

Summary of Airport Financials for FY21

OVERVIEW

Since 2018, a review of the expense and revenue history of Norwood has been prepared and presented to the Norwood Finance Commission. The purpose of the report is to measure the financial performance of the airport over a period of several years. This year's report is for FY21. The report examines the expense and revenue history over a 9-year period beginning in FY13 and provides insights into trends in expenses incurred and revenue generated by airport operations.

REVENUES

Total revenues for the Airport were \$497,829, an increase of 10.4% over FY20. This is the largest amount of revenue generated by the Airport during this 9-year period.

Landing fees

Landing fees were adopted by the Airport Commission in FY19 at the recommendation of the Finance Commission. While landing fees are not a large driver of revenue, they typically do represent over 5% of all airport revenue.

FY21 Actuals were \$27,352 as compared to \$35,895 in FY20 – a 23.8% reduction in landing fee revenue. However, the FY20 numbers included \$9,356 in landing fee revenue from FY19. This revenue was booked to FY20 because of a timing issue (a fee deposit made after the close of fiscal year FY19). When adjusted for the timing issue, actual FY20 landing fee revenues were \$26,539. So, there was a modest 3% increase in landing fee revenues from FY20 to FY21 when accounting for the timing issue.

Short-Term Leases (up to 5 years)

Short-term leases are up by 23.6%, an increase of \$18,470 over FY20. This is primarily due to new leases for land with Boston Executive Helicopter (BEH).

Long-Term Leases (20 years or more)

Long-term leases are up by 32.6%, an increase of \$41,581 over FY21. This is primarily the result of the leasing of land for a new hangar operated by Flight Level. Long-term leases are the largest revenue source comprising 34% of total revenues.

Flowage Fees

Airport operations in FY21 continued to be impacted by the pandemic. However, flowage fees for fuel operations were up by 7.7% from FY20.

A/C Tie Downs

The airport no longer receives tie-down revenue as aircraft now utilize facilities operated by the fixed based operators.

Jet Fuel Tax

Norwood is one of six airports that has opted to receive jet fuel tax revenue. There was a \$15,376 (42.5%) reduction in this revenue source from FY20 to FY21. The state collects this tax revenue directly from the fixed based operators who provide fueling services to aircraft. The reduction may be an indication of reduced operations due to the pandemic and fluctuations in jet fuel prices and/or timing of jet fuel expenditure reports submitted to the state for tax purposes by the fixed based operators.

Indirect Revenues

There were no FEMA reimbursements in FY21. During this 9-year period, Norwood Airport received 2 FEMA reimbursements: \$22,519 in FY15 and \$22,806 in FY18. FEMA reimbursements are not a recurring source of revenue.

PILOT payments are lease payments made by BMA which holds a long-term lease on airport property. This source represents 26% of overall revenue. There was a modest 2.9% increase in this revenue from FY20 to FY21. There is a capital proposal for FY29 to buy back the lease for the air strip currently under a lease arrangement with BMA. Such a buyout will allow Norwood to assume total control of this landing strip area.

The airport also receives excise tax revenues for the Verizon vehicles occupying land that is set aside for non-aviation purposes. This revenue source is modest but did increase by 33.9% FY20 to FY21.

EXPENSES

Total expenses for the Airport in FY21 were \$405,290, a decrease of 8.1% from FY20.

Salaries

This line includes the cost of salaries for the 2 Town employees overseeing airport operations, overtime, part-time salaries, and longevity payments. Overall, this line increased 4.1% over FY20. At \$201,948, this line is 49.8% of all FY21 expenses.

Operations

Operations expense totaled \$199,177 in FY21. This line is 49.1% of all expenses. The largest expenses in this line are snow and ice removal, vehicle and ground equipment and utility and equipment. Snow and Ice expenses were \$31,913 higher in FY21 due to the long duration storms in late winter of this year.

Of significant note is the decrease in expenses associated with rent/utilities. This line is down over \$32,000. This is due to airport management offices now being located at the town-owned Welch Building. Previously, airport management was in a rental office. The Vehicle and Grounds equipment line is up over \$30,000 primarily due to the need to replace a security gate damaged in January when a motorist crashed into it.

