHOWN	DATE: DECEMBER 2008	FIGURE: 4
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Table 11: Facility Comparisons

Airport	Owned	Acres	ARC	Number Of Based Aircraft							Runway		NAVAIDs		Control Tower
				Jet	Multi	Single	Heli	Ultra-light / Gliders	Military	Total	First L x W	Second L x W	Best Approach		
Newport State, VT	Public (State)	540	B-I	0	2	15	0	0	0	0	17	4,000' x 100' (Asphalt)	4,000' x 100' (Asphalt)	Non-Precision (GPS)	N
J.H. Boylan State, VT	Public (State)	188	A-I	0	0	0	0	1	0	0	1	2,650' x 120' (Turf)	N/A	Visual	N
Caledonia County State, VT	Public (State)	78	B-I	0	0	28	0	0	0	0	28	3,300' x 60' (Asphalt)	N/A	Non-Precision (RNAV/GPS)	N
Morrisville-Stowe State, VT	Public (State)	112	B-II	0	2	18	0	8	0	0	28	3,701' x 75' (Asphalt)	N/A	Non-Precision (GPS)	N
TOTAL (ASA)				0	4	61	0	9	0	0	74				
Oswego County, NY	Public	171	C-II	0	3	73	0	1	0	0	77	5,197 x 100 (Asphalt)	3,996 x 100 (Asphalt)	Precision (ILS)	N
Skyhaven, NH	Public (State)	195	B-II	1	3	90	0	12	0	0	106	4,001' x 100' (Asphalt)	N/A	Non-Precision (VOR/DME)	N
Eastern Slopes Regional, ME	Public (Authority)	533	B-II	0	1	26	0	0	0	0	27	4,200' x 75' (Asphalt)	N/A	Non-Precision (GPS)	N
Northampton, MA	Private	55	N/A	0	4	60	1	0	0	0	65	3,365' x 50' (Pavement)	N/A	Non-precision (VOR/DME)	N

Sources:
 Airport Master Records as published June 2008 (<http://www.gerl.com/5010web/>)
 Vermont Airport System and Policy Plan, Appendix D, Page D.2.
 New Hampshire State Airport System Plan Update (<http://www.nh.gov/dot/bureaus/aeronautics/sasp/documents/TR2Inventory.pdf>)
 Maine Aviation Systems Plan Update (<http://mainegov-images.informe.org/mdot/aviation/pdf/maspu.pdf>)

Table 12: Service Comparison

Airport	Frame Repairs	Power Repairs	Flight Instruction	Charter Service	Avionics	Aircraft Sales	Aircraft Rentals	Other
Newport State, VT	Major	Major	Y	N	N	N	Y	
J.H. Boylan State, VT	N	N	N	N	N	N	N	Ski Operations Only During Wintry Conditions; Airport Unattended
Caledonia County State, VT	N	N	N	N	N	N	N	Airport Unattended
Morrisville-Stowe State, VT	Major	Major	Y	N	N	Y	N	
Oswego County, NY	Major	Major	Y	N	N	N	N	
Skyhaven, NH	Major	Minor	Y	N	N	N	Y	
Eastern Slopes Regional, ME	Major	Major	Y	Y	N	Y	Y	
Northampton, MA	Minor	Minor	Y	N	N	N	Y	Balloon rides available

Source: Airport IQ 5010 Airport Master Records as Published June 2008 (<http://www.gcr1.com/5010web/>) N=No, Y=Yes

Table 13: Rates and Charges Comparison

Airport	Tie-Down		Conventional Hangars		T-Hangars		Lowest Fuel Price (\$/gallon)		GA Landing Fee
	\$/month	Available	\$/month	Available	\$/month	Available	100ll	Jet A	
Newport State, VT	\$35	Y	\$150	N	N/A	N/A	\$4.50 (s/s)	\$4.75 (s/s)	N/C
J.H. Boylan State, VT	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/C
Caledonia County State, VT	\$25	Y	\$100	N	N/A	N/A	\$5.25 (s/s)	N/A	N/C
Morrisville-Stowe State, VT	\$30	Y	\$300 (single) \$400 (twin) \$500 - \$700 (jet)	N	N/A	N/A	\$5.44 (s/s)	\$5.69 (s/s)	N/C
Oswego County, NY	\$50	Y	N/A	N/A	\$200	N	\$4.50 (s/s)	\$4.50 (f/s)	N/C
Skyhaven, NH	\$50	Y	N/A	N/A	\$200 - \$375	N	\$4.72 (s/s)	N/A	N/C
Eastern Slopes Regional, ME	\$45	Y	N/A	N/A	\$140	Y	\$4.40 (s/s)	N/A	N/C
Northampton, MA	\$50	Y	\$200	N	\$200 - \$325	N	\$4.49 (s/s)	N/A	N/C

Source: McFarland Johnson, Inc. Telephone Survey, July-August 2008, AirNav.com, December 2008.
Legend: N/C = No Charge, N/A = Not Available, N=No, Y=Yes, s/s = Self-Serve, f/s = Full-Serve

4. DEVELOPMENT CONSIDERATIONS

4.1 Current Financial Performance

Projecting the future financial performance of Vermont's airports is hampered by a number of factors. First and foremost, the State does not specifically account for performance at each airport, but rather compiles data for "airports" in general. Disaggregating these figures does not necessarily result in an accurate evaluation of financial performance. Secondly, financial records for both income and expenses are limited, thus providing a small historical base from which to extrapolate future financial performance. Third, some of the most significant expenses faced by Vermont's airports, those for district labor and maintenance, are allocated expenses, not actual expenses. While it is not suggested that these allocations are purposefully inaccurate, by not tying direct and exact expenses to performance, it lessens the accuracy of performance evaluation. These factors must be considered both in evaluating past performance and projecting future financial achievement.

It should be noted that this section of the business plan does not include an analysis of capital expenses. While in many cases, the federal government covers 95% of capital expenses, because Vermont owns and operates its airports, it is responsible for both the 2.5% State share and the 2.5% local share of capital development projects. Therefore, when considering operating revenues and deficits, it should also be considered that, for any airport development projects that are undertaken, the State will also be responsible for paying for a 5% share of the total cost of the project. If the airport is incurring an operating loss, these development funds must come from somewhere other than airport-generated revenue.

4.1.1 Baseline Forecast of Revenues

Information concerning historical revenues was available for three years, 2005, 2006, and 2007. This data gives an indication of the direction of growth of the revenue base. Table 14 shows the historical revenues from taxes on the fuel sold at Newport State Airport, as well as from land leases. As shown, fuel sales on 100LL, as indicated by tax revenue collected, increased between 2005, 2006, and 2007, however Jet-A fuel sales peaked at 2005 before sharply declining in 2006 and showing some recovery in 2007.

It is based on this historical background that the baseline forecast of revenues for Newport State Airport is presented. Table 14 presents the baseline forecast of airport operating revenues, which is a conservative view of Newport State Airport's financial future if no recommended changes are undertaken. Lease fees were projected to increase at the Consumer Price Index (CPI) of 4% over the study period to account for gains experienced during renewal periods for current leases. The recent volatility in fuel prices and its impact on airport use and fuel sales will also have an impact on fuel tax revenues. Fluctuating prices and an extended economic recession are expected to dampen sales of aircraft fuel, and since fuel taxes are collected on a per-gallon basis, revenues are expected to suffer. Based on the projected cost of fuel provided by the Energy Information Administration as of December of 2008, the revenue from sales tax collection on Jet-A fuel is expected to peak in 2008 and decline significantly for 2009. Income collected from sales and excise taxes at the Airport will rise slightly again in 2010

and revenues will remain similar if not slightly higher than those collected in 2007. Due to the minimal use of 100LL fuel nationwide, projections were not available for the increase in price for 100LL fuel. Several other fuel types, including ethanol, jet fuel, and motor fuel was considered to determine an annual percent increase for 100LL fuel. Motor fuel had the median increase, and therefore was utilized as a proxy for 100LL. Projected operating revenues for the State of Vermont at Newport State Airport are listed in Table 14.

	2005	2006	2007	2008	2009	2010	2011	2012	2013
Lease Fees	\$12,200	\$12,200	\$12,200	\$12,688	\$13,196	\$13,723	\$14,272	\$14,843	\$15,437
Fuel Taxes – 100LL	\$1,600	\$2,400	\$2,700	\$2,851	\$2,486	\$2,632	\$2,778	\$2,778	\$2,851
Fuel Taxes – Jet-A	\$5,300	\$3,800	\$4,600	\$6,298	\$4,180	\$4,308	\$4,778	\$5,196	\$5,196
Total Operating Revenues	\$19,100	\$18,400	\$19,500	\$21,837	\$19,861	\$20,663	\$21,828	\$22,817	\$23,484

As shown, the baseline forecast indicates that revenue will grow gradually from \$19,500 in 2007 to \$23,471 by the year 2013 in the absence of any significant changes at the Airport.

4.1.2 Baseline Forecast of Expenses

Three years of historical data were utilized to determine past expenditures at the Newport State Airport. Expenses at the Airport include a small salary for the FBO owner who also serves as a part-time airport manager, labor and materials expenses for maintenance completed by VTrans District 9, based in Newport, as well as insurance costs and fees for the WSI Weather Brief, a computer based weather information service provided by VTrans as a customer service. These expenses fluctuate annually and are shown in Table 15 for 2006 through 2008.

Utilizing the three years of expense data available, few trends are evident. The significant increase in District 9 expenses between 2007 and 2008 is abnormally high according to VTrans officials and is the result of a high snowfall year at the Airport. Given this anomaly, straight line projects of expenses are likely not accurate. Therefore, the mean of the expenses for the years 2006 through 2008 was calculated and utilized as a base from which to project future expenses for labor and maintenance. The airport management fee, paid by VTrans to the FBO, is projected to remain constant, as it is fixed by contract. As most maintenance at the Airport is performed by VTrans District 9, labor costs for those employees are utilized in this study, and have been projected to increase annually at two percent, half the rate of forecast inflation, consistent with the standard use of part-time employees and other cost-cutting measures. Materials utilized in maintenance operations, including fuel costs for vehicles, were increased by four percent, the projected rate of inflation. While insurance costs are increasing at most airports across the country, VTrans indicated that insurance rates at Newport have remained steady; therefore these costs were held constant. The WSI Weather Brief and the AWOS inspection and maintenance lines were also held constant.

	2006	2007	2008	2009	2010	2011	2012	2013
Airport Management Fee	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
District 9 Labor	\$18,524	\$20,679	\$34,270	\$24,981	\$25,480	\$25,990	\$26,510	\$27,040
District 9 Materials	\$32,292	\$41,392	\$64,775	\$47,999	\$49,919	\$51,916	\$53,992	\$56,152
WSI Weather Brief	\$1,680	\$1,680	\$1,680	\$1,680	\$1,680	\$1,680	\$1,680	\$1,680
Insurance (\$100,000 / Occurrence Deductible)	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
AWOS Inspection & Maintenance	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Total Operating Expenses	\$67,896	\$79,151	\$116,125	\$90,060	\$92,480	\$94,986	\$97,582	\$100,272

Baseline operating expenses were predicted to decrease from \$116,125 in 2008 to \$100,272 by the year 2013, amounting to a 13 percent decrease. However, as the expenses for 2008 were considered anomalous, this decrease does not necessarily mean anything. Given the expenses incurred in 2006 and 2007, it appears that there will be a continued and steady growth in airport operating expenses throughout the projection period.

