

CHAPTER 2 FORECASTS OF AVIATION ACTIVITY

2.1 Introduction

Forecasts of aviation activity are prepared for specific purposes:

- To identify airport facility needs in comparison to anticipated activity levels.
- To support environmental analysis.
- To project future airport revenues based on anticipated aviation activity levels.

Many factors affect existing and future general aviation activity levels at a specific airport, as well as regionally and nationally. Some factors that affect aviation activity levels are difficult to predict. The following section discusses these factors and their possible influence on the future of general aviation activity levels at Skyhaven Airport.

2.2 Recent Trends in Regional General Aviation Activity

A review of recent GA aircraft operations at seven area airports in New Hampshire, Massachusetts and Maine was conducted. The focus was on airports with air traffic control towers because they have more accurate and complete activity records than do non-towered airports. There are a number of general aviation airports in the region similar in size to Skyhaven Airport including Sanford, Biddeford, Concord, Laconia, etc., but like Skyhaven Airport, they do not have control towers and therefore aircraft operations data are estimated. Towered airports are able to provide more accurate trend data concerning GA activity.

This particular analysis was prepared to identify whether declines in GA aircraft operations at Skyhaven Airport were unique, or if other airports had experienced similar declines. Six out of the seven airports experienced declines in GA traffic levels, with the declines dating back to 2005 (**Charts 2-1A** through **2-1G**).

The seven airports reviewed were:

- Portsmouth International (PSM)
- Manchester-Boston Regional (MHT)
- Boire Field (ASH)
- Lebanon Municipal (LEB)
- Portland International Jetport (PWM)
- Beverly Municipal (BVY)
- Lawrence Municipal (LWM)

GA aircraft operations data for six of the towered airports (except PSM) are shown for the January – June period in each calendar year in order to include the most recent 2008 data.

The source of the data for those six airports was the FAA Air Traffic Activity Data System (ATADS). ATADS compiles aircraft operations data recorded by air traffic

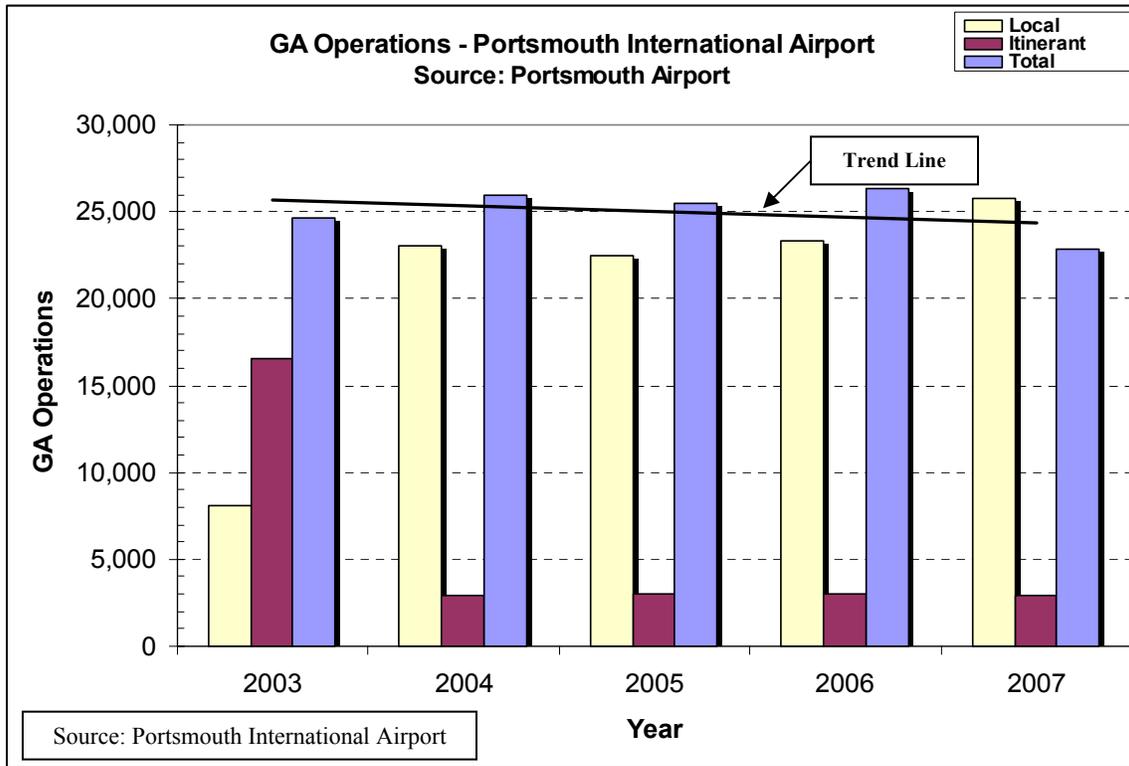
controllers. The data for Portsmouth International Airport (PSM) at Pease is for complete calendar years 2003-2007, and was provided by airport management⁷.

Of the seven towered airports, only Beverly experienced an increase in GA aircraft operations between 2005 and 2008. Interestingly, Portsmouth experienced a large increase in local GA operations in 2004, but at the same time itinerant operations declined sharply between 2003 and 2004, from approximately 16,500 to approximately 2,800 operations, and have remained at approximately 2,700 aircraft operations annually since 2004.

The other five airports examined experienced an overall decrease in GA aircraft operations, with Manchester-Boston Regional experiencing the largest decrease (-42.6%), followed by Portland (-23.2%). At a number of the towered airports, the decrease in GA activity began as early as 2005 and 2006, before the sharp rise in oil prices in late 2007 through mid-2008.

Several factors account for the decline in GA activity at these airports, including the rising cost of aircraft ownership and operation. Increased airline service at Manchester and Portland, as well as increased air carrier activity in the surrounding airspace, were also factors in declining GA activity at those airports.

Chart 2-1A. Portsmouth International Airport at Pease
Percent Change in GA Aircraft Operations between CY 2003 – 2007 = **-7.3%**



⁷ The control tower at PSM is operated by the NH Air National Guard and does not report operations data to FAA. As a result, PSM operations data is not included in FAA's Air Traffic Activity Data System (ATADS).

Chart 2-1B. Manchester-Boston Regional Airport

Percent Change in GA Aircraft Operations between January – June, 2005 – 2008 = - 42.6%

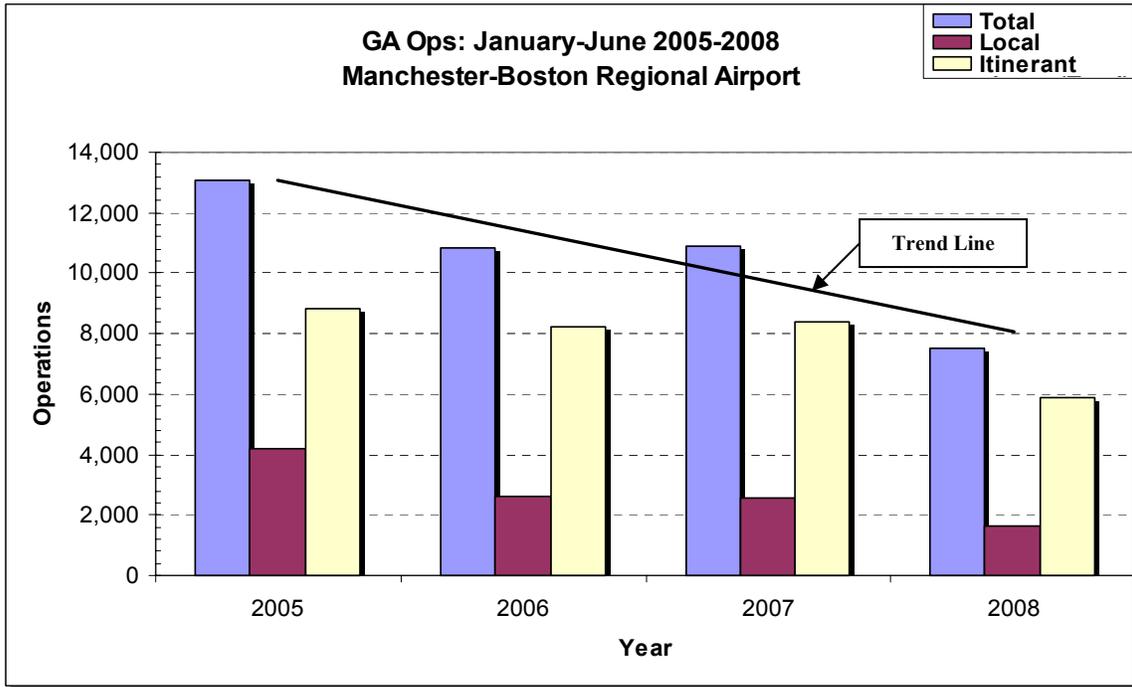


Chart 2-1C. Lebanon Municipal Airport

Percent Change in GA Aircraft Operations between January – June, 2005 – 2008 = -8.1%