Capital Costs

Capital costs consist of funding the Norwood share of FAA and DOT grants for construction at the airport. As a public use airport, Norwood funds much of its capital improvement plan using federal and state grants. Under this program, Norwood's share of funding is 5%. This year, the share amount is \$4,165. In FY20, Norwood's share was \$64,088. This line will vary year-to-year as it is dependent of the

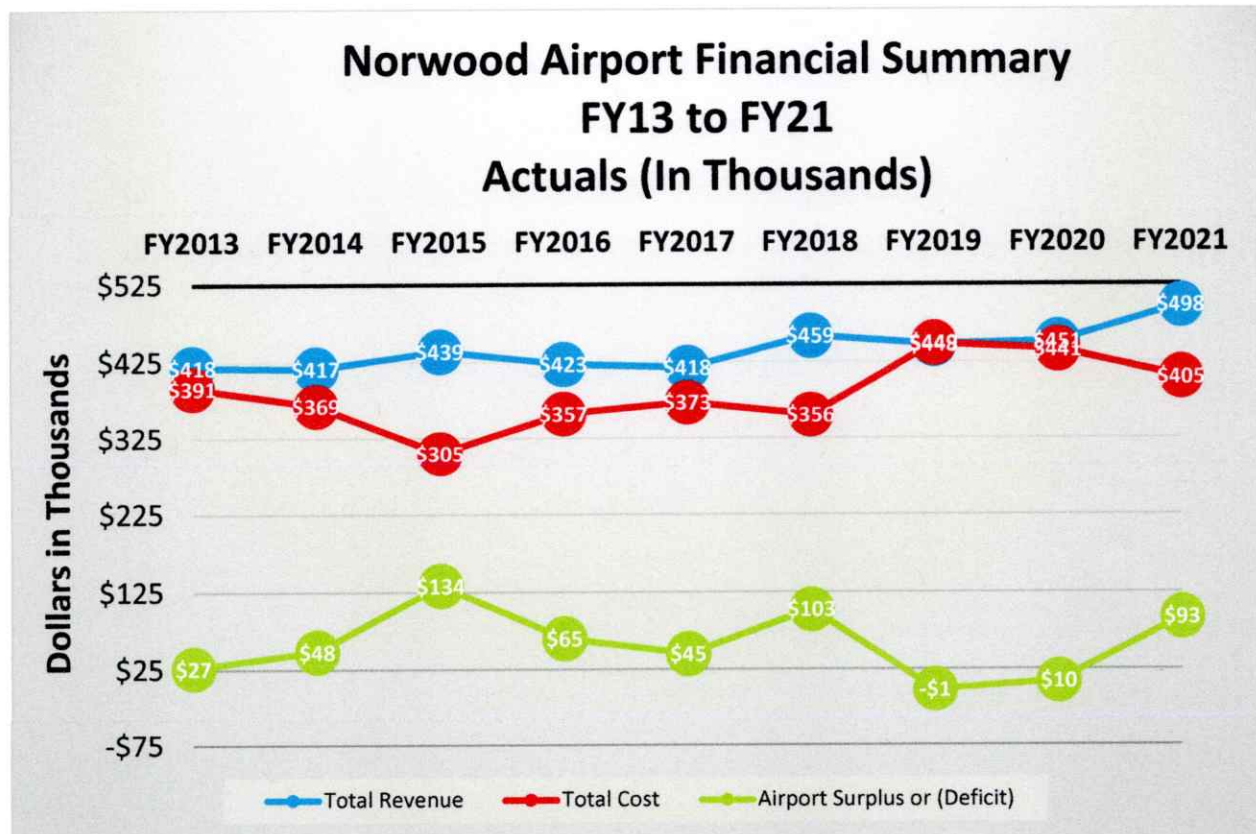
size of the planned capital projects. A list of projects for the Airport's Capital Improvement Plan is included in the Attachments at the end of this report.

Analysis – Actuals

In FY21, profitability from Airport operations improved over FY20. In FY20, the net surplus from operations was \$10,072. In FY21, the net surplus was \$92,540. Significant increases in revenue from short- and long-term leases including a recently completed new hangar near the Welch Building contributed to the Airport's FY21 profitability.