4.1.3 Baseline Net Operating Income/Deficit

When the baseline operational costs are compared with the baseline forecasts of operational revenues, the net operating costs for the Airport can be predicted as follows in Table 16:

Year	Operating Expense	Operating Revenues	Net Operating Income/(Deficit)
2006	\$67,896	\$18,400	(\$49,496)
2007	\$79,151	\$19,500	(\$59,651)
2008	\$116,125	\$21,837	(\$94,288)
2009	\$90,060	\$19,861	(\$70,199)
2010	\$92,480	\$20,663	(\$71,816)
2011	\$94,986	\$21,828	(\$73,158)
2012	\$97,582	\$22,817	(\$74,765)
2013	\$100,272	\$23,484	(\$76,788)

These projections assume that the extremely high operating expenses in 2008 are an anomaly, not a future trend. If this is not the case, then the future projections of operating deficits in this base case will significantly increase. Regardless of whether the operating expenses in 2008 are an anomaly or a trend, it is clear that, if no additional revenue generating measures are taken, the

State will have to cover an increasing shortfall in operating revenues just to keep the Airport open and operating.

4.2 Development Constraints

There are a variety of potential constraints to development at the Newport State Airport. Constraints that should be considered include the following:

- National Economy
- Runway Length
- Runway Maintenance
- Taxiway Availability
- Runway & Taxiway Lighting
- Neighboring Property Uses
- Regional Accessibility
- Airport Location

National Economy

The recent downturn of the national economy has had significant negative impacts on aviation, particularly recreational general aviation. 2008 saw never before seen fluctuations in the cost of fuel, with crude oil topping out at approximately \$150 per barrel. This had a direct dampening impact on flying, particularly recreational general aviation flying, due to the costs becoming too great to bear for the majority of recreational flyers. As a result, fuel sales at Newport and other airports decreased, significantly impacting operational revenue. The credit crisis resulted in both individuals and companies being less likely to invest in durable goods, including aircraft. The significant increase in unemployment due to layoffs and business closures, led to people saving their money rather than flying for pleasure or investing in aircraft. The recent criticism of the costs related to the use of business jets by the United States Congress and the public directed towards the chief executive officers of three major corporations could further hinder the growth of business jet use by some companies.

Furthermore, a major impetus to the continued growth in the Newport area is tied to new high-end developments at Jay Peak and Burke Mountain Ski Resorts. These developments, predicted by local economic development officials to serve as secondary residences for their owners, were projected to sell quickly due to their location near the ski resorts. During a July 2008 visit to the community, economic development officials believed that the developments at the resorts could withstand the economic slowdown that had been projected. However, the economic slowdown has been worse than projected. This slowdown could potentially delay or cancel these local developments, which in turn would significantly affect projected future use of the Airport.

Runway Length

The runways at Newport State Airport are both 4,000 feet in length. This length, while optimal for nearly all single-engine aircraft and some small twin-engine and jet aircraft, is not sufficient for many existing and potential users of the Airport. Newport Renaissance, Jay Peak Resort, Ginn Resorts, and the NVDA have indicated that a runway extension is pivotal to the successful completion of proposed development projects in the Newport area. In addition, an E-85 Visa program investor at Jay Peak Ski Resort has indicated an interest in constructing a 30,000 square foot hangar for an aircraft manufacturing business he currently owns and operates at another, non-Vermont, airport. Lakeview Aviation has indicated that the runway extension could also provide justification for a new 10,000 square foot aircraft storage facility, and there is still discussion in the community about creating space at the Airport for a small business park. The current runway length, if not extended, will limit the possibilities for future development at the Airport and may significantly impact economic development within the Northeast Kingdom.

Taxiway Availability

The lack of a full parallel taxiway at Newport State Airport reduces the safety for pilots utilizing the Airport. At present, pilots are forced to land on the runway, turn-around at the runway-end and then return to the partial parallel or stub taxiways and the apron. Aircraft taking off are also forced to taxi down the active runway. At a non-towered airport, this is a potentially dangerous condition as a miscommunication between a landing pilot and a pilot taxiing down the runway to takeoff could result in serious consequences. The most recent ALPU includes an extension of Taxiway A, the partial-parallel taxiway. The extended taxiway will extend to the Runway 36 end and will terminate at Runway 5-23, short of the Runway 18 end.

Runway & Taxiway Lighting

Runway 5-23 is currently unlit and can only be utilized under daylight and Visual Flight Rules (VFR) conditions. Aircraft may use a circling approach to land on Runway 5-23 during Instrument Flight Rules (IFR) conditions. Due to the absence of runway lights on Runway 5-23, circling may only be realistic where clouds are controlling IFR and visibility is at least three miles. Aircraft approaching the GIS approach to Runway 36 may circle to land on Runways 5, 23, and 18. While Runway 18-36 is considered the main runway, the crosswind runway is utilized for an estimated 20% of the operations at the Airport, a large portion compared to other airports in Vermont with a second paved runway. The lack of a lit crosswind runway could cause some small aircraft to divert to another airport during some meteorological conditions. In addition, the partial parallel taxiway, Taxiway A, is also not lit, providing a potential safety hazard for aircraft utilizing the Airport after sunset or during adverse weather conditions.

Neighboring Property Uses

As noted previously, the Airport is located adjacent to a landfill operated by New England Waste Services of Vermont, a subsidiary of Casella Waste Systems. In many instances, an airport adjacent to a landfill is ideal for local residents due to the large amount of land that an airport utilizes serving as a buffer to the landfill. However, the presence of the landfill can be a

detractor for aircraft operators. Not only is the smell of the landfill apparent at the Airport under some wind conditions, but also landfills typically attract large numbers of birds and wild animals to the site to graze the trash. According to FAA Advisory Circular (AC) 150/5200-33B, *Hazardous Wildlife Attractants on or Near Airports*, and AC 150/5200-34A, *Construction or Establishment of Landfills near Public Airports*, the FAA does not recommend airport expansion projects at airports with turbine-engine operations where a landfill is located within 10,000 feet from the airport operations area (AOA). Presently, the landfill is 1,100 feet from the Airport property line and 4,000 feet from the Runway 23 end. In addition, a proposed expansion of the landfill facility would bring the landfill to abut the airport property line. Airport management has indicated that the presence of wildlife affecting aircraft operations at the Airport have dropped significantly in response to an improved bird and wildlife mitigation program implemented by Casella. Compared to previous years, when hundreds of birds were visible to the FBO and pilots flying near the Airport, this year only a handful could be recalled. In addition, a proposed runway extension at the Airport would be completed on the runway end furthest from the landfill, thus enhancing safety. According to the National Transportation Safety Board (NTSB) Accident Database, no animal related accidents have occurred at the Airport since record keeping began in 1962.

The Airport is surrounded in the remaining directions by agricultural and rural residential land uses. The main crop in the area is field corn. There are no other industrial or commercial uses near the Airport.

The Town of Coventry, in which the Airport is located, has a Town Plan, which indicates the importance of the Airport to the town and to the Northeast Kingdom. However, the town does not currently have a zoning program in place and therefore limits on development in the vicinity of the Airport are minimal.

Regional Accessibility

While the Airport is reasonably accessible via a major north-south Interstate highway, road access from other parts of the state and country are significantly more challenging. Interstate 91 provides north-south access to the region. Once at the Canadian border, the Interstate becomes Autorue 55, which continues to the Canadian cities of Sherbrooke and Trois-Rivières. Near Drummondville, Autorue 55 meets Autorue 20, providing access to the metropolitan centers of Montreal (to the west) and Quebec City (to the east). While Canadian access from Newport is ideal, access to major business centers in the United States is more difficult. Access to the largest city in Vermont, Burlington, is difficult, requiring either travel on winding secondary roads or a circuitous route using Interstate 91 to White River Junction before joining Interstate 89 to travel northwest to Burlington, a three and a half hour journey. Manchester, New Hampshire, a three-hour drive on Interstates 91 and 93, is the closest major U.S. business center to Newport.

Limited road access is supplemented by rail access with a variety of outlets. The Montreal, Maine, & Atlantic Railway (MMA) services a route terminating in Newport connecting the Northeast Kingdom with Farnham Yard, near Montreal. MMA services routes throughout Quebec and northern Maine. A variety of connections are available to other Canadian

rail operators throughout the MMA system, including Canadian Pacific and Canadian National Railways. In addition to MMA, the Connecticut River Division of the Washington County Railroad (WCR) also terminates in Newport. The WCR provides service through the Connecticut River Division south to St. Johnsbury and White River Junction. Connections can be made in White River Junction with the Claremont Concord Railroad, the New England Central Railroad, and the Springfield Terminal Railway.

Airport Location

The location of the Airport, while useful for a major concert, is not necessarily ideal for future development of mixed-use aviation compatible land. The significant slopes surrounding the Airport, the presence of the landfill, and the existing, curvy, and difficult-to-expand two-lane access road which requires travel through Downtown Newport to access a highway, could make development of industrial and mixed-use facilities difficult at the Airport.

4.3 Recommended Improvements

The Airport Layout Plan Update (ALPU) for Newport was completed in November 2007 and provides recommendations for improvements at the Airport to meet the needs of current Airport users as well as potential future users. Recommendations include the extension of the Runway 36 end by 1,000 feet, the construction of additional hangar space for 26 aircraft, the construction of 12,000 square feet of automobile parking space to accommodate 20 vehicles, and the removal of 70 acres of vegetative obstructions to the new Runway 36 end.

In addition to the recommendations in the ALPU, a number of additional improvements for Newport State Airport are listed in the 2007 VASPP. These improvements include the construction of an additional 3,000 square feet of covered storage, the completion of fencing around the operations area, and the reconstruction of Runway 5-23. Table 17 lists the improvements recommended in the ALPU and the VASPP.

Table 17 – ALPU and VASPP Recommended Improvements
ALPU Recommendations
Extend Runway End 36 by 1,000 Feet
Construct Hangar Space for 26 Additional Aircraft
Construct 12,000 Square Feet of Additional Parking Space to Accommodate 20 Vehicles
Removal of Approximately 70 Acres of Vegetative Obstructions to the New Runway 36 End
VASPP Recommendations
Construct 3,000 sq. ft. of Covered Storage
Complete Fencing Around Operations Area
Reconstruct Runway 5-23

5. AIRPORT IMPROVEMENT AREAS

5.1 Airport Development Plan

A development plan for the Newport State Airport has been created as part of this business plan. The development plan details locations at the Airport which offer the best opportunities for future growth. The locations detailed are numbered in order of preference. While there may be numerous other potential locations available for development at the Airport, only locations that are deemed ideal will be discussed as part of this business plan. The development plan is detailed below and shown in Figure 5.

Area 1

This area is currently to the north of the developed area at the Airport and south of the Runway 23 end. While the 2007 ALPU recommended future development to occur in other areas, airport management indicated that the presence of airside facilities, including taxiway and apron access, near this area has made that the preferred destination for new private hangars. Since completion of the ALPU, one new small box hangar has been constructed. Future private hanger development should continue occurring in this area until all space in this corridor has been utilized. This space is also ideal for an expansion of the apron to provide direct access to Runway 5-23.