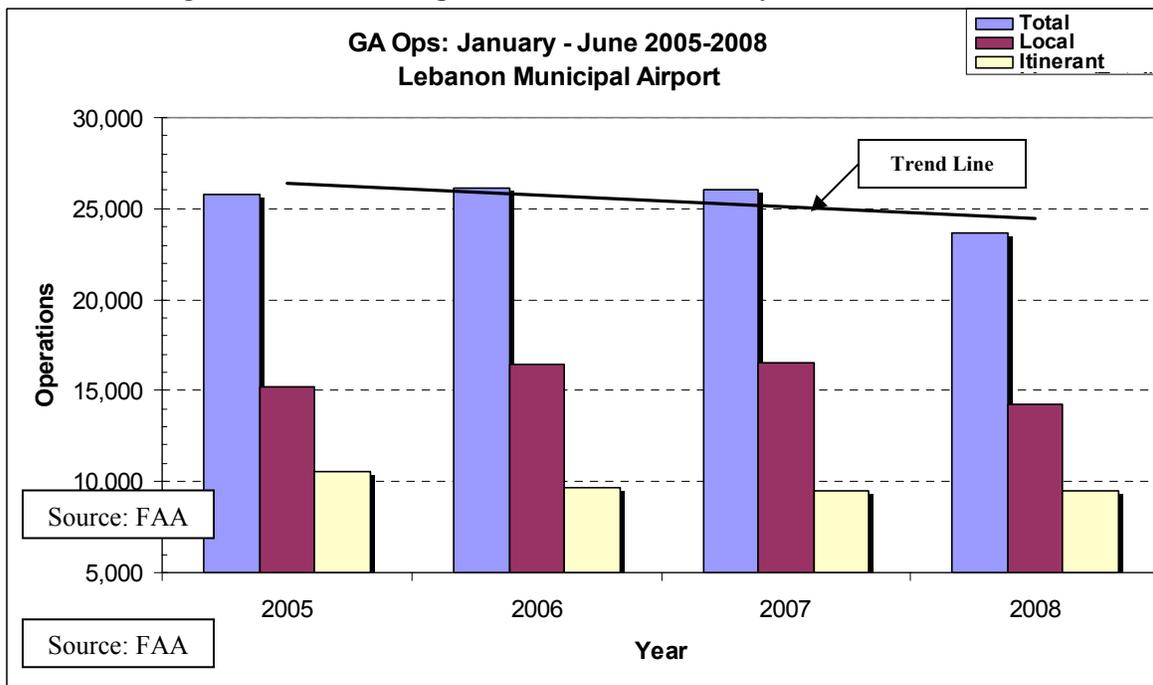


Chart 2-1D. Boire Field-Nashua Municipal Airport

Percent Change in GA Aircraft Operations between January – June, 2005 – 2008 = **-19.5%**

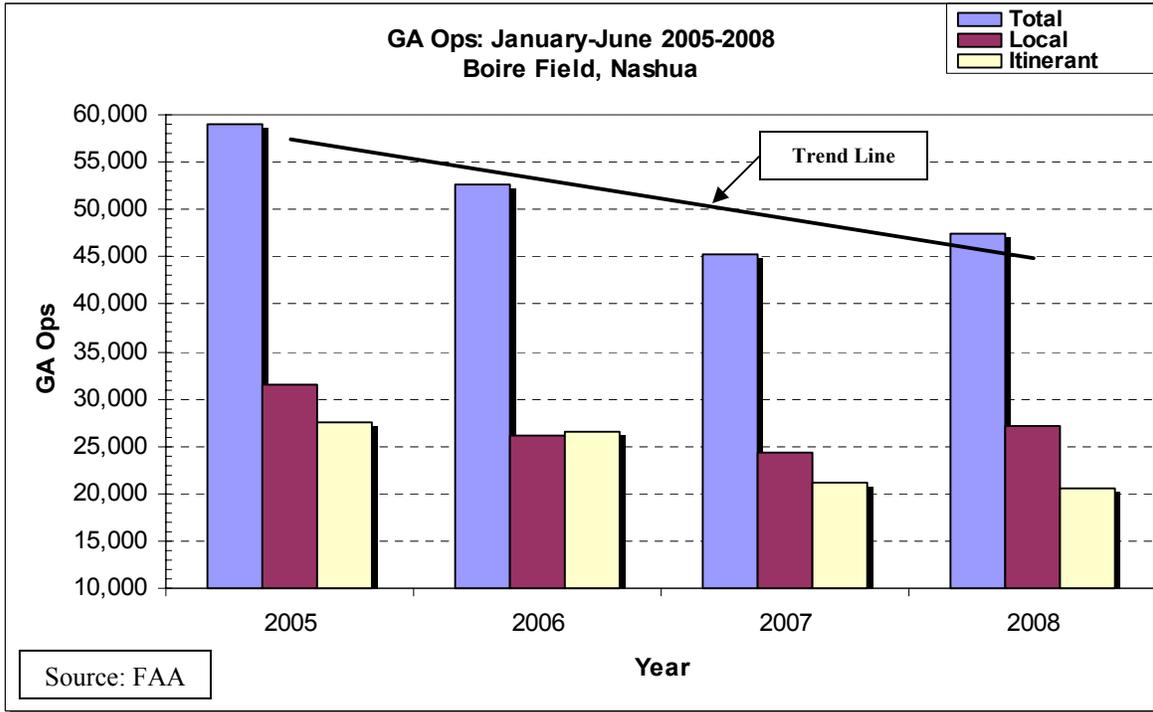


Chart 2-1E. Portland International Jetport

Percent Change in GA Aircraft Operations between January – June, 2005 – 2008 = **-23.2%**

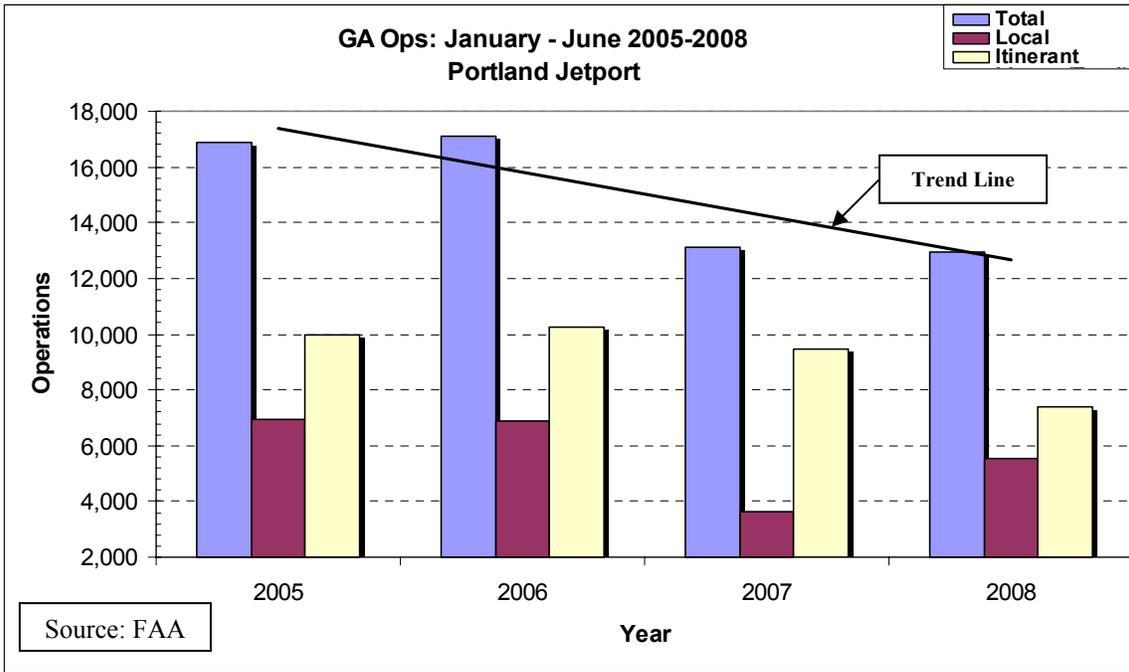


Chart 2-1F. Beverly Municipal Airport

Percent Change in GA Aircraft Operations between January – June, 2005 – 2008 = +11.2%