On the expense side, although this winter's long duration storms caused an uptick in snow and ice removal expenses, the airport management is now located in the town-owned Welch Building. This has eliminated the expenses associated with renting office space for airport management.

The chart below demonstrates the improvement in revenue performance due to these revenue streams.



Analysis - Revised

The "revised" summary allows for smoothing out those expense and revenue lines that significantly vary year to year such as snow and ice removal, capital improvement/matching grants and FEMA reimbursements. In general, these items also tend to be under less control by airport management (e.g., severe weather events, variation in the size of airport capital projects).

During this 9-year period, the average expense for snow and ice removal was \$44,194. For the revised analysis, this average was applied to each of the nine (9) Fiscal Year lines for snow and ice removal. For capital expenses/matching grants, the average expense over the 9-year period is \$26,483. This average was also applied to each of the 9 Fiscal Year lines for capital/matching grants.

For revenue, during the 9-year period, the average FEMA reimbursement is \$5,036. This average was applied to the FEMA line for each Fiscal year.



This analysis shows a steadier correlation between revenues and expenses and a significant uptick in revenue due to short- and long-term leases.

Other Costs

Other costs that are accounted for in other lines of the budget. These include items in the shared budget such as health insurance, liability insurance, retirement contributions as well as expenses for town services provided to the airport (e.g., accounting and payroll, human resources, information technology). Legal costs are budgeted in the overall general government budget as well.

The airport does not operate as an enterprise fund entity. Due to the difficulty of assigning a direct cost of these items to the airport, the report focuses on only those revenue and expense items that are formally booked for airport operations.

Costs for Airport legal support and litigation are captured in the town's shared budget, not in the airport operating budget. This is the case for all departments which have need for legal support. The report acknowledges that the last several years have seen a significant amount of litigation which is a cost to the Town. However, I chose not to include these costs in the analysis. The rationale for this is that this report focuses on the expense and revenue trends for airport operations over an extended period. Under a more normal business environment, litigation costs would not be an ongoing part of airport operations and historically, they have not been. While litigation costs have been incurred over the past several years, I am hopeful that that in time, they will decrease as issues are resolved allowing the airport to focus entirely on enhancing its ability to operate a public use airport.

Economic Impact

The most recent economic impact study ("*Aeronautics Economic Impact Study*") conducted by Mass DOT was issued in 2019. The report can be accessed using this link:

<https://www.mass.gov/doc/aeronautics-economic-impact-study-2019/download>

Norwood is one of thirty airports classified as "general aviation airports." Norwood's rankings in economic activity are summarized below:

Category*	Total	Norwood Rank
Employment:	467	2 nd of 30
Total Payroll:	\$19,854,000	2 nd of 30
Output:	\$59,266,000	3 rd of 30

*Total impacts include all on-airport business and government agency, capital improvement projects, visitor, and multiplier impacts

Concluding Notes

I would like to thank Russ Maguire, Airport Manager and Airport Commission Chair, Mark Ryan for providing input for the FY21 report on airport operations. I would also like to thank Meg LaMay, Director of Finance and Accounting and her staff for supplying the expense and revenue detail used to produce this year's report.

Over the past several years, the report has noted that as building activity increased at the airport, Norwood would begin to see enhanced revenue streams from the leases negotiated with aviation operators. The highlight of this year's report is that we are now seeing the benefit of those leases not only to Norwood's revenue streams but also from the economic impact generated by the airport.

Submitted to the Norwood Finance Commission
By Robert Donnelly, Finance Commission Chair
December 2021