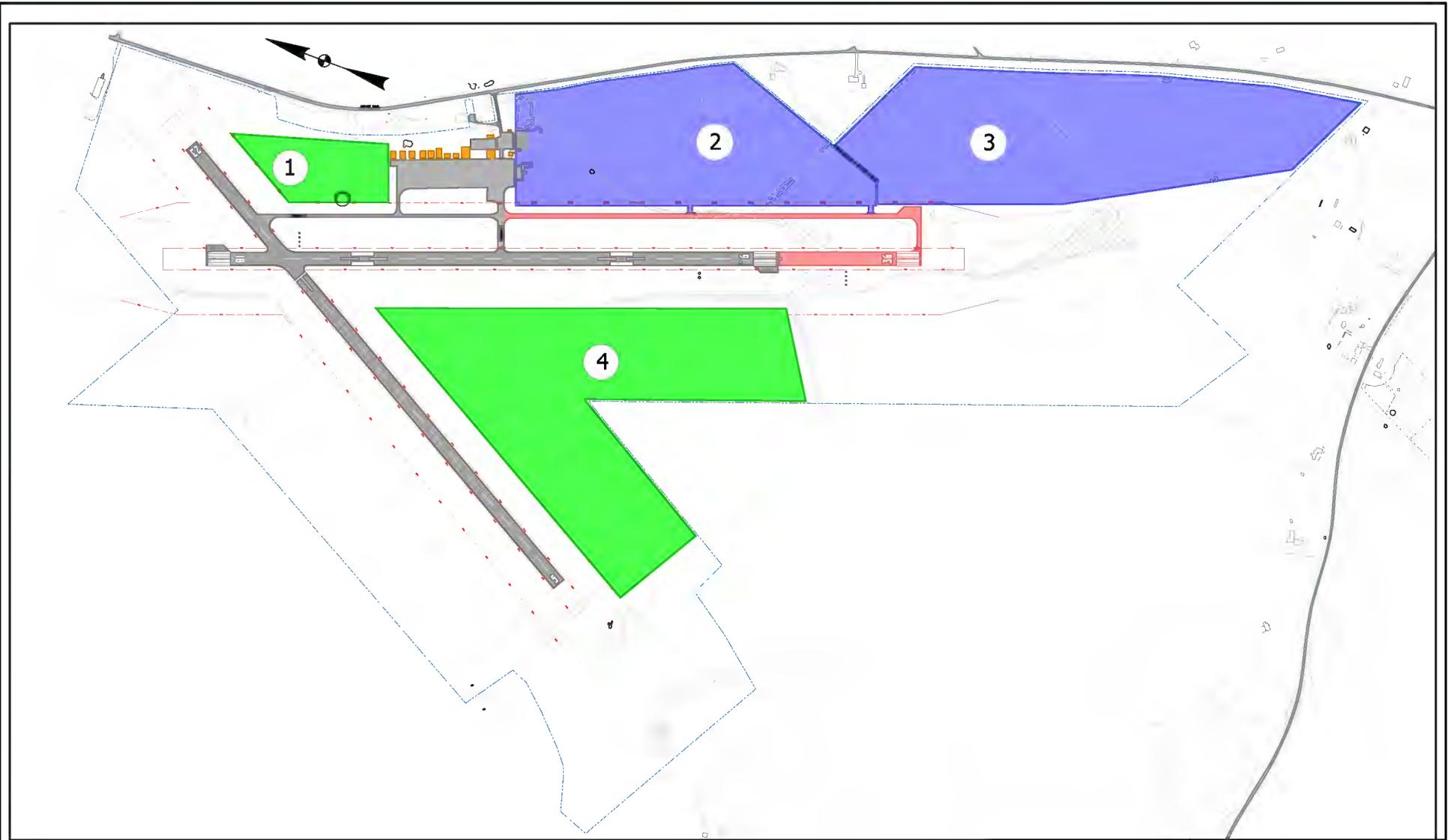
Area 2

Area 2 is located to the south of the terminal building and is currently vacant. This land is uneven, with elevations ranging from a low point of approximately 900' above mean sea level (MSL) to a high point of over 916' MSL. The northernmost portion of this site was indicated in the ALPU for the development of four box hangars and two ten-unit T-hangars. The southern portion of this area was not assigned a development purpose in the ALPU. With access to the airside facilities at the Airport, this site is ideal for future development, however the terrain issues will have to be considered as they may make development in parts of this area costly.

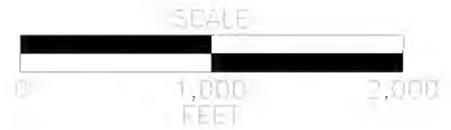
Area 3

This site is to the south of Area 2 and is adjacent to Airport Road. The ALPU dedicated this site for aviation compatible development. This site is further north on Airport Road from the site analyzed by the Northeast Vermont Development Association (NVDA) for a potential business park. The slopes and hills on this site would not be advantageous for aviation-related development; however, this site could be utilized for industrial uses that do not require airside facility access. Such development can be significant revenue to the State.

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-  MIXED USE AVIATION COMPATIBLE
-  AVIATION DEVELOPMENT
-  PROPOSED RUNWAY/TAXIWAY EXTENSION



NEWPORT STATE AIRPORT
ORLEANS COUNTY, VERMONT

DEVELOPMENT PLAN

SCALE: 1"=1,000'	DATE: JUNE 2009	FIGURE: 5
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McFarland Johnson
 in association with
R.A. Wiedemann & Associates, Inc.


Area 4

In terms of terrain, Area 4 is likely the ideal location on the Airport for future development. However, in terms of access to the site, it is by far the least useful. This site is located on the opposite side of Runway 18-36 from the terminal and other hangars at the Airport. This area has relatively flat land when compared to other potential areas of development at the Airport. Vehicle access to the site would be difficult and would require the construction of an access road, likely from Coventry Station Road to the south or Hi Acres Road to the west, both approximately $\frac{3}{4}$ of a mile away. If an opportunity (and investor) were to come along that wished to construct one or more large corporate hangar(s) or an aviation-related business needing runway accessibility, this site has a number of benefits (topography, direct access to the runway) as well as some drawbacks (no direct access to the terminal area or fuel farm). While this site is not optimal for the development of individual hangars in the immediate future, which can more easily be done in the other development areas, it offers great potential in the event that there is an opportunity for more large-scale growth at Newport State Airport.

6. RECOMMENDED PLAN

There are a variety of development alternatives that could be used to shape the future of the Newport State Airport. Many of these alternatives are subject to situations, actions, and conditions beyond the control of VTrans. This business plan, however, presents recommendations for actions within the control of the State that will enhance the revenue or potential for revenue development, at Newport State Airport. The recommended plan that is detailed in this business plan that consists of three separate focus areas: policy actions, revenue enhancement, and community partnership.

6.1 Recommended Policy Actions

- **Policy Action #1: VTrans should reconsider the methods utilized when creating land leases for private hangar development at the Airport by utilizing a market-driven rate per square-foot and incorporating a reversion clause.**

Analysis of the current leases at Newport State Airport shows a variety of lease rates per square foot for land leases at the Airport. This is acceptable, so long as the rate is based on current market conditions for the lease of similar space in the market area and at competitive airports. Future land leases at the Airport should utilize a transparent market-driven rate per square foot. In addition, escalation factors should be included in these leases based on increases to the Consumer Price Index. The escalation should occur at the same time for every lease at the Airport (possibly July 1, which will give the index developers the chance to complete the previous year's index) and should not be dependent on lease renewal dates, for ease of administration.

Current land leases at the Airport are silent on the ownership of the improvements constructed on state-owned property at the conclusion of the lease. At most airports, such leases contain "reversion clauses." Reversion clauses provide the State with the title to facilities constructed on land owned by the State at the completion of the initial lease term (and extensions), or if the owner defaults on his lease. Such clauses should be included in all new leases. After completion of the lease, the state can then lease the site out with the existing hangar and other facilities (generating larger rental payments) or can re-lease the land for another purpose without having to purchase the existing improvements from the former leaseholder.

- **Policy Action #2: VTrans should take full advantage of offers of private funding to develop facilities at Newport State Airport**

Newport State Airport is in the relatively rare position of having multiple private entities willing to invest significant amounts into improving the infrastructure of the Airport to make it more useful. This is very uncommon and a situation which VTrans should take full advantage of at its earliest possible opportunity.

Ginn Resorts and Jay Peak Ski Resorts have offered to financially contribute to the runway extension as well; identifying expansion of the runway at Newport State Airport as a strategic need to support the growth plans of the resorts. Cassela Waste Systems, owner of the landfill

adjacent to the Airport, has pledged \$300,000 towards the runway extension at the Airport. The USDA's REAP Zone in the Northeast Kingdom has indicated a willingness to provide funding for the extension due to the implications it will have on the future of the economy in the region. It is expected that the total amount of private and non-FAA governmental support for the runway extension will exceed \$1 million, nearly one-third of the 2007 construction estimate of \$4.8 million. VTrans should leverage this financial and community support to work with the FAA to get the runway extension completed in an expedient manner.

6.2 Recommended Revenue Enhancement Actions

- **Revenue Enhancement Action #1: VTrans should extend Runway 18-36 by 1,000 feet and consider new runway approaches in order to accommodate larger business jets on an increased basis.**

The major project supported and recommended by the 2007 ALPU was the extension of the main runway at the Airport. The existing 4,000-foot runway is sufficient to fulfill the definition of a Local Service Airport. However, the Airport has evolved since the writing of the VASPP and now serves (or has the potential to serve) a diverse clientele from across the country, which is more indicative of a Regional Service Airport, which has a recommended runway length of 5,000'. While leisure fliers have been common at Newport State Airport, the business traveler and the second-homeowner are becoming more common users as area resorts continue to grow and as the urban sections of the region continue to revitalize. While the current runway length is adequate for some applications, most common small jet aircraft require more than 4,000' runways. The nearest United States airport with a minimum of a 5,000' runway is in Berlin, 67 miles away²⁰. It is unlikely that potential resort-users and other tourists destined for the Northeast Kingdom would choose to use Knapp State Airport in Berlin as a base for their visit, and will vacation elsewhere. The extension of the runway will not only lead to an increased number of operations at the Airport, but it will also lead to an increase in revenues for VTrans through increased fuel tax revenue and through fees paid for services performed by Lakeview Aviation. For the community, the extension has the opportunity to support the growth of existing businesses as well as to bring new businesses to the area. Finally, the runway extension will provide an increased level of safety in a variety of weather conditions for pilots and passengers utilizing the Airport.

The operator of a jet that currently utilizes the Newport State Airport has indicated that use of the Airport would increase significantly with a runway extension. At present, the operator indicated that their business jet, a Cessna Citation Excel, can only utilize the Airport during dry conditions. According to the National Weather Service in Burlington, Vermont, Newport averages 178 days with measurable rainfall each year. In addition, measurable snowfall occurs in Newport on an average of 62 days per year²¹. These figures indicate that the runway at Newport State Airport would experience wet conditions on approximately 240 days. Wet conditions

²⁰ Aéroport de Sherbrooke, in Sherbrooke, QC, is an international airport that maintains a 6,000' runway and is less than 60 miles from Newport.

²¹ Newport Vermont Climatology, National Weather Service, Burlington, VT.
<<http://www.erh.noaa.gov/btv/climo/stations/newport.shtml>>.

related to significant snowfall at the Airport could cause an additional number days where the Airport could not be utilized by some business jets, including the Cessna Citation Excel. According to Advisory Circular (AC) 150/5325-4B, *Runway Length Requirements for Airport Design*, the Cessna Citation Excel, designated as the future design aircraft for the Newport State Airport, is listed in the “75 percent of the fleet” category. Based on the mean daily maximum temperature of the hottest month, 75 degrees²², and the elevation of the Airport at 930.4’ above mean sea level (MSL), a runway length to accommodate 75 percent of the fleet at 60 percent useful load is 4,600’. As the Cessna Citation Excel is a turbojet aircraft, an addition of 15% in length is added to account for landings during wet conditions. This increases the recommended runway length to 5,290’. The aircraft operator indicates that operations at the Airport utilizing the Cessna Citation Excel, and other similar jets, are nearly impossible during winter months due to moisture present on the runway, and are extremely limited during other parts of the year. Operations at the Airport by the privately-owned Excel will increase with a runway extension due to the increased opportunity to safely complete operations during wet runway conditions.