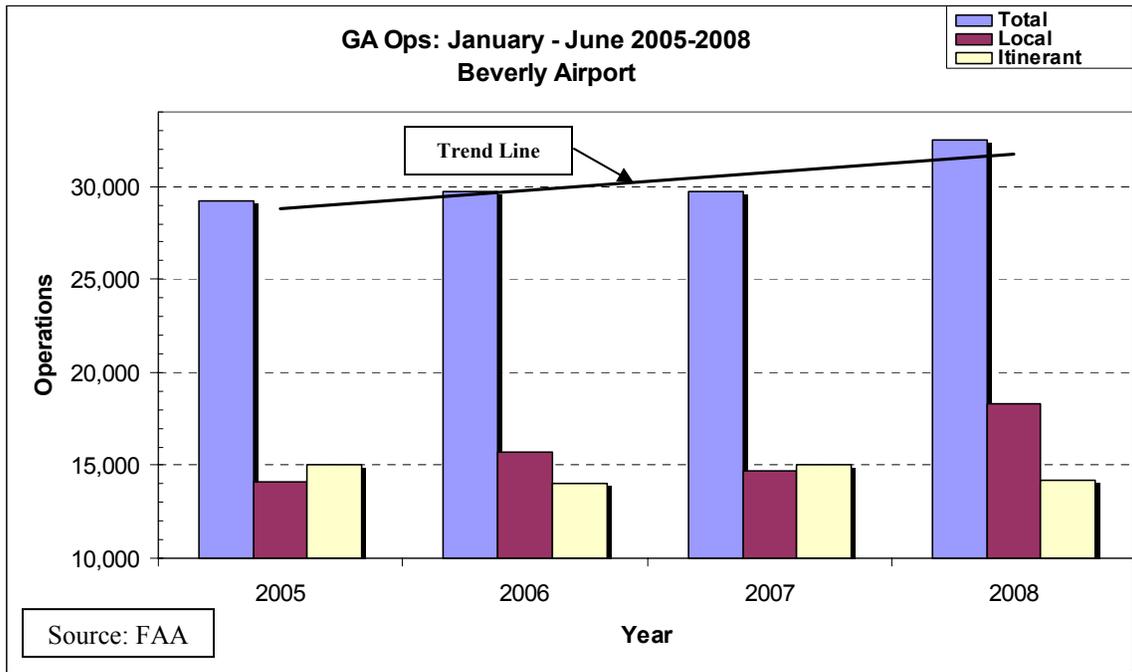
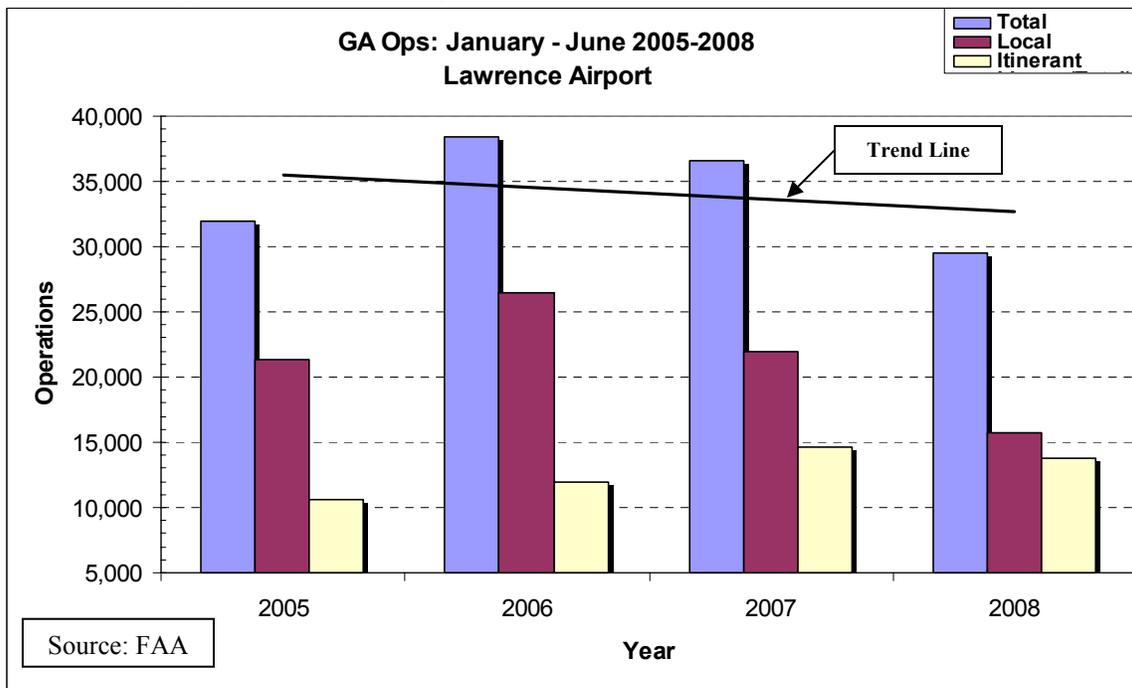


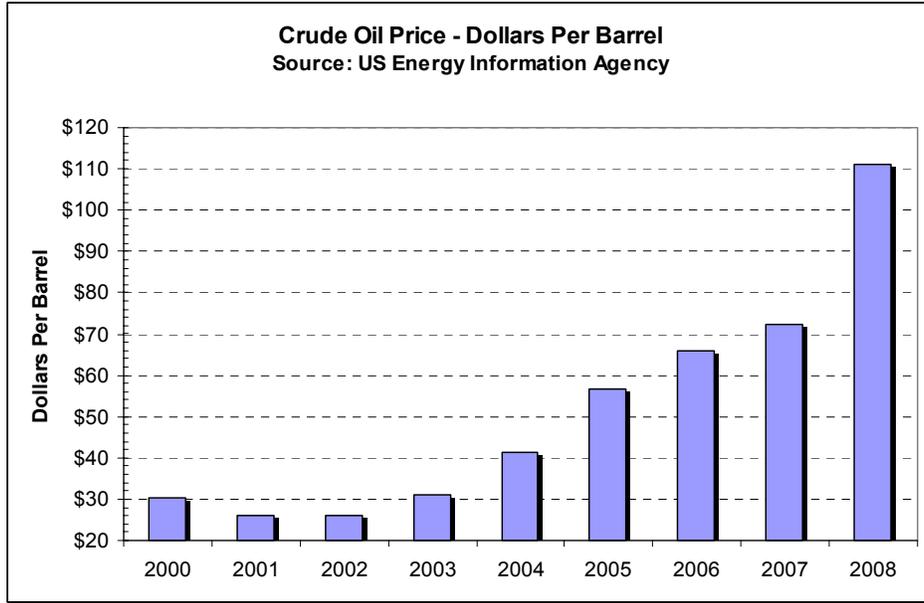
Chart 2-1G. Lawrence Municipal Airport

Percent Change in GA Aircraft Operations between January – June, 2005 – 2008 = -7.8%



Declines in GA activity at Skyhaven Airport and other airports in New Hampshire, Massachusetts, and Maine are consistent with declines experienced nationally. GA aircraft operations nationally have dropped approximately 25%-35% between 2007-2008 primarily due to the rising price of crude oil and aviation fuel (**Chart 2-2**).

Chart 2-2



Percent Change in Crude Oil Prices: 2000- July 2008 = +265.8%

According to the U.S. Energy Information Agency, the average retail price of aviation gas has increased by 247.2% between 1998 – 2008. Crude oil prices recently declined to approximately \$60 per barrel as of late October 2008, but prices are still considered to be very volatile.

The National Business Aircraft Association (NBAA) estimates that the sale of 100LL fuel has dropped nationally by as much as 35% since 2007, which is an indication of the decline in overall GA aircraft operations. That is also consistent with trends in fuel sales at Skyhaven Airport.