Grooving of Runway 18-36 should also be strongly considered as an important factor to attract an increased level of corporate and business aircraft as well as scheduled or charter passenger aircraft and improve safety. According to FAA Advisory Circular 150/5320-12C, *Measurement, Construction, and Maintenance of Skid-Resistant Airport Pavement Surfaces*, the “grooving of all runways, serving or expected to serve turbojet aircraft, is considered high priority safety work and should be accomplished during initial construction. Such existing runways without grooving should be programmed as soon as practicable.” With current jet use at the Airport, and a projected increase in the near future, grooving of the runway will improve braking performance for aircraft utilizing the primary runway and provide additional braking assistance, particularly during rain and snow events.

Increased revenue as a result of a runway extension, grooving, and associated infrastructure improvements will be attained through additional use of the Airport. As Airport use rises, both in terms of based and itinerant traffic, fuel sales and maintenance work will also increase. VTrans receives a portion of all income received through fuel sales and maintenance work completed through Lakeview Aviation as a part of their FBO lease. In addition, there is the potential for an increase in the number of new, privately-owned, or state-built hangars at the Airport. Owners of hangars at Newport pay a lease to the Airport for the land where the hangars are constructed. Several hangars have already been discussed as a result of the runway extension, including a new 10,000 square foot hangar constructed by the FBO for aircraft storage, and a 30,000 square foot hangar proposed by an investor at the Jay Peak resort to handle aircraft manufacturing.

An additional attractor for jet operators is the availability of various approaches to the runways at the Airport with lower minimums. At present, Newport only has a Global Positioning System (GPS) approach to Runway 36 with a minimum ceiling of 600’ and a required visibility of one mile for aircraft in Category A or B, or 1.5 miles for aircraft in Category C. A Non-Directional Beacon (NDB) approach to Runway 36 was recently cancelled. The introduction of a Localizer Performance with Vertical Guidance (LPV) approach to Runway 36 is a potential

²² 2007 Airport Layout Plan Update, Page 2.8.

option, as well as a GPS approach to the Runway 18. The reduction of the minimum visibility for the Airport would also increase the attractiveness of the Airport.

- **Revenue Enhancement Action #2: VTrans should work with Lakeview Aviation and local economic development agencies to develop and support a marketing program for the Airport.**

For any business entity, marketing is an important tool in attracting new clients and creating an increased revenue stream. Newport State Airport and Lakeview Aviation are no different. In the current economic state, with crude oil prices hovering around \$40 per barrel (after having surpassed \$145 per barrel), recreational and business aviation is experiencing a slowdown. However, the new developments, those planned and under construction, have the potential to maintain and even increase recreational aviation traffic in the area. Development at the Burke and Jay Peak ski resorts include the construction of several thousand new homes, most of which are predicted to serve as second or third homes for their owners. The ski resorts and economic development officials believe that many of these part-time residents would prefer to fly their private aircraft into the Airport. A marketing program should be instituted to attract these new part-time residents and to promote the benefits of flying into the Airport.

In addition to developing a marketing program to the new residents at the ski resorts, a marketing program should also be developed to increase business aviation at the Airport. Business traffic at the Airport, while currently moderate, has the potential to increase after the completion of a runway extension that will allow larger business jets to land at the airfield. A marketing program should be instituted to inform current businesses in the area about new developments at the Airport and provide reasons why that business would benefit by utilizing the Airport. In addition, new businesses looking to locate in the Newport area should receive information about the Airport and the services that the Airport can provide. Already, ATM Holdings has indicated a desire to expand operations in Newport, and other businesses have stated that a longer runway would make the area a more attractive option. Additionally, Newport State Airport can be marketed to businesses just over the Canadian border as an alternative for doing business in the United States. Economic development officials indicated that it is generally considered easier to drive across the border than to fly across (due to immigration restrictions on where international flights can land), so a Canadian-based firm could house its aircraft at Newport State Airport, and drive down across the border whenever it needed to travel to another location in the United States. The use of US airports by Canadian commercial aviation travelers is evident at Burlington International Airport, which has experienced tremendous passenger growth through Canadian travelers seeking to fly within the United States. Similarly, Plattsburgh International Airport in New York bills itself as “Montreal’s US Airport” and seeks to attract Canadian travelers.

In addition to providing this information directly to potentially interested parties, VTrans, in coordination with Lakeview Aviation, should develop a website to replace (or supplement) the current VTrans website and include the current features located on the Lakeview Aviation website. Aspects of the website should include airfield information, services provided by the FBO, regional information such as a listing of hotels, car rental outlets, restaurants, and real estate agents as well as information about local attractions, including the ski resorts and Lake

Memphremagog, retailers in downtown Newport, and information about crossing the border into Canada. The ideal website would likely be created and updated regularly by an independent marketing firm specializing in website creation and management. This would allow for the website to remain current and to utilize up-to-date technologies and innovations that would make the website, and therefore the Airport, more attractive to potential visitors.

While creating a website to jointly highlight the Airport and the FBO is important, being noted as a viable option for transportation to the region is also important. Websites for both Jay Peak and Burke Mountain currently neglect to mention Newport State Airport as an option for their guests. This should be remedied. Furthermore, the Jay Peak website directs air users to the airport in Burlington, and does not mention general aviation options. The website for the Northeast Kingdom Travel and Tourism Association does note that there are “light plane” airports in Island Pond, Lyndonville, and Newport. The website for the Northeast Vermont Development Association does note the presence of the Airport, but does not provide any further assistance or information. It is important for the community to publicize the presence of the Airport when listing methods and modes to travel to the region.

It is likely that any marketing effort will require some investment on the part of VTrans. Whether these monies are used for the production of promotional documents, maintenance of a marketing-focused web-site, sponsorship of events, participation in events designed to promote the Airport and the region, or for other purposes, VTrans must be prepared to invest in the marketing of this facility in order to reap the long term reward of higher utilization and the resulting fees and revenues.

- **Revenue Enhancement Action #3: VTrans should explore options for the provision of rental cars and improved ground transportation at the Airport**

There are certain amenities that many transient aircraft operators require when choosing an Airport. When arriving in Newport, it is essential for there to be a method of transportation for these users to reach their final destinations. While a shuttle is provided by Jay Peak (with 24 hours prior notice), and a courtesy car is available from the FBO for short-term local use, there are minimal other transportation options available to or from the Airport. VTrans should explore the possibilities of providing a source of transportation to travelers utilizing the Airport. Options could include teaming with a rental car agency to locate at the Airport or place cars at the Airport with the FBO acting as an agent for the company. This methodology is in use at other general aviation airports including Martin State Airport (Maryland), Morrisville-Stowe State Airport (Vermont), Floyd Bennett Memorial Airport (New York), and Randolph County Airport (West Virginia). In addition, Enterprise Rent-A-Car operates a General Aviation Connection where users can go to a special Enterprise website and reserve cars from Enterprise to be delivered to the FBO for pick-up and drop-off. Participating FBOs at State-operated airports in Vermont are located at Hartness (Springfield), E.F. Knapp (Barre/Montpelier), W.H. Morse (Bennington), Caledonia County, Franklin County, and Middlebury. Advantages of teaming with a rental car company include the nationwide reservation system provided by that company, as well as corporate contracts held with various companies across the country. The Airport could also collaborate with Jay Peak and Burke Ski Resorts to acquire a rental car operation. At many full service resorts, a rental car counter is provided by the hotel as a convenience for guests and other

resort users. At times, a single franchisee maintains a counter at several locations and stores the cars in one location, and brings them to each resort or counter as necessary. The interested parties could attempt a partnership that will serve to benefit all interested parties, and could serve the Newport area by providing rental cars through a national company available at the Airport.

As previously mentioned, Jay Peak Ski Resort currently provides an on-demand shuttle to the resort from Newport State Airport. This shuttle can be an important factor behind the utilization of the Airport by guests and homeowners at Jay Peak. Overtures should be made to Burke Ski Resort and other major destinations in the region to duplicate this amenity to make the Airport a more viable entry point into the region. As business and resorts in the downtown Newport area expand, a shuttle to that area should also be considered.

- **Revenue Enhancement Action #4: VTrans should complete a market analysis to determine the demand for commercial or charter air service at Newport State Airport.**

While commercial air service across the United States has been decreasing due to rapidly fluctuating fuel costs and the economic downturn, the proximity to Canada and the presence of two major ski resorts has the potential to create sufficient demand to make it economically viable for an air carrier to provide limited commercial service or charter service to Newport State Airport, at least on a seasonal basis. The nearest commercial service airport to Newport is located in Burlington, approximately 73 miles to the southwest. The direct land route to Burlington is via secondary roads through the mountains, which is extremely challenging during the winter months, and takes nearly two hours even in good conditions.

According to the U.S. Department of Transportation's Office of Aviation Analysis, "communities are not eligible to receive subsidized air service (EAS) if they are within 70 driving miles of an FAA-designated Large or Medium Hub airport²³." While Burlington is 73 miles from Newport, it is only designated as a Small Hub airport. The closest Large or Medium Hub airport to Newport is Manchester-Boston Regional Airport, approximately 170 miles from Newport. However, "when Congress passed the Airline Deregulation Act on October 24, 1978, they simply said that any community receiving scheduled air service from a certificated carrier on that date was an eligible EAS community²⁴." Based on historical data, Newport State Airport was a destination for Air Vermont in the early 1980s until the airline folded in 1984. There is no evidence of commercial air service at the Airport in 1978 when the Airline Deregulation Act was passed. Given the current situation with EAS and the existing economic situation that limits the growth of EAS flights, it is unlikely that Newport can obtain EAS designation.

In order to gain service, the State will have to develop sufficient information to prove to an air carrier that serving Newport State Airport is economically viable for the airline, without a subsidy, on either a regular, seasonal, or charter basis. In addition, the State will need to investigate the costs associated with updates to the Airport that might be required, including improved vertical approaches as well as terminal and parking lot improvements. Terminal

²³ United States Department of Transportation, Office of Aviation Analysis.
(http://ostpxweb.ost.dot.gov/aviation/X-50%20Role_files/essentialairservice.htm)

²⁴ Ibid.

improvements would include space for a ticketing counter, office space for an airline, and space for Transportation Security Administration (TSA) inspections. If it is not deemed feasible for TSA inspections to occur at the Airport, VTrans should investigate the potential of following a format recently initiated at the Florida Keys Marathon Airport, where passengers utilizing Continental Connection flights (operated by Cape Air) are inspected by TSA employees at the destination, Southwest Florida International Airport in Fort Myers, Florida, if they are connecting to another flight. With minimal terminal space available at Newport State Airport, an operation similar to this would be ideal to minimize increased space needs required by commercial passenger service.

VTrans should apply for a Small Community Air Service Development (SCASD) grant from the FAA to conduct a study of air service needs for residents and businesses in the Northeast Kingdom, should such grants continue to be available. There are specialized consultants that have extensive expertise in this area, and it is recommended that the State obtain the services of such a company if it wishes to pursue charter or commercial service. This study would determine the viability of passenger air service to the Northeast Kingdom and could determine the types of aircraft and frequency, including seasonal demand, which could help to cultivate success.

- **Revenue Enhancement Action #5: VTrans and the United States Customs & Border Patrol should work together to provide Customs inspections at the Airport.**

Newport State Airport is approximately eight miles south of the Canadian border. However, there are presently no facilities available at the Airport for Customs inspections for incoming flights. FAA Advisory Circular (AC) 150/5000-5C, *Designated U.S. International Airports*, indicated that the Airport is a landing rights Airport, where no Customs personnel are based, but flights incoming from a foreign area can request permission to land from the U.S. Customs & Border Patrol (CBP). Under the provisions of the AC, a CBP employee would drive from the land border crossing in Derby to the Airport to process the passengers on the plane. However, the CBP can reject the landing of foreign aircraft at the Airport, and, according to airport personnel and local economic development officials, rejection is commonplace. This lack of service at Newport State Airport is further evidenced by the March 2008 *U.S. Customs & Border Protection Guide for Private Flyers*, which does not include Newport as an option for international arrivals.

The Northeast Kingdom is a prime destination for travelers from eastern Canada. According to economic development officials, nearly nine of ten vehicles seen on local highways are Canadian. In addition, it is expected that many of the new homes purchased at the Jay Peak and Burke Mountain ski resorts will be by Canadians. In order to attract Canadians who may want to utilize their aircraft to reach their part-time homes, a partnership between the State and CBP should be pursued. While it is unlikely and fiscally unrealistic to expect a CBP agent to be regularly present at Newport State Airport, it is not unreasonable to have a CBP agent drive to the Airport from the land border crossing to provide clearance for private aircraft landing from Canada. An alliance with the CBP should be formed as soon as possible to provide an additional selling point for the resorts as well as for businesses that may want to bring in employees or visitors from Canada.

Another concept to explore may be remote border crossings. At the Newport City Dock on Lake Memphremagog, an Outlying Area Reporting Station (OARS) has been installed to provide Customs services at the lake via a videophone. In order to clear Customs at the OARS, boat passengers must approach the OARS system, which typically includes an AutoDial telephone, a video transceiver, a monitor, a facial camera, and a document camera. After using the system to contact CBP, a border crossing inspection will occur remotely, and the presence of the videophone allows both the traveler and the CBP officer to view each other. When a person attempting to use the OARS system does meet CBP border crossing requirements, a CBP officer may direct the boater to the nearest port-of-entry for an in-person CBP inspection.

The OARS system is intended for use by boaters utilizing waterways that cross international borders. No similar system currently exists for aviation activities near international borders. However, similar technology at the Airport could clear general aviation aircraft utilized by visitors and part-time residents in the Newport area. The ability to fly their aircraft into Newport would make the area more attractive to these residents and could increase tourism to the area. While there are currently no plans to deploy such a system, if a program were to be developed, VTrans should strongly consider applying for the program to include Newport State Airport.

- **Revenue Enhancement Action #6: VTrans should work with the Northeast Vermont Development Association (NVDA) to convert a section of the Airport into an aviation-related business park.**

In 2000, the NVDA began a study to determine the feasibility of locating a business park on State-owned land along Airport Road. The NVDA indicated that at the time, there was a prospective tenant interested in locating at the Airport and bringing several dozen new jobs to the Newport area. However, delays in the project caused the company to choose a different location outside of the Northeast Kingdom.

An aviation-related business park housing a small number of businesses could potentially still be a viable option at the Newport State Airport, particularly if the proposed runway extension is completed. Development Areas 2 and 3 include space that is less than ideal for aviation purposes, but which would be very serviceable for aviation related businesses that do not require direct access to taxiways and runways.

Though there is a current lack of public water and sewer service to the Airport that may prove to be a disincentive to development, it does not eliminate the location from future industrial or business development. The 2000 NVDA study indicated that a septic system could be installed to properly handle sewage from the site and ground water is sufficient to meet the needs of most businesses that would locate at the Airport. Long-term development could include bringing public water and sewer to the Airport area if demand supports the expense.

Revenue from the development of a business park at the Airport would be the result of land leases for the property to be developed. In addition, a business that chooses to locate at the Airport will likely also utilize the Airport for business needs. Business use of the Airport will increase fuel sales and potentially increase hangar use.

It is important to note that permission to lease any airport-owned land for non-aviation business use must be obtained prior to such leasing. The New England Region Airports Division of the FAA should be consulted to discuss plans for a business park and to obtain land releases as development proposals are initiated.

- **Revenue Enhancement Action #7: VTrans should construct a transient aircraft hangar and should work with the FBO and private developers to construct additional hangar space at the Airport.**

An increase in the number of corporate users and residents of the new developments at Jay Peak and Burke will require additional hangar space at the Airport, as there is currently only one privately owned hangar space available at the Airport. At present, the State of Vermont does not own any aircraft storage space at the Airport. The 2007 ALPU recommends construction of hangar space for the storage of 26 additional aircraft to accommodate the projected increase in based aircraft and operations at the Airport in the next 20 years. The ALPU indicated an area with two large T-hangars and four small conventional hangars, all located to the south of the terminal building. With the current costs of construction for T-hangars and the monthly rents received at similar airports across the state and region, the economic viability of T-hangars has been questioned. On the other hand, construction of conventional hangars offers a greater potential for long-term profitability based on the increased flexibility of such structures (they can house either large aircraft or multiple smaller aircraft), their ability to house larger (often corporate) aircraft which storage at the Airport tends to have a significantly greater impact on fuel sales, and their ability to command greater rents.

Newport State Airport is one of the few where VTrans does not own aircraft storage space that is leased to the FBO and further sublet to based and transient pilots. VTrans should construct a large conventional hangar designed to store at least four single-engine aircraft to be utilized for transient hangar space for any type of aircraft, including business jets. A 5,000 square foot transient hangar would provide needed parking space for visitors to the Airport and would also increase revenue to VTrans. The State should amend their lease with Lakeview Aviation to include rental collection and facility management for the hangar as part of their duties with the FBO retaining only a small management commission (5% recommended) for its efforts in collecting rents and maintaining the hangar. The presence of interior parking for aircraft, particularly for jets, can be an attractor to the Airport for future business and corporate aviation.

While VTrans should explore the construction of a new conventional hangar at the Airport for aircraft storage, the cost, which could exceed \$500,000, may be prohibitive to the agency without outside financial support. With RSAs that will be in compliance after the completion of the runway extension, VTrans could request funding from the FAA for hangar development at the Airport. With this method, the State would pay for a small portion of the hangar, and would be able to lease the space to based and transient aircraft. With a smaller proportion of money being expended by the State, a profit would be achieved in a much shorter time. In addition to FAA funding, the State could request funding from other local sources that have an interest at the Airport if the hangars are being constructed to assist with economic development.

Another option could be for the state to put hangar development opportunities on the open market for private developers. The request-for-proposal (RFP) process would identify the potential for third party developer hangar construction. Based upon the number and quality of responses, the State will be able gauge private interest in aviation development at Newport State Airport. Given the relatively unique situation at Newport State Airport, the level of interest in private development may be sufficient to support such a solicitation, as there is significant unmet demand as well as great potential for future growth at the facility.

VTrans has traditionally provided land leases to interested parties to construct private hangars at its airports, including Newport where private-hangars line the apron. At present lease-rates, VTrans is earning money on the land, but not at an optimal rate. Only if the solicitation process, as well as funding through FAA and local development agencies is insufficient, should the State continue pursuing private development of hangars through land leases at the Airport. This methodology, although having the lowest cost to the State, also has the lowest return, and will inhibit future revenue streams. If this method is followed, the development of private hangars will continue to bring in a small amount of revenue to the State for the land lease and will bring in revenue from fuel sales and other services that are completed for the aircraft by the FBO. Future land leases should reflect Policy Recommendation #2, where higher rates should be utilized for the land leases to further reflect the value of the land and of the Airport.

- **Revenue Enhancement Action #8: VTrans and the FBO should work with Lyndon State College to determine the feasibility of instituting an aviation-related academic program that would utilize the Airport.**

A potential option to improve revenues for VTrans and the FBO rests with maintaining and increasing the current flight instruction operations at Newport State Airport through the association of the FBO and a local college or university. At many schools around the country, including Embry-Riddle Aeronautical University (Florida), Schenectady County Community College (New York), St. Cloud State University (Minnesota), and the Ohio State University, aviation-related majors such as aviation science, flight operations, aviation management, non-flying aviation management, and professional pilot have become popular choices for youth with a dream of working in aviation. There is one college in the Northeast Kingdom, Lyndon State College that could potentially benefit from the addition of an aviation-related major.

With majors including business administration, television news, ski resort management, and adventure-based program management, Lyndon State College has an eclectic variety of options for its students and aviation could be an interesting addition to the mix. With no schools in Vermont offering a Bachelors degree in an aviation-related field, this would create a unique opportunity for Lyndon State. The program could entail a large amount of flight training for students, dependent on their career goals, or smaller amounts for students involved in aviation minor or interested in land-based aviation careers. Flight instruction would be provided by either the FBO (in which case the State would collect its percentage of fees), or by the college (in which case, there would likely be additional revenues to the State from one or more additional based aircraft, fuel sales, etc.)

- **Revenue Enhancement Action #9: VTrans should promote the Airport to private air medical transport providers. A based medical transport aircraft at the Airport could serve the needs of transporting stable patients to hospitals throughout the region.**

The presence of air medical transport in a rural community can be an asset to local residents, visitors of the nearby ski resorts, and to the Airport's owner. Air medical transport would be valuable to local hospitals, including the North Country Hospital in Newport and the Northeast Vermont Regional Hospital in St. Johnsbury. For patients requiring care that these hospitals can not provide, whether emergency or specialty services, air medical transport can be used to provide safe transport to other hospitals in the northeastern United States or in southeastern Canada.

The current runway length at Newport State Airport may preclude the possibility of most air ambulance services from basing their typical aircraft at Newport State Airport. However, if the runway is extended to the proposed 5,000' length, such services become viable. Air ambulance operators should be pursued to determine their interest in locating a base at Newport State Airport to serve Northern Vermont and other parts of New England. According to other air ambulance operators, a based air ambulance would result in approximately 300 annual operations. Further, some medical transport aircraft are used for regular air charter part-time to supplement their medical mission. For VTrans, a based air ambulance would bring added revenues through land leases for a hangar and from taxes on the fuel purchased at the Airport.

6.3 Recommended Community Partnership Actions

- **Community Partnership Action #1: VTrans should consider rebranding the Airport with a name to recognize the entire region that can serve as a marketing tool for the Airport and as an additional tool for tourism and economic development officials.**

The Newport State Airport has a name and brand that is attributed to a particular location, unlike several other airports in Vermont. However, "Newport" is not a unique name and may lead to confusion with other airports and areas. In most online search engines, a query looking for "Newport State Airport" will in fact provide information about Newport State Airport, located in Newport, Rhode Island. Not only do the two locations have the same name, but they are in the same general area of the country, which could potentially cause further confusion. There could be a benefit, however, in renaming the Airport to reflect the entire region served by the Airport. A recent example can be found in southern Vermont, where Rutland State Airport became Rutland – Southern Vermont Regional Airport in an effort to tie the Airport into the needs of all of southern Vermont and not just of the Rutland area. Other examples of airports that have rebranded themselves include the Northern Maine Regional Airport at Presque Isle, Eastern Slopes Regional Airport, Mount Washington Regional Airport, Manchester-Boston Regional Airport, and Lehigh Valley International Airport. Possible new names for the Newport State Airport include Northeastern Vermont Regional Airport, Vermont-Northeast Kingdom Regional Airport, or Newport – Northeast Kingdom Regional Skipport. The idea of utilizing an alternative to "airport" in the title is unique, but not unheard of. Examples include the Albuquerque International Sunport, Portland International Jetport, Kinston Regional Jetport, and the Pease International Tradeport. The rebranding of the Airport could better identify the Airport as an

alternative transportation mode to the area for potential tourists or residents of the new developments at the area ski resorts.