In addition to rising fuel prices, GA trade organizations have noted that oil companies may stop production of 100LL fuel for a number of reasons (listed below). An article in AOPA Pilot Magazine, October 2008 (“Goodbye Big Blue” by Dave Hirschman), noted that “... regulatory and market forces are combining in powerful new ways that may someday force 100LL into extinction.”

- 100LL is sold in very small volumes compared to Jet-A and other types of gasoline, and is considered a ‘boutique’ fuel. U.S. refineries produce approximately 250 million gallons of 100LL fuel annually, which is less than one percent of the total fuel produced, and it is also less than one day’s supply of automobile gas.

- 100LL is the only leaded fuel sold in the U.S., which increases the cost of production and delivery. The lead is supplied by a British company, that has indicated it wants to stop supplying it in 2009.
- Environmental groups are lobbying the U.S. EPA to eliminate the grandfather clause that allows the use of tetraethyl lead (TEL) in 100LL fuel. The U.S. EPA announced on October 15, 2008, that it had strengthened the national ambient air quality standards (NAAQS) for lead for the first time since 1978. The U.S. EPA lowered the NAAQS for lead by a factor of 10 (to 0.015 microns per cubic meter), requiring state and local governments to ensure they meet new standards by 2017.

Oil companies have previously stopped production of other grades of aviation gas, including 91/96, 100/130, 115/145, and 80 octane. While research continues to find viable alternatives to 100LL fuel, if production of 100LL fuel is stopped in the near future, a large percentage of GA aircraft may be grounded since there is no alternative fuel presently available. Any decrease in the availability of 100LL fuel will adversely impact GA operations at Skyhaven Airport.

Some GA aircraft with special certificates presently use unleaded automobile fuel (mogas). Mogas is used in relatively small aircraft engines (less than 200 horsepower) because those engines have lower compression than larger engines and can operate on lower octane fuel. The widespread use of the additive ethanol has decreased the use of mogas in airplanes nationwide and regionally. The Experimental Aircraft Association (EAA), Aircraft Owners and Pilots Association (AOPA), state aviation departments, and others are working to ensure that mogas continues to be available free of ethanol and other detrimental oxygenates for aviation use.

2.3 Previous Aviation Forecasts

Both the FAA and the NHDOT have prepared forecasts for Skyhaven Airport previously. In addition, the FAA has prepared regional and national forecasts of GA aircraft activity. Those forecasts are summarized below.

2001 Airport Master Plan Update (AMPU)

The 2001 AMPU provided forecasts of aviation activity at Skyhaven Airport through 2010 (**Table 2-1**), based on three forecast scenarios: Low, Mid, and High Growth. In terms of actual activity levels through the first half of 2008 compared to the levels forecasted in the 2001 AMPU, actual based aircraft range between the Low and Mid forecast scenarios (actual based aircraft in 2008 = 118), and estimated annual aircraft operations are lower than the Low Growth scenario projections (actual estimated in 2008 = 17,000 operations).

Even when the state of New Hampshire and national economy was growing between 2003-2007, when fuel prices were lower, and with a full-service FBO at Skyhaven Airport, GA operations did not grow as originally anticipated. In fact, between 2000-2008, GA operations at Skyhaven Airport declined by 8.6%.

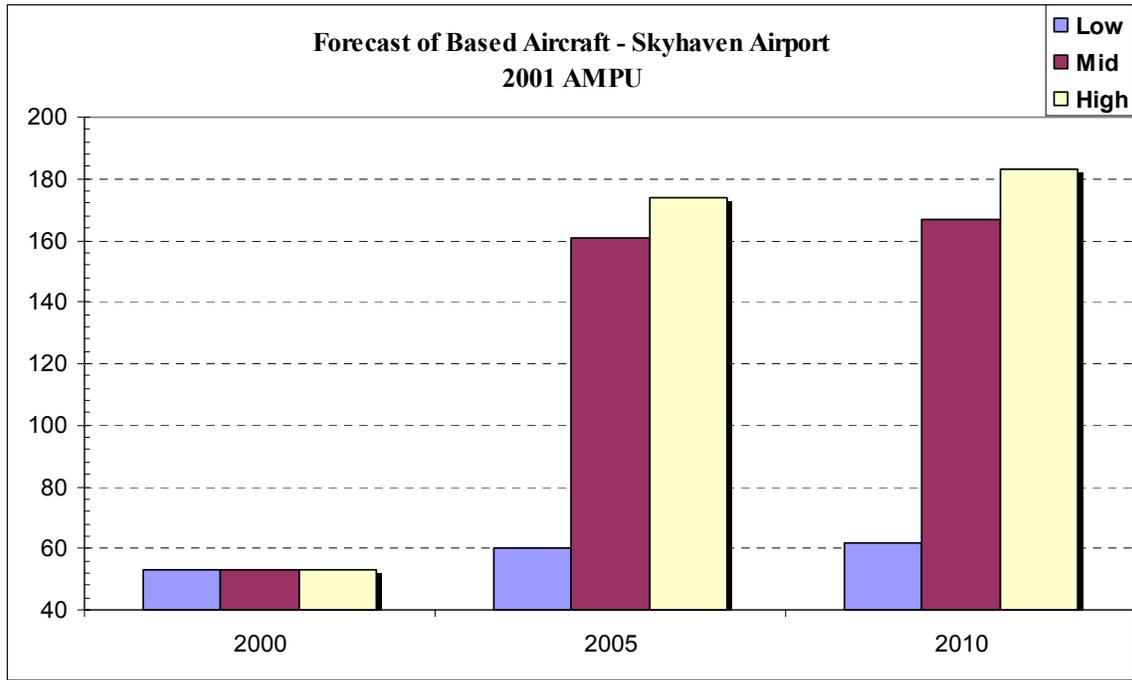
Table 2-1A

FORECAST OF BASED AIRCRAFT

Scenario	Year	Single Engine	Multi Engine	Turbo-Prop	Jet	TOTAL	% Change 2000-2010
Low	2000	47	6	0	0	53	
	2005	53	7	0	0	60	
	2010	55	7	0	0	62	17%
Mid	2000	47	6	0	0	53	
	2005	143	18	0	0	161	
	2010	148	19	0	0	167	315%
High	2000	47	6	0	0	53	
	2005	142	18	8	6	174	
	2010	148	18	10	7	183	345%

Source: 2000/2001 Airport Master Plan Update, Hoyle Tanner & Associates, Inc.

Chart 2-3



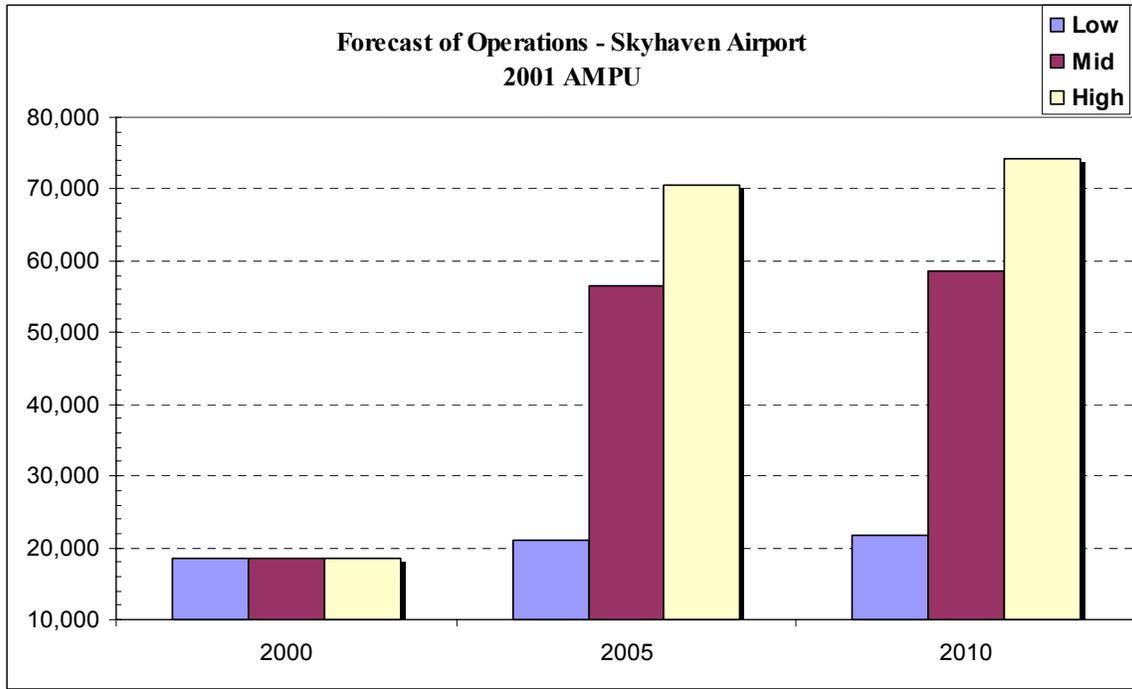
SKYHAVEN AIRPORT MASTER PLAN UPDATE

**Table 2-1B
FORECAST OF AIRCRAFT OPERATIONS**

Scenario	Year	Single Engine	Multi Engine	Turbo-Prop	Jet	TOTAL	% Change 2000-2010
Low	2000	17,198	1,208	93	93	18,592	
	2005	19,470	1,368	105	105	21,048	
	2010	20,118	1,414	109	109	21,750	17%
Mid	2000	17,198	1,208	93	93	18,592	
	2005	52,243	3,672	282	282	56,479	
	2010	54,190	3,808	293	293	58,584	315%
High	2000	17,198	1,208	93	93	18,592	
	2005	63,564	4,944	1,413	706	70,627	
	2010	66,851	5,200	1,486	743	74,280	400%