The rebranding of the Airport should also coincide with increased marketing that could promote the Airport both in and of itself and as a gateway to the Northeast Kingdom. As noted under Revenue Enhancement #2, VTrans operates a basic website for the Airport which provides very limited information, and which has little commercial appeal. Newport State Airport should have a dedicated website which not only provides information about the airfield and its amenities, but also provides information about (or at least links to information about) the Northeast Kingdom. With future growth at the Airport, and in utilization of the website, advertising by these businesses on the airport website could be an additional source of revenue for the State.

- **Community Partnership Action #2: VTrans and the FBO should provide opportunities for the community to learn about and experience the Airport.**

In a community where there is support for the Airport, VTrans should provide opportunities for community residents to come to the Airport to see the facilities and to experience aviation. Opportunities could include hosting a pancake breakfast and fly-in, an air show, or even just sponsoring school trips to the Airport to take a tour and sit inside a plane. Each of these ideas would provide an opportunity for the community to come to the Airport, in an area of town that is not typically frequented, and to see the facilities and life at the Airport. While an air show has the potential to be cost prohibitive, a fly-in is typically easier to plan and execute. Aircraft from across the northeast would fly-in to the Airport and park their planes on the apron while enjoying the company of fellow pilots as well as community members. The former café at the Airport could provide the facilities for cooking, while tables can be set up outside for dining and to watch aircraft operations. Community members would also be able to get an up-close view of a variety of aircraft and would have the unique opportunity of being on-airport to watch operations. With the potential of a runway extension, these operations could include larger jet aircraft.

Offering tours of the Airport to school groups is another method to bring people out to the Airport and increase community-airport relations. Children will be able to watch aircraft take-off and land, as well as take a tour of the Airport and the facilities to see everything that the Airport has to offer. This has the potential to increase interest in aviation among youth, which at present is seeing a decline. In a small community such as Newport, it is important for VTrans and the FBO to connect to the community and to maintain community support, as well as achieve support from any residents who are opposed to the presence of the Airport.

6.4 Impact on Revenues

Potential Demand Changes

Quantifying the levels of additional potential revenue that might result from implementing the strategies presented above is highly subjective and due to a number of outside variables, speculative in nature. There are a wide variety of complex external economic forces

that will impact revenues at the Airport, many of which are beyond the control of VTrans, the FBO's, or anyone in Vermont. Therefore, in order to project the impact on revenues of the aforementioned actions, it is necessary that a number of assumptions be made for each strategy and its resulting impact. From this point, reasonable projections can be made, and, if the assumptions fluctuate, deviation from the predicted revenue levels would be understandable.

Substantially, the bulk of growth and development of Newport State Airport is predicated on the completion of the runway extension. Without the longer runway, many of the other revenue drivers and generators have limited or no possibility of coming to fruition. The current 4,000 foot runway will severely curtail (or eliminate) the ability for larger twin-engine and most business jets to consistently utilize the facility. The financial analysis below assumes that the runway will be extended by 2012, which limits revenue enhancement in the early years of the business plan. It is highly unlikely that this time frame can be expedited due to the process involved in obtaining permission and funding to build a new runway and the time involved in the actual construction of the runway.

A runway extension at the Airport will provide the potential to increase both operations and based aircraft at the Airport. The number of operations completed at the Airport is expected to increase by ten percent upon completion of the runway extension, consistent with the projected growth rate in the 2007 Airport Layout Plan Update. This figure includes projected increases in operations completed by current jet users at the Airport who experience limitations in all-weather operations due to the runway length, as well as additional users of the Airport who will be attracted by both new industry in the Newport area and the new developments at the ski resorts. Many of the users in this category are expected to be transient operators, due to the nature of the resort developments in the region. It is projected that most of the new residential structures will be seasonal homes for their owners, and while their aircraft will likely utilize the apron space and the proposed transient hangar, the aircraft will actually be based elsewhere.

The 2007 ALPU projected five new aircraft at the Airport in the short-term. However, due to recent economic turmoil, it is believed that this projection may be high. This business plan projects that, by 2013, four additional aircraft will be based at the Airport as a result of the recommended improvements to Newport State Airport. This will be facilitated by the private construction of a conventional hangar at the northern end of the apron. As stated previously, many of the aircraft utilizing the Airport as a result of the runway extension will not base at the Airport, but instead will utilize Airport facilities for varying amount of times (from hours for chartered jets to weeks for personal aircraft). Of the four new based aircraft, it is expected that these aircraft will be single-engine aircraft, but could include a multi-engine or jet aircraft.

Additionally, recent changes to the management structure at the nearby Caledonia County State Airport could also bring new based aircraft to Newport. The airport manager position at that airport was eliminated, leaving no full-time staff and no FBO at the Airport. This could cause some of the aircraft based at the Airport to consider relocating to relatively close-by Newport State Airport. Due to uncertainties regarding this situation, assumptions regarding new based aircraft from Caledonia County were not included in the previous projections, but could provide an increase to the projections if they occur.

Other action items recommended, such as improving terminal services or renaming the Airport will have positive impacts, but not impacts that can be directly related to increases in operations or based aircraft, and therefore, no estimate is made for the economic impact of such actions. The addition of commercial or charter passenger service, or an air ambulance service, which would have a significant economic impact, is too speculative to count on as a potential boost to operations at the Airport.

Revenue Impacts

Table 18 presents an estimate of how the proposed enhancement strategies could impact revenue at Newport State Airport, if the assumptions for each scenario are met.

Table 18 - Revenue Totals Resulting from Revenue Enhancement Strategies						
	2008	2009	2010	2011	2012	2013
Lease Fees	\$12,688	\$13,196	\$13,723	\$38,972	\$40,531	\$43,032
Fuel Taxes – 100LL	\$2,851	\$2,486	\$2,632	\$2,778	\$2,778	\$2,851
Fuel Taxes – Jet-A	\$6,298	\$4,180	\$4,308	\$4,778	\$11,814	\$18,432
Total Projected Revenue	\$21,837	\$19,861	\$20,663	\$46,528	\$55,123	\$64,316

Table 18 uses the projected baseline revenues for 2008-2013 shown in Table 14 as its basis. Revenue collected from fuel taxes for the sale of 100LL and Jet-A fuel is projected to follow the baseline projections through 2011. With the projected completion of a runway extension in mid-2012, the amount of Jet-A fuel sold at the Airport is expected to increase significantly. The airport manager indicates a projected increase of Jet-A sales of 100% due to the ability for current Airport users to purchase an increased amount of fuel due to the decrease or elimination of weight restrictions allowed by the longer runway as well as from fuel sales to new users of the Airport. Increasing Jet-A fuel sales annually by 12,800 gallons, approximately 100% of current fuel sales, at a cost of \$4 per gallon, would net the State an additional \$3,072 per year in Jet-A fuel taxes. Adding to that is increased use projected at the Airport from ATM Corporation's Cessna Citation Excel. Assuming that the Cessna fills its tanks with 75% of its maximum fuel capacity at Newport by purchasing 738 gallons, the projected fuel tax revenues to the State (based on the assumption of Jet-A fuel costs of \$4 per gallon) will increase by over \$7,000 with 40 additional take-offs at the Airport. As no significant change in the activity of aircraft using 100LL fuel are expected due to changes recommended in this Business Plan, sales of this type of fuel are expected to follow the projected baseline revenues detailed in Table 14. However, significant increases in 100LL fuel sales could result with the commencement of commercial or charter passenger service at the Airport utilizing Cessna 402C aircraft. These services at the Airport could increase fuel tax collections by over \$20,000 per year with 700 take-offs completed at 75% maximum fuel capacity purchased at Newport. An additional 50 annual take-offs at 75% maximum fuel capacity for a chartered Cessna Citation II would net approximately

\$10,000 per year in fuel tax revenue to the State. However, because the acquisition of such services is speculative, those estimates are not included in projected revenues.

It is projected that lease revenues will increase steadily by the projected annual inflation rate as leases are renewed and increased by the CPI. The projected completion of a state-owned transient storage hangar at the Airport increases projected revenues significantly in 2011. It is projected that the hangar will be able to store four aircraft at a rate of \$100 per week. With 100% occupancy, and 5% of the revenues remitted to the FBO as a collection/management fee, the State will collect an additional \$24,700 per year in lease fees.

Comparison of Expenses & Revenues

When the enhanced revenue forecast shown in Table 18 is compared to the associated operating expenses from Table 15, an estimate of future net operating expenses can be made. An increase in runway length at the Airport will lead to a projected 10% increase in maintenance costs associated with upkeep of the newly constructed runway end. Table 19 illustrates one scenario of future operating revenues for Newport State Airport. As with revenue and expense projections already mentioned, the net operating revenue/deficit estimate relies on meeting a number of assumptions mentioned in the preceding sections.

Table 19 - Recommended Plan Operating Revenue & Expense Comparison			
Year	Forecast Enhanced Revenues	Forecast Operating Expenses	Forecast Net Operating Deficit
2008	\$21,837	\$116,125	(\$94,288)
2009	\$19,861	\$90,060	(\$70,199)
2010	\$20,663	\$92,480	(\$71,816)
2011	\$46,528	\$94,986	(\$48,458)
2012	\$55,123	\$101,607	(\$46,484)
2013	\$64,316	\$108,591	(\$44,276)

Table 19 indicates a continued operating loss through the five-year forecast period. While expenses in 2009 are projected to be lower than those in 2008, there is a projected increase in net operating losses through 2010. In 2013, with the completion of runway construction, net operating losses are expected to begin decreasing as use of the Airport increases due to the extension. Table 20 indicates the projected difference between annual baseline and recommended plan revenue.

Table 20 – Difference Between Baseline and Recommended Plan Revenue			
Year	Baseline Operating Deficit	Recommended Plan Operating Deficit	Change
2008	(\$94,288)	(\$94,288)	\$0
2009	(\$70,199)	(\$70,199)	\$0
2010	(\$71,816)	(\$71,816)	\$0
2011	(\$73,158)	(\$48,458)	\$24,700
2012	(\$74,765)	(\$46,484)	\$28,281
2013	(\$76,788)	(\$44,276)	\$32,512

6.5 Implementation of Business Plan Recommendations

A number of recommendations have been made as a part of this Business Plan. Each recommendation is intended to be an important addition to providing the best possible services at Newport State Airport.

Specific recommendations by timeframe are as follows:

Immediate

- *1st Priority - Apply for SCASDP Grant to Complete Market Analysis for Commercial Air Service*
- *2nd Priority - Airport Branding*
- *3rd Priority - Airport Marketing/Website*
- *4th Priority - Update Land Leases for Private Hangar Development as they Approach Renewal Periods*
- *5th Priority - Determine Potential for Rental Car Availability*
- *6th Priority - Community Outreach*

2010-2012

- *1st Priority – Complete Runway & Taxiway Extension*
- *2nd Priority - Create a Partnership with U.S. Customs & Border Patrol for Border Inspections at the Airport*
- *3rd Priority - Determine Potential for a Partnership with Lyndon State College*
- *4th Priority - Construct a State-owned Conventional Hangar for Transient Aircraft Storage*

2013 and beyond

- *1st Priority - Determine the Need for a Business Park on State-Owned Land on Airport Road*

7. ECONOMIC IMPACT ASSESSMENT

The purpose of this section is to quantify the economic impact and contribution of Newport State Airport to the local economy for both the existing situation and for the Recommended Plan. By showing the existing and newly created jobs, income, and total economic output, a greater understanding of the true impact the Airport has in Orleans County and Northern Vermont can be realized. This analysis demonstrates the economic impacts of Airport and aviation use within Orleans County by tracing the movement of expenditures through the various economic sectors until the money is exported incrementally from the County through purchases of outside goods and services.

7.1 Goals and Methods of Analysis

The goal of this analysis was to quantify the following economic aspects of Newport State Airport both for existing conditions and for the year 2013 Recommended Plan:

- **Direct Spending:** On-airport spending concerning employment, operations, and capital projects. Direct spending also includes off-airport spending by air travelers for rental cars, hotels, restaurants, etc. associated with the users and provision of airport services.
- **Induced Benefits:** Impacts created by the successive rounds of spending in the local economy until the original direct or indirect impact has been incrementally exported from the local area.
- **Jobs and Income:** Quantify the income generated by aviation and the number of jobs supported by the Airport.
- **Total Output in Dollars:** The combined impacts of direct, indirect, and induced spending.

To conduct the analysis, the study utilized the following simplified process and methodology:

- Collect baseline data from the existing statewide economic impact study²⁵. These numbers were adjusted for inflation from the year 2003 to the year 2008 effectively increasing the original impacts by 17 percent.
- Apply regional multipliers to direct recommended plan capital costs and projected employment for 2013.
- Describe non-monetary impacts of Newport State Airport and local aviation.
- Year 2013 add-on impacts were developed using the following inputs:
 - Assume capital development of runway extension (\$4.8 million) along with development of one 5,000 square foot hangar (\$525,000). Capital spending averages \$1.065 million per year over the five year period.

Columbia Forest Products, North America's largest manufacturer of hardwood, plywood, veneer, and laminated products uses the Airport on a sporadic basis. The Airport is also used by some

²⁵ Source: Simat, Helliesen & Eichner, Inc. (SH&E, Inc.), **Economic Impact of Vermont's Public-Use Airports**, April, 2003.

visitors to Jay Peak Ski Resort and some second-home owners that fly in from New Jersey and Massachusetts.

7.2 Results of Analysis

In 2003 VTrans completed an analysis of the economic impact of airports and published the Economic Impact of Vermont's Public-Use Airports. According to that study, Newport State Airport was estimated to have \$357,500 in economic impact in terms of business sales and public sector expenditures.

The economic impact methodology employed here first identified the direct spending and employment at Newport State Airport (called direct impacts) for the year 2013 recommended plan. This spending was in the form of capital development for a runway extension and hangar development. Using this information, regional re-spending multipliers derived from IMPLAN software were applied to the data to determine the multiplied impacts of direct spending (called induced impacts). Table 21 presents a summary of Newport State Airport's direct and induced economic impacts for both the baseline case and the year 2013.

Table 21 - Direct and Induced Economic Impacts				
Item	Year 2003 Impacts	Year 2008 Impacts**	Recommended Plan Add-on Impacts	Total 2013 Impacts
Direct Impacts				
On-Airport Income*	\$25,700	\$30,100	\$356,600	\$386,700
On-Airport Expenditures	\$117,500	\$137,500	\$1,065,000	\$1,202,500
On-Airport Employment	2	2	10	12
Off-Airport Income*	\$43,200	\$50,500	N/A	\$50,500
Off-Airport Expenditures	\$113,200	\$132,400	N/A	\$132,400
Off-Airport Employment	4	4	N/A	4
Induced Impacts				
Induced Direct and Indirect	\$126,800	\$148,400	\$338,500	\$486,900
Total Induced Employment	1	1	4	5
Grand Total Monetary Impacts	\$357,500	\$418,300	\$1,403,500	\$1,821,800
Grand Total Income Impacts*	\$85,300	\$99,800	\$457,300	\$557,100
Grand Total Employment Impacts	7	7	14	21

* Includes indirect incomes from visitor spending and capital development. This is a subset of the total impacts and is already included in the output number.

** Inflated for CPI change - roughly 17 percent over the period. Employment not inflated.

7.3 Non-monetary Impacts

There are a number of non-monetary benefits of aviation that have not been mentioned in this analysis. Some of these benefits include:

- **Transportation Benefits:** Defined as the time saved and cost avoided by travelers who use airports rather than the next best alternative. Newport State Airport provides access to the National Air Transportation System.
- **Stimulation of Business:** Airports have been shown in other studies to be an important factor in the attraction and siting of new businesses in a community. This is particularly true for businesses with more than 100 employees.
- **Aeromedical Evacuation:** Airports often serve as bases for aeromedical evacuation teams or flight services. This life-saving function has intrinsic value that often cannot be adequately quantified.
- **Recreation:** The Airport's location near Jay Peak, parkland, and the lake creates access for general aviation visitors.

All of the above factors point to a value of an airport that is not easily quantified. The impacts that were estimated within the body of this report are only one facet of the overall picture. Newport State Airport enjoys a significance that is larger than these numbers can estimate. It is part of an increasing scarce system of general aviation facilities that needs support, protection, and appreciation from all the citizens that benefit from its operation, both directly and indirectly.

Appendix A: Lease Agreement Summaries

Lessee / Tenant Description	Physical Facilities	Amount	Additional Terms	Term Length	Begin/End Date	Renewal Options
Amendment No. 1 to Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 66 ft. x 60 ft., known as Hangar Lot 4, upon which tenant owns and occupies a currently constructed hangar for personal and private use.	\$316.00 per year. The Consumer Price Index (CPI-U) is used for changes to rental fees.	Lessee may not sublease the premises without written consent of the Lessor.	5 years	2/11/2007 2/10/2012	Two (2) renewals of five (5) year periods remain. Must give written notice two (2) months before the expiration of each existing term if Lessee desires to terminate.
Amendment No. 1 to Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 66 ft. x 60 ft., known as Hangar Lot 5, upon which tenant is to own and occupy a currently constructed hangar for personal and private use.	\$318.00 per year. The Consumer Price Index (CPI-U) is used for changes to rental fees.	Lessee may not sublease the premises without written consent of the Lessor.	5 years	9/17/2007 9/16/2012	Three (3) renewals of five (5) year periods remain. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.
Amendment No. 2 to Lease between the State of Vermont and a Private Hangar Owner	Approximately 70 acres of land south of the easterly end of Runway 5-25, upon which tenant is to occupy the land with agricultural uses.	\$696.00 per year The Consumer Price Index (CPI-U) is used for changes to rental fees.	Occupancy after lease termination automatically indicates renewal of previous lease. Lessee may not sublease the premises without written consent of the Lessor.	1 year	11/30/2003 11/29/2004	Lease will renew annually upon agreement between Lessee and Lessor and takes effect after Lessee remains in possession of property.
Amendment No. 1 to Lease between the State of Vermont and Lakeview Aviation	Certain parcels of land and buildings totaling 8,320 square feet upon which tenant will operate a business offering aeronautical services to users of the airport.	\$550.00 per month 3% of Gross Monthly Income (excluding Aircraft Sales) or \$550, whichever is greater The Consumer Price Index (CPI-U) is used for changes to rental fees.	Lessee may not sublease the premises without written consent of the Lessor. The Lessee may terminate this agreement at any time with 30 days prior notice to the Lessor.	5 years	3/11/2004 3/10/2009	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.

Lessee / Tenant Description	Physical Facilities	Amount	Additional Terms	Term Length	Begin/End Date	Renewal Options
Memorandum of Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 64. x 80 ft., known as Hangar Lot 6-N, upon which tenant is to own and occupy a hangar for personal and private use.	Unavailable	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	11/10/2004 11/9/2009	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.
Memorandum of Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 64. x 76 ft., known as Hangar Lot 7-N, upon which tenant is to own and occupy a hangar for personal and private use.	\$386.00 per year The Consumer Price Index (CPI-U) is used for changes to rental fees.	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	11/10/2004 11/9/2009	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.
Amendment No. 1 to Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 70 ft. x 100 ft., known as Hangar Lot 9-N, upon which tenant is to own and occupy a 50 ft. x 60 ft hangar for personal and private use.	\$630.00 per year The Consumer Price Index (CPI-U) is used for changes to rental fees.	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	10/17/2006 10/16/2011	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.
Amendment No. 2 to Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 58 ft. x 46 ft upon which tenant is to own and occupy a 48 ft. x 36 ft hangar for personal and private use.	\$333.00 per year The Consumer Price Index (CPI-U) is used for changes to rental fees.	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	10/5/2002 10/4/2007	Two (2) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.

Lessee / Tenant Description	Physical Facilities	Amount	Additional Terms	Term Length	Begin/End Date	Renewal Options
Memorandum of Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 64 ft. x 100 ft., known as Hangar Lot 10-N, upon which tenant is to own and occupy a hangar for personal and private use.	Unavailable	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	10/17/2006 10/16/2011	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.
Memorandum of Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 64 ft. x 80 ft., known as Hangar Lot 8-N, upon which tenant is to own and occupy a hangar for personal and private use.	\$408.00 per year The Consumer Price Index (CPI-U) is used for changes to rental fees.	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	11/10/2004 11/9/2009	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.
Memorandum of Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 58 ft. x 66 ft. upon which tenant is to own and occupy a hangar for personal and private use.	\$287.00 per year The Consumer Price Index (CPI-U) is used for changes to rental fees.	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	3/2/2004 3/1/2009	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.
Memorandum of Lease between the State of Vermont and a Private Hangar Owner	One parcel of land measuring 54 ft. x 75 ft. upon which tenant is to own and occupy a hangar for personal and private use.	\$344.00 per year The Consumer Price Index (CPI-U) is used for changes to rental fees.	No option to purchase or right of first refusal. Lessee may not sublease the premises without written consent of the Lessor.	5 years	12/15/2005 12/14/2010	Four (4) renewals of five (5) year periods. Must give written notice six (6) months before the expiration of each existing term if Lessee desires to renew.

Appendix B: Incentives & Programs

REAP Program Responsibilities

The following is a complete list of responsibilities upon which all REAP zones must follow:

- Conduct a citizen-led, comprehensive, long-term, strategic planning process for development of the community according to the principles of the Community Empowerment Initiative.
- Develop specific performance benchmarks and indicators from the strategic plan; enter these in OCD's on-line Benchmark Management System and keep them current.
- Seek a broad range of resources to implement the strategic plan, with emphasis on mobilizing local and regional resources that will continue to be available after the REAP Zone designation expires, rather than looking to USDA or other outside sources to subsidize local development.
- Obtain approval from USDA Rural Development before amending any of the community's strategic plan elements, benchmarks, or performance measures.
- Provide USDA-Rural Development-Office of Community Development (OCD) with descriptions of successful practices that have potential application in other communities facing similar conditions and issues.
- Report regularly on the community's progress in implementing its strategic plan through the Benchmark Management System and other reports as requested by USDA.
- Manage all funds used to implement the strategic plan responsibly and report publicly on their use and accomplishments; conduct annual independent audits of all funds used to implement the strategic plan, whether government or private.
- Recognize that the objective of the REAP Zone program is not merely project implementation, but community empowerment, and devote significant resources and attention to achieving this by building the skills of citizens and leaders to plan, implement, manage, and evaluate their own programs.
- Develop and maintain broad and open partnerships with other local and regional organizations that have a stake in the enhancement of the quality of life in the REAP Zone; these partnerships will become a bridge to establishing the permanent capability of the community to make continuing improvements without special Federal assistance after the REAP Zone designation expires.
- Remain faithful to the principles of the Community Empowerment Initiative that put strong emphasis on the critical importance of broad-based citizen participation in all phases of the development, implementation, and evaluation of the strategic

plan, with special emphasis placed on welcoming those members of the community (minorities, low income citizens) who are traditionally left out of the process.