Source: 2000/2001 Airport Master Plan Update, Hoyle Tanner & Associates, Inc.

Chart 2-4



New Hampshire State Airport System Plan

The NHDOT completed the New Hampshire SASP in 2003. The aviation activity forecasts recommended in the 2003 SASP are shown in **Table 2-2**.

Table 2-2 NH State Airport System Plan Update Forecasts

	2000	2005	2010	% Change 2000-2010
Skyhaven Airport				
Based Aircraft	68	71	78	14.7%
Aircraft Operations	18,592	19,412	21,326	14.7%
New Hampshire				
Based Aircraft	1,269	1,364	1,460	15.1%
Aircraft Operations	479,044	522,561	561,844	17.3%

Source: New Hampshire State Airport System Plan Update, 2003, Chapter 5 – Aviation Forecasts

FAA Aerospace Forecast, FY 2008-2025

The FAA’s Aerospace Forecasts, FY 2008-2025, predict that the number of GA piston-engine aircraft nationally will increase very little over the forecast period – an average of one half of one percent (0.5%) per year.

In fact, the number of piston-engine aircraft is predicted to decline through 2014 before increasing slowly. The number of rotorcraft and corporate jets, including very light jets (VLJ), however, are projected to increase at a much faster rate – an average increase of 5% - 6% per year through 2025.

A number of private industry organizations forecast corporate aircraft activity, including the Teal Group, Honeywell, and Rolls Royce, among others, as well as the FAA. Some, such as the Teal Group, have recently revised their latest forecasts of corporate aviation activity downwards to reflect current trends in the financial markets and the national economy.

Both the FAA and private analysts, however, anticipate that corporate jet and turboprop activity will rebound faster than piston-engine traffic once the economy recovers from the current recession, and will resume its average growth rate of 6% per year.

2.4 Factors that could affect future aviation activity at Skyhaven Airport

The presence of a full-service FBO and other services

OVA had been at Skyhaven Airport between 2001 and 2008, during which period the number of based aircraft increased. Aircraft operations and fuel sales increased through 2004, but have been decreasing since that time. OVA left the airport in 2008, and as of November 2008 there is no FBO at Skyhaven Airport. The NHDOT and PDA have

assumed day-to-day airport management duties, and they are currently advertising for a replacement FBO.

An FBO plays a significant role in generating aircraft activity by marketing their business and the airport, providing services, and enhancing airport facilities. While it is unlikely that Skyhaven Airport would generate sufficient traffic to attract a larger FBO like some in New Hampshire such as Wiggins, GFW, or Port City Air, it is likely that a smaller FBO in New Hampshire, Maine, or Massachusetts could open a branch operation at Skyhaven Airport, or like OVA did in 2001, relocate completely to Skyhaven Airport.

The implementation of the sport pilot license and light sport aircraft (LSA) by FAA several years ago has stimulated additional activity. Trade organizations such as the Aircraft Owners and Pilots Association (AOPA) and Experimental Aircraft Association (EAA), among others, are actively promoting general aviation, all of which would support an FBO at Skyhaven Airport.

Other services such as restaurants located on airports, avionics repair and sales, aircraft painting and interior installation, frequently generate additional aircraft operations. Examples include the restaurant at Sanford (Maine) Regional Airport, an avionics shop at Concord (New Hampshire) Municipal Airport, and aircraft refurbishment shop at Oxford (Maine) Regional Airport. Each of these businesses generates additional traffic for their respective airports. It is likely that a similar business at Skyhaven Airport would have a similar affect on traffic. If there is another FBO at Skyhaven Airport that occupies the same space as OVA did, existing facilities may need modifications or other improvements to accommodate the new businesses.

General Aviation Airport Security

Skyhaven Airport has already been directly impacted by security regulations; when President Bush visits the family compound at Kennebunkport, Maine, a temporary flight restriction (TFR) is imposed around the compound that extends for a 30 nautical mile radius. Aircraft taking off, landing, or flying in the vicinity of Skyhaven Airport must be on a visual (VFR) or instrument (IFR) flight plan, and pilots must be in communication with FAA air traffic control (ATC), and must have permission to fly into or out of the TFR. Flight training, practice instrument approaches, aerobatic flight, glider operations, parachute operations, balloon operations, and banner towing operations, among others, are not authorized while the TFR is in effect. Although those particular restrictions will cease once President Bush leaves office in January 2009, the FAA will continue to impose TFR's on an as-needed basis.

The Transportation Security Administration, in response to mandates from Congress, recently proposed additional security measures for large GA aircraft (those over 12,500 lbs.). The proposed rule would, among other provisions, require background checks of corporate aircraft passengers. The NBAA said recently that this "is a very significant rulemaking, with the potential to have a very large impact on business aviation."

If the Security Administration were to impose similar security regulations on small GA aircraft and airports such as Skyhaven, access to airports could become more cumbersome, the cost of aircraft operation could increase, and aviation activity levels could decrease.

Cost of Aircraft Ownership and Operation

The cost of GA aircraft ownership, including purchase price, insurance, taxes, aircraft maintenance, etc., is high. For example, the retail price for a new (2008) Cessna 172SP, a single-engine piston, 4-seat, fixed landing gear aircraft that is commonly used for primary training, is more than \$250,000. If the cost of aircraft ownership continues to rise at a rate faster than inflation, overall GA aircraft operations will continue to decline. The cost of both aircraft rental and operation has been a factor in the decline in the number of new student and private pilot licenses issued by FAA. In addition, the average age of a general aviation aircraft is 35 years old, which means that aircraft maintenance costs are rising, and for some aircraft, parts supply and availability are becoming more difficult. The high price of new aircraft also means that fewer old aircraft will be replaced.

National and Regional Economic Conditions

Both the national and state economy has been impacted by the crisis in the housing and financial sectors since 2007. In the short term (through 2008), unemployment rates have risen, discretionary spending has declined, state and national tax revenues have declined. In addition, credit markets are tight, making it more difficult for individuals and companies to finance capital expenditures such as aircraft. Businesses are also having difficulty obtaining short or long-term loans, including some with established lines of credit. As a result, it is currently very difficult for businesses to expand, particularly for new businesses looking to obtain start-up financing. Such an economic climate will increase the challenges for small FBOs interested in locating at Skyhaven Airport.

Current predictions by the Federal Reserve Board anticipate that the national economy should recover in 2010, in which case discretionary spending will increase as well. As a result, it is not expected that GA activity at Skyhaven Airport will increase significantly before 2010, but if the current financial crisis continues beyond that point, then GA activity may not increase until after 2010 at the earliest.

Corporate Aviation

The one sector of the GA industry that has experienced strong growth until recently has been corporate aviation. Until early 2008, the number of hours flown by corporate aircraft, both jets and turboprops, had been growing in excess of 6% per year, in spite of rising Jet-A fuel prices. One factor for the strong growth has been the popularity of fractional ownership, which allows companies and individuals to buy shares of airplanes. That reduces the cost and complexity of using corporate aircraft compared to owning their own airplane. Corporate aircraft are typically financed by growing corporate profits and rising stock prices. Since late 2007, however, both corporate profits and the stock market have been declining, and corporate aviation activity, including the sale of Jet-A fuel nationally, is leveling off.

According to a 2008 survey conducted by the Association of Corporate Travel Executives (ACTE), corporate aviation, and business travel overall, is projected to decline in 2009. 64% of survey respondents said that they will reduce the number of business trips in 2009 in order to cut travel spending, and 47% of the respondents indicated that economic uncertainty and rising fuel costs were the primary reasons for cutting back on business trips next year.

One sector of the corporate aviation market that was projected to be particularly strong was the very light jet (VLJ) market. FAA and industry analysts had predicted as many as 5,000 new VLJs would enter the market by 2015. However, less than 100 VLJs have been delivered as of the fall, 2008 - fewer than was anticipated. In addition, purchase prices have risen faster than predicted, more than a half dozen VLJ manufacturers have gone out of business, the largest new VLJ charter operator (Day Jet in Florida) recently ceased operations, and one of the most prominent VLJ manufacturers (Eclipse) is in serious financial difficulty. Cessna has successfully developed and is selling its VLJ, the Mustang, but that is one of the few successful new VLJs. Cessna, however, recently announced that it was decreasing its production rate of corporate jets in response to the current economic climate. As a result, it is unlikely that VLJs will reach the numbers predicted by FAA.

Another indication of the leveling of demand has been experienced locally. Discussions with FBOs at airports in Concord and Laconia indicate that there are fewer jets and turboprops arriving with each NASCAR race in 2007 and 2008 compared to those arriving in 2006. Those aircraft are also flying less and buying less fuel at New Hampshire's airports than in previous years, and that is impacting revenue for those FBOs.

However, analysts do anticipate that corporate aviation will rebound quickly once the economy turns around in 2010. As a result, if airport facilities such as a transient parking apron were available, and an FBO is on-site selling Jet-A fuel and providing other services, and instrument approach minimums were lower, corporate aircraft activity could grow rapidly at Skyhaven, in excess of 5% - 6% per year, which is the FAA's projected national growth rate.

If corporate jet and turboprop aircraft conducted an additional 10 operations each year – an average of less than one additional takeoff and landing per month – they would generate approximately 200 operations per year at Skyhaven Airport by 2028. If corporate aircraft conducted an additional 2 operations per month (24 operations per year, each year) they would generate approximately 500 operations per year by 2028. Once the airport improvements are made and the corporate aviation market rebounds, that level of growth is possible, particularly under Scenario A, as described below.

Airport Market Area and Competition

In many respects, airports and FBOs are like traditional “Main Street” businesses – they compete against similar businesses (FBOs and airports) for customers and revenue. The market area served by a particular airport varies depending on the types of services

offered. Based aircraft owners and flight students value convenience and proximity, so will tend to use the closest airport available if services, price, and quality are equivalent to competitive airports located further away.

As noted previously, all hangars at Skyhaven Airport are full and there is a waiting list for any openings in these hangars. As a result, some aircraft owners base their aircraft at other airports that have hangar space, even though they may live relatively close to Skyhaven Airport. Aircraft owners will look beyond their local airport for aircraft maintenance and fuel if lower prices and equivalent or better quality can be found at another airport. There are a number of airports within a 40-mile (approximately 1-hour drive time) radius from Skyhaven Airport, all of which are public use and have full-service FBOs.

For example, Portsmouth International Airport at Pease is the closest full-service airport, and is 18 road miles and an average 32 minute drive time from Skyhaven Airport. As a result, if a full service FBO is not available at Skyhaven Airport, then some aircraft owners and pilots will use adjacent airports for aircraft maintenance, flight training, and/or hangar space, including airports in Portsmouth, Sanford, Hampton, Concord, and Laconia (**Figure 2-1** and **Table 2-3**).

Portsmouth International Airport also has one of the longest runways in the northeast (11,321 ft.), multiple precision instrument approaches with low approach minimums, an air traffic control tower, and a full-service FBO, make it very attractive to corporate aircraft operators. Corporate aircraft operators are less price-sensitive than piston-engine aircraft owners, and will pay more in fees and charges for certain types of facilities and services.

Table 2-3 Regional Public Use Airports – Driving Distances & Times

Adjacent Airport	Flight Distance	Driving Distance	Driving Time
Portsmouth (PSM)	13 nm	18 miles	32 mins.
Sanford (SFM)	12 nm	20 miles	38 mins.
Hampton (7B3)	20 nm	27 miles	47 mins.
Concord (CON)	25 nm	36 miles	60 mins.
Laconia (LCI)	27 nm	36 miles	56 mins.

Source: Driving distance & time – Mapquest.com

Figure 2-1 Regional Public Use Airports



2.5 Skyhaven Airport Forecast Scenarios

Forecast Scenario A – Moderate Growth

Scenario A anticipates modest but steady growth in based aircraft and operations through 2028. Factors that would contribute to the potential growth forecast in Scenario A include:

- The stabilization of 100LL fuel prices, particularly at or below the average price per gallon in 2007, and adequate supplies to meet future needs;
- The availability of Jet-A fuel at Skyhaven Airport;
- Another FBO locates and is operating at Skyhaven Airport in 2009;
- Certain facility improvements, such as a new itinerant aircraft parking apron, lower instrument approach minimums, etc.;
- The national and state economies rebound strongly in 2009 or early 2010.

Under this scenario, by 2028 based aircraft could total 130, an increase of 10%, which is an average growth rate of 0.5% per year (**Chart 2-5**). That growth rate is similar to the FAA’s national forecast for active GA aircraft. Based on the waiting list maintained by the NHDOT, construction of new T-hangars could generate most of the projected growth. Single-engine piston airplanes will continue to be the most common aircraft in 2028 at

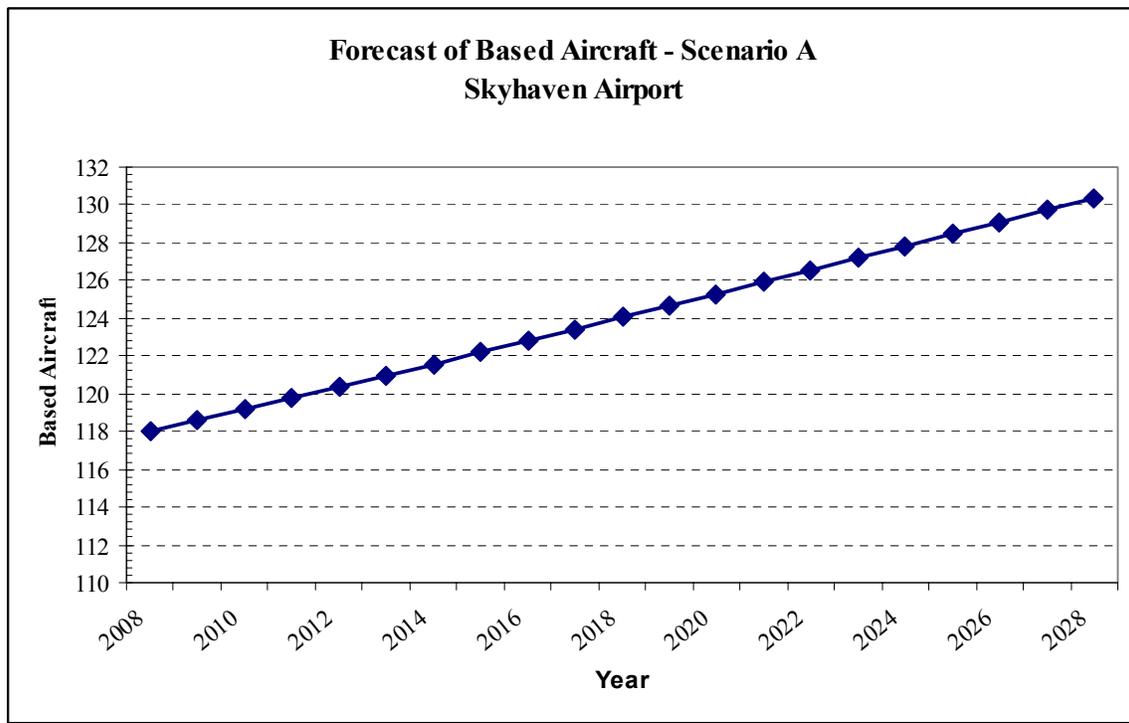
Skyhaven Airport, and the number of based rotorcraft and jets could increase as well in this scenario (**Table 2-4**).