- Participate in USDA-sponsored training for REAPs.

Local & State Incentives & Programs

A more complete listing of State incentives and programs available to businesses in Orleans County and the Northeast Kingdom include:

Local Incentives & Programs

- **Intermediary Relending Program:** The Northeast Vermont Development Association, in partnership with the USDA Rural Development Agency, has received an amount of funding that is set aside to help new business start-ups and expansions that will provide a continued source of employment and economic stability for the Northeast Kingdom. This program, consisting entirely of loans, is continuously available to new businesses and the continued funding is made possible by the repayment of loans and the distribution.
- **Regional Revolving Loan Fund:** The Northeast Vermont Development Association maintains this fund that is designed to provide small loans to clients whose business proposals do not meet the requirements for other loan programs.
- **Economic Development Fund of Northern Vermont:** The Economic Development Council of Northern Vermont (EDCNV) offers financial assistance to companies wishing to increase employment, improve wage scales, and to provide stability in cyclical industries. EDCNV works with several quasi-public and private lenders to loan the capital necessary for companies to complete the previous projects.
- **Micro Business Loan Program:** This microloan program was established by the EDCNV to assist small businesses with obtaining necessary funding. This program is intended to assist businesses with the financing of machinery, equipment, and working capital. Funding cannot be utilized for real estate purchase or existing debt. The lender also provides business planning, financial analysis, marketing, and advertising assistance to recipients, free of charge. A minimum of \$500 to a maximum total financing package of \$105,000 is available through the program.
- **Micro Business Development Program:** This program is operated by the Northeast Kingdom Community Action (NEKCA) and provides information and assistance to prospective and current business owners on how to start a business as well as with the creation of marketing and financial plans.
- **Small Business Administration (SBA) Loans & Assistance:** The Northern Community Investment Corporation provides loans, lines of credit, and an equipment-leasing program, among others, to businesses in the Newport area and throughout Northern Vermont.

- **Business Plan Development:** the Vermont Small Business Development Center provides no-cost assistance in the development of a business plan. A business specialist is housed at the Northeast Vermont Development Association in St. Johnsbury.

State Incentives & Programs

- **Financial Services Companies Tax Credit:** Vermont offers a tax credit up to 75 percent off the state income tax, based on a formula that combines the company's in-state payroll and out-of-state revenues.
- **Sales Tax Exemption:** Vermont offers a sales tax exemption on certain building materials in excess of \$1 million.
- **Fuel and Electricity Sales Tax Exemption:** This exemption applies to sales of electricity, oil and other fuels used directly or indirectly in manufacturing tangible personal property for sales.
- **Equipment Sales Tax Exemption:** Machinery and equipment used directly or indirectly in manufacturing tangible personal property for sale.
- **Industrial Fuels and Raw Materials Tax Exemption:** Motor fuels, except for railroad and jet fuel; component parts for manufacturing, packaging, and shipping materials; and newspapers and tangible property used as ingredients in the manufacture of newspapers are exempt from sales taxation. An exemption from property taxation is provided for plants and shrubs in commercial nurseries or greenhouses.
- **Small Business Investment Tax Credit:** The small business tax credit was retroactively amended (effective January 1, 1998) to allow a credit for the first dollar of investment, not only dollars expended over \$150,000, provided the investment exceeds \$150,000. A company may receive a credit in the amount equal to five to 10 percent of its investments within the state of Vermont in plants, facilities, and machinery and equipment. Requirements vary depending upon the number of employees in the business
- **Payroll Tax Credit:** It provides a credit against income tax liability equal to a percentage of increased payroll costs. A company with sales less than \$10 million may receive equal to 10 percent of its increased costs of salaries and wages in the applicable tax year.
- **Research and Development Tax Credit:** It provides a 10 percent tax credit against income tax for qualified research and development expenditures. Qualified R&D expenditures are those included in the IRS code.
- **Workforce Development Tax Credit:** A corporation can receive an income tax credit of 10 percent of its qualified training, education and work force development expenditures.
- **Export Tax Credit:** This provision allows exporting businesses to claim credit against income tax liability. The credit is the difference between income tax calculated under the existing state apportionment formula and the proposed formula, which double weights the sales factor and disregards "throwback" provisions.

- **Brownfields Property Tax Exemption:** Statewide education property tax exemptions are provided for expenditures incurred by a business for the construction of new, expanded or renovated facilities on contaminated property.
- **Vermont's Downtown Development Act:** Incentives include assistance with rehabilitation of certified historic or older buildings, sprinkler system rebates, reallocation of sales tax on construction materials, downtown transportation, related capital improvement fund, planning grant for qualifying for designation, and others.

Appendix C: IMPLAN Results

Newport, VT Capital Impact

Employment

<i>NAICS Aggregated Sector</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
Ag, Forestry, Fish & Hunting	0.0	0.0	0.0	0.0
Mining	0.0	0.0	0.0	0.0
Utilities	0.0	0.0	0.0	0.0
Construction	9.7	0.0	0.0	9.8
Manufacturing	0.0	0.0	0.1	0.1
Wholesale Trade	0.1	0.1	0.1	0.2
Transportation & Warehousing	0.0	0.2	0.1	0.2
Retail trade	0.0	0.3	0.5	0.9
Information	0.0	0.0	0.0	0.0
Finance & insurance	0.0	0.1	0.1	0.1
Real estate & rental	0.0	0.1	0.2	0.3
Professional- scientific & tech services	0.2	0.3	0.1	0.6
Management of companies	0.0	0.0	0.0	0.0
Administrative & waste services	0.0	0.1	0.1	0.2
Educational services	0.0	0.0	0.1	0.1
Health & social services	0.0	0.0	0.6	0.6
Arts- entertainment & recreation	0.0	0.0	0.0	0.1
Accommodation & food services	0.0	0.0	0.2	0.3
Other services	0.0	0.1	0.3	0.4
Government & non NAICS	0.0	0.0	0.1	0.1
Total	10.1	1.5	2.5	14.1

Multiplier: 1.40

Income

<i>NAICS Aggregated Sector</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
Ag, Forestry, Fish & Hunting	\$0	\$454	\$584	\$1,038
Mining	\$0	\$3	\$3	\$6
Utilities	\$0	\$31	\$82	\$113
Construction	\$339,532	\$586	\$569	\$340,687
Manufacturing	\$1,057	\$3,188	\$1,890	\$6,135
Wholesale Trade	\$2,291	\$3,770	\$3,245	\$9,306
Transportation & Warehousing	\$487	\$5,973	\$2,224	\$8,684
Retail trade	\$0	\$8,274	\$12,873	\$21,147
Information	\$187	\$921	\$923	\$2,031
Finance & insurance	\$0	\$1,518	\$2,307	\$3,825
Real estate & rental	\$0	\$1,185	\$2,152	\$3,336
Professional- scientific & tech services	\$13,023	\$6,897	\$2,050	\$21,970
Management of companies	\$0	\$0	\$0	\$0
Administrative & waste services	\$0	\$2,175	\$1,098	\$3,273
Educational services	\$0	\$18	\$1,102	\$1,120
Health & social services	\$0	\$2	\$20,058	\$20,060
Arts- entertainment & recreation	\$0	\$55	\$657	\$712
Accommodation & food services	\$0	\$898	\$3,994	\$4,892
Other services	\$0	\$1,742	\$3,515	\$5,257
Government & non NAICS	\$0	\$1,070	\$2,676	\$3,745

Total \$356,577 \$38,759 \$62,001 \$457,337
Multiplier: 1.28

Output

<i>NAICS Aggregated Sector</i>	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
Ag, Forestry, Fish & Hunting	\$0	\$1,353	\$1,389	\$2,743
Mining	\$0	\$36	\$45	\$81
Utilities	\$0	\$139	\$373	\$512
Construction	\$861,161	\$1,727	\$1,571	\$864,459
Manufacturing	\$4,109	\$11,054	\$10,513	\$25,676
Wholesale Trade	\$6,069	\$9,987	\$8,596	\$24,652
Transportation & Warehousing	\$1,536	\$16,245	\$5,503	\$23,284
Retail trade	\$0	\$21,223	\$32,777	\$54,000
Information	\$893	\$3,964	\$4,134	\$8,990
Finance & insurance	\$0	\$6,960	\$10,647	\$17,607
Real estate & rental	\$0	\$6,465	\$12,701	\$19,165
Professional- scientific & tech services	\$14,309	\$22,856	\$5,298	\$42,463
Management of companies	\$0	\$0	\$0	\$0
Administrative & waste services	\$0	\$7,004	\$3,842	\$10,846
Educational services	\$0	\$46	\$2,623	\$2,668
Health & social services	\$0	\$9	\$41,814	\$41,823
Arts- entertainment & recreation	\$0	\$119	\$1,853	\$1,972
Accommodation & food services	\$0	\$2,644	\$12,490	\$15,134
Other services	\$0	\$6,822	\$9,603	\$16,425
Government & non NAICS	\$176,922	\$5,069	\$49,013	\$231,004
Total	\$1,065,000	\$123,719	\$214,785	\$1,403,504

Multiplier: 1.32

Tax Impact

Enterprises (Corporations)	Empl. Comp.	Prop. Income	Household Ex	Enterprises Ind.	Bus Tax	Totals
Corporate Profits Tax				\$8,607		\$8,607
Indirect Bus Tax: Custom Duty					\$497	\$497
Indirect Bus Tax: Excise Taxes					\$1,340	\$1,340
Indirect Bus Tax: Fed NonTaxes					\$608	\$608
Personal Tax: Estate and Gift Tax						\$0
Personal Tax: Income Tax			\$31,215			\$31,215
Personal Tax: NonTaxes (Fines- Fees)						\$0
Social Ins Tax- Employee Contribution	\$20,100	\$6,269				\$26,369
Social Ins Tax- Employer Contribution	\$20,398					\$20,398
Federal Government NonDefense	\$40,498	\$6,269	\$31,215	\$8,607	\$2,445	\$89,034
Corporate Profits Tax				\$1,672		\$1,672
Dividends				\$1,908		\$1,908
Indirect Bus Tax: Motor Vehicle Lic					\$321	\$321
Indirect Bus Tax: Other Taxes					\$1,076	\$1,076
Indirect Bus Tax: Property Tax					\$14,246	\$14,246
Indirect Bus Tax: S/L NonTaxes					\$1,161	\$1,161
Indirect Bus Tax: Sales Tax					\$6,449	\$6,449
Personal Tax: Estate and Gift Tax						\$0
Personal Tax: Income Tax			\$9,983			\$9,983
Personal Tax: Motor Vehicle License			\$860			\$860
Personal Tax: NonTaxes (Fines- Fees)			\$2,924			\$2,924
Personal Tax: Other Tax (Fish/Hunt)			\$356			\$356
Personal Tax: Property Taxes			\$425			\$425
Social Ins Tax- Employee Contribution	\$101					\$101
Social Ins Tax- Employer Contribution	\$406					\$406
State/Local Govt NonEducation	\$507	\$0	\$14,549	\$3,580	\$23,254	\$41,889
Total	\$41,327	\$6,269	\$45,764	\$12,187	\$25,698	\$131,245