Table 2-4
Forecast of Based Aircraft by Type – Scenario A

	2008	2010	2020	2028
Single Engine Piston	97	98	103	105
Multi-Engine Piston	6	6	4	4
Jet	1	1	2	2
Ultra-Light	12	13	14	15
Helicopter	2	2	2	4
Total	118	120	125	130

Average rate of growth = 0.5% per year

Chart 2-5



The growth in total based aircraft between 2008-2028 = 10%

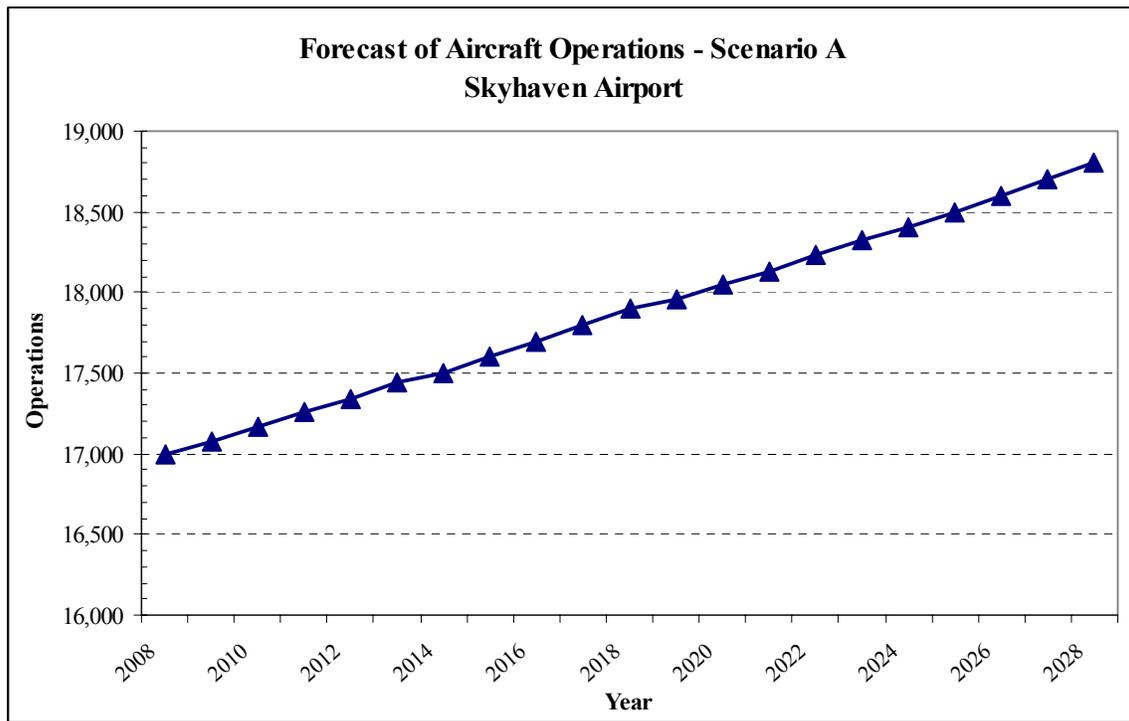
Under Scenario A, aircraft operations at Skyhaven Airport would also increase at approximately 0.5% per year, and would total approximately 20,700 operations by 2028 (**Chart 2-6**). Such growth would require relative stability in aircraft ownership and operating costs, including fuel prices, as well as the presence of an FBO providing flight training and aircraft rental services at Skyhaven.

It also assumes that certain improvements are made to the airport, including a transient aircraft tiedown apron, lower instrument approach minimums, and availability of both 100LL and Jet A fuel. The majority of aircraft operations will continue to be local – i.e. touch and go operations, conducted by single-engine piston aircraft.

As noted previously, the removal of the constraints to corporate aircraft access to Skyhaven Airport, and the availability of FBO services and Jet-A fuel, could stimulate growth in turbine-powered aircraft operations. There were only 22 turbine-aircraft operations at Skyhaven Airport over a recent 12-month period, but as noted above, if turbine aircraft operations increased by just 2 operations per month, or 24 operations per year each year, there would be approximately 500 turbine aircraft operations per year by 2028. Some of those operations would be conducted by aircraft such as the Beech King Air 200 and Cessna Citation CJ-3, etc., in ARC B-II.

Analysts predict that corporate aviation will rebound faster than piston-engine activity⁸, and that factors such as fractional ownership programs of corporate aircraft and increased security screening at commercial service airports will enhance the growth of corporate aviation activity. Such growth would also change the critical design aircraft at Skyhaven Airport to the Beech King Air 200, in ARC B-II.

Chart 2-6



⁸ Source: Richard L. Aboulaflia, Vice President, Analysis, Teal Group, <http://www.tealgroup.com/>

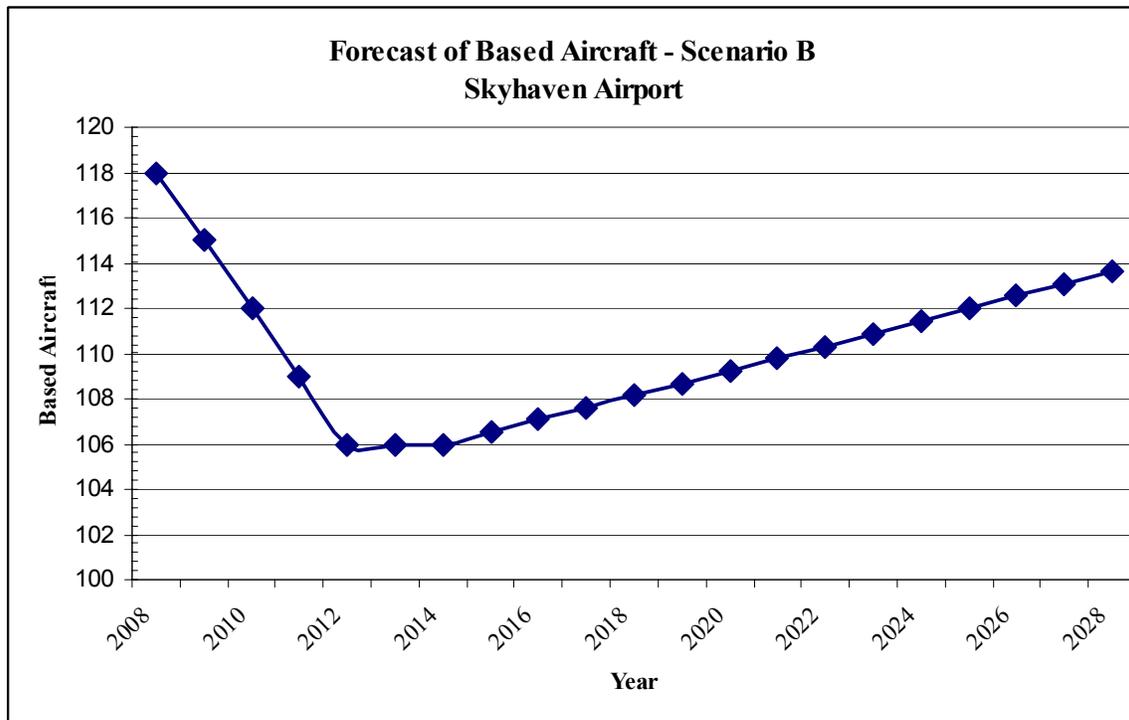
Forecast Scenario B – Slow Growth

Scenario B acknowledges that there are factors that initially could have potentially negative impacts on aviation activity at Skyhaven Airport. Those factors include: continually rising fuel prices; no new full-service FBO within the next several years; additional security regulations imposed by the Transportation Security Administration; and a delayed economic recovery which does not occur until after 2010.

Given the recent volatility of fuel prices and the economy, there is uncertainty as to when they will stabilize. In addition, the majority of aircraft operations at Skyhaven Airport are local – primarily touch and go operations. If an FBO is not available at the airport to offer flight training and aircraft rentals, the number of local operations would likely decline. Flight training is also a very price-sensitive sector of the GA market, and would be particularly impacted by rising fuel prices and operating costs.

If these negative factors were to occur, they could depress the number of based aircraft and operations at Skyhaven Airport through 2012 by as much as 10%, after which time based aircraft and operations could experience some stability, followed by a modest increase through 2028. Under this Scenario it is assumed that the number of based aircraft and operations would decline through 2012, stabilize for a brief period, and then increase gradually at a rate of approximately 0.5% per year (**Chart 2-7**). By 2028 there would be 114 based aircraft. Annual aircraft operations would also be slightly lower in 2028 compared to 2008, 16,400 operations compared to 17,000 (**Chart 2-8**).

Chart 2-7



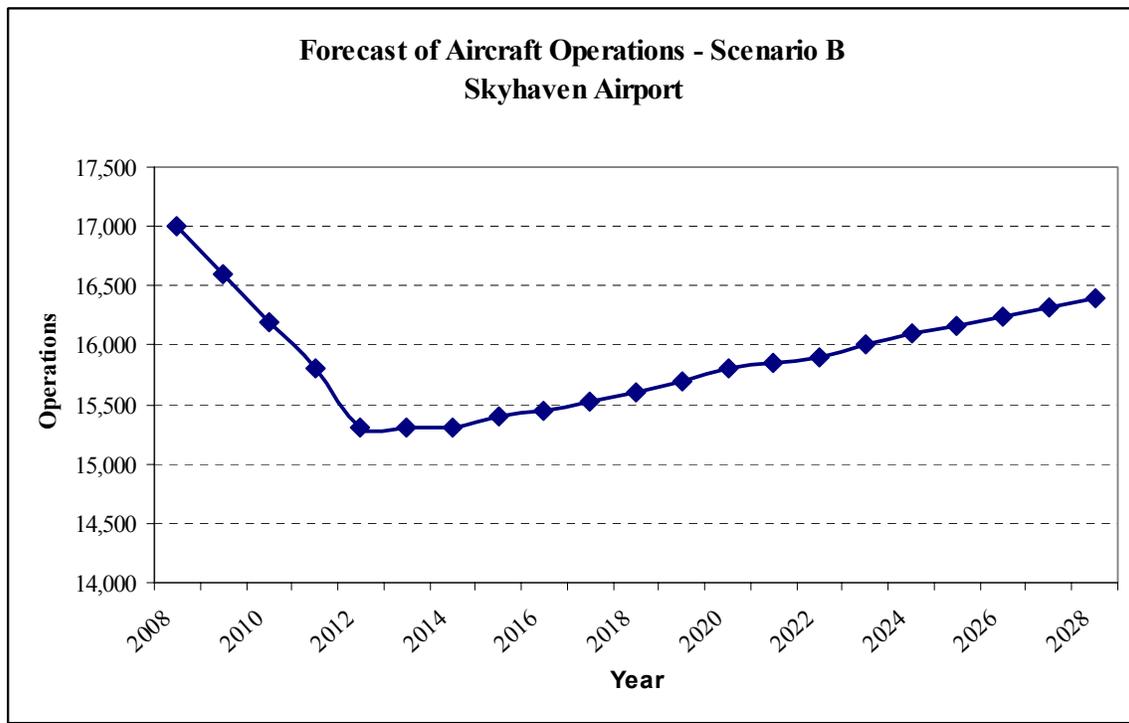
The growth in total based aircraft between 2008-2028 = -3.4%

If improvements are made at the airport, as noted above, it is possible that corporate aircraft operations could increase at a modest rate throughout the forecast period once the economic recovery begins. That sector of the GA industry is anticipated to rebound quickly and could potentially generate as much as 200 operations per year at Skyhaven Airport by 2028 under this scenario.

Table 2-5
Forecast of Based Aircraft by Type – Scenario B

	2008	2010	2020	2028
Single Engine Piston	97	93	94	96
Multi-Engine Piston	6	4	4	4
Jet	1	0	1	1
Ultra-Light	12	8	9	11
Helicopter	2	1	1	2
Total	118	106	109	114

Chart 2-8



Forecast Scenario C – FAA Terminal Area Forecast (TAF)

The FAA TAF projects a no-growth trend at Skyhaven Airport through 2025 (**Chart 2-9**). While this does not take into account the current volatility of the economy and associated aviation activity levels, it does assume that on average, GA airports should be able to maintain their existing aviation activity levels into the long term.

Preferred Forecast

The FAA’s Terminal Area Forecast (TAF) projects that based aircraft will remain constant at 106 through 2025 (the end of FAA’s forecast period). The FAA does not count or forecast ultralight aircraft, and it is assumed that the number of ultralights will remain at 12 throughout the forecast period, which would result in a total of 118 based aircraft.

The FAA also predicts that aircraft operations will remain constant at 17,000 annually, or an average of 46 aircraft operations per day through 2025 (Chart 2-9). The TAF is considered to be a conservative forecast, and also lies between Scenario A and B.

Chart 2-9

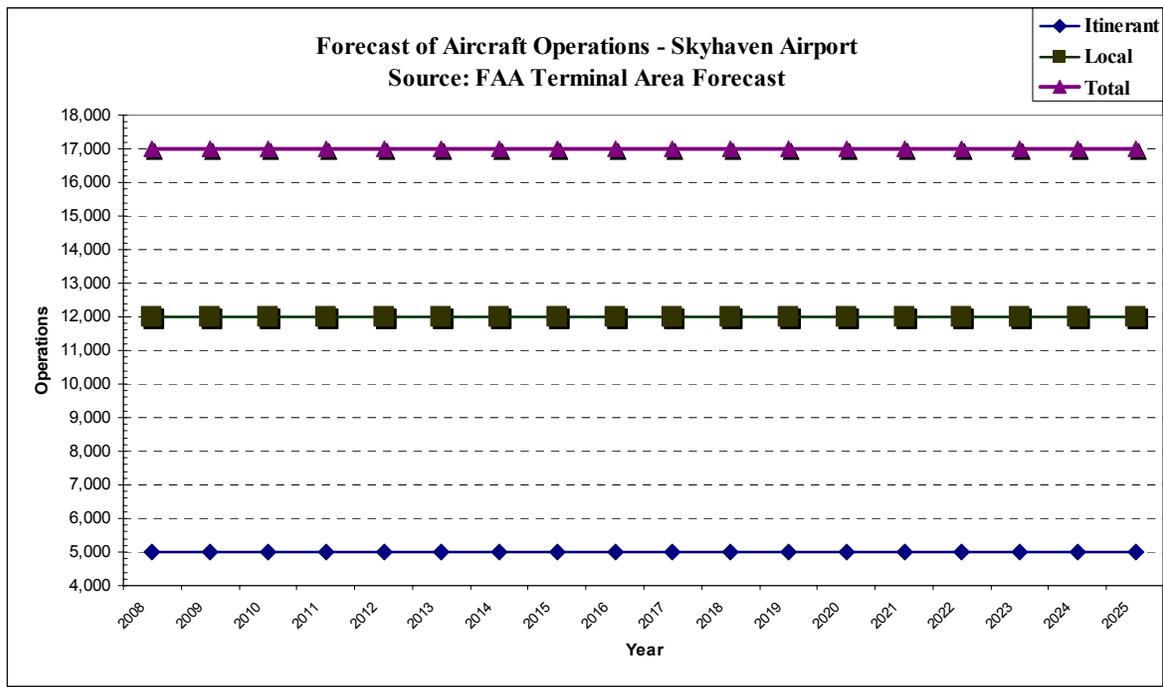


Table 2-6

Forecast of Based Aircraft by Type – FAA TAF				
	2008	2010	2020	2028
Single Engine Piston	97	97	96	96
Multi-Engine Piston	6	5	4	4
Jet	1	2	3	3
Helicopter	2	2	3	3
FAA Subtotal	106	106	106	106
Ultralights	12	12	12	12
Total	118	118	118	118

Local operations will continue to represent approximately 70% of all takeoffs and landings through 2028. The majority of aircraft operations will be conducted by single-engine piston aircraft, followed by multi-engine piston aircraft such as the Beech Baron, Piper Navajo, but the airport should see a transition in ARC from a B-I to B-II as the economy rebounds, a full-service FBO is on-site, and airport improvements are implemented.

Under the TAF scenario, the number of operations by turboprops and corporate jets at Skyhaven would increase so that by 2028 they would generate at least 200 operations per year, and potentially more if the economic rebound is robust. That growth rate is considered feasible once airport improvements are made and the corporate aviation market begins to grow again.

It should be noted that the higher growth rate projected in Scenario A could also occur at some point in the future after 2010 if fuel prices stabilize, a new FBO locates at Skyhaven Airport, and the economy recovers, particularly in terms of rising employment, per capita income, and easing of credit markets.