Attachments

Norwood Memorial Airport – History of Revenues and Expenses FY13 – FY21

Airport 5-Year Capital Improvement Plan

**NORWOOD MEMORIAL AIRPORT
HISTORY OF REVENUES AND EXPENSES**

	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	AMT Change	% Change
Revenue											
Direct											
00482248-433200	\$ 75,514	\$ 84,379	\$ 99,277	\$ 83,413	\$ 91,478	\$ 91,423	\$ 23,416	\$ 35,885	\$ 27,352	(8,533)	-23.8%
00452248-436300	55,840	104,307	96,075	102,937	118,102	109,392	89,307	78,393	96,663	18,470	23.6%
00482248-436500	105,172	25,276	27,374	30,651	32,555	36,015	35,665	127,529	169,110	41,581	32.6%
00482248-436700	33,988	33,988	27,374	30,651	32,555	36,015	35,665	30,405	32,760	2,355	7.7%
00482248-436700	25,273	23,489	18,735	18,271	22,244	23,057	15,139	3,500	-	(3,500)	-100.0%
00482248-449100	8,400	7,000	6,500	9,200	6,270	10,865	6,950	4,700	6,700	2,000	42.0%
00482248-454100	574	938	306	717	781	1,499	843	360	3,049	2,689	74.5%
00482248-454300	84,181	62,178	65,862	56,360	17,822	35,834	47,718	36,185	20,809	(15,376)	-42.5%
Total Direct	324,055	317,144	314,129	303,519	289,252	308,085	324,313	316,957	356,643	39,686	12.5%
Indirect											
N/A	-	-	22,519	-	-	22,806	-	-	-	-	-
00145129-418400	85,398	92,933	96,948	105,851	109,508	110,585	111,076	124,041	127,687	3,646	2.9%
00145129-418400	8,940	6,938	5,462	13,188	19,241	17,300	12,205	10,078	13,499	3,421	33.9%
Total Indirect	94,338	99,871	124,979	119,039	128,749	130,691	123,281	134,119	141,186	7,067	5.3%
Total Revenue	418,393	417,015	439,058	422,558	418,001	438,776	447,594	451,076	497,829	46,733	10.4%
Expenses											
SALARIES											
014821-511000	85,594	87,307	89,053	91,257	93,561	95,900	102,919	106,024	108,914	2,890	2.7%
014821-511600	67,753	69,108	70,490	72,236	74,058	76,232	77,924	80,641	82,763	2,122	2.6%
014821-511700	1,501	1,271	-	-	-	1,420	1,560	1,440	1,560	520	36.1%
014821-513100	6,041	4,995	4,938	7,464	7,884	6,580	11,716	4,222	6,611	2,389	56.6%
014821-514100	1,000	1,000	1,200	-	1,500	1,500	1,700	1,700	1,700	-	0.0%
Total Salaries	161,889	163,681	165,681	170,957	177,003	181,631	195,819	194,027	201,546	7,521	4.1%
OPERATIONS											
014822-521000	13,871	14,949	10,880	12,121	11,447	17,535	13,556	25,851	33,350	8,099	31.3%
014822-524100	7,051	8,032	21,084	9,886	7,131	6,052	5,942	8,121	39,053	30,932	380.9%
014822-524200	60,196	18,086	9,432	54,915	42,278	25,634	25,806	53,043	20,167	(32,876)	-62.0%
014822-524300	12,365	24,620	10,400	23,855	11,305	30,655	9,775	18,509	15,369	(3,140)	-17.0%
014822-527300	20,644	20,644	20,644	20,903	23,369	24,647	25,602	14,133	2,893	(11,240)	-79.5%
014822-529400	5,536	5,606	6,844	20,903	45,740	31,223	49,663	32,320	64,233	31,913	98.7%
014822-530710	4,732	4,566	4,347	8,754	2,841	4,906	7,664	1,500	2,851	1,351	90.1%
014822-530900	2,500	2,700	3,000	3,107	7,619	2,268	2,975	11,000	8,000	(3,000)	-27.3%
014822-534200	2,864	3,160	2,803	7,636	3,610	2,268	658	605	65	(540)	-89.3%
014822-542100	1,996	9,468	15,749	7,636	14,696	8,899	13,279	8,266	5,379	(2,887)	-34.9%
014822-573300	7,394	2,864	775	1,070	1,109	225	4,535	650	798	148	22.8%
014822-578200	-	-	-	-	-	-	-	-	6,420	(2,471)	-27.8%
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Snow Removal	61,905	51,370	30,000	-	-	-	-	-	-	-	-
Advertising	1,029	0.0%	199	-	33	-	74	-	-	-	-
Travel Allowance	169	1,379	-	190	443	592	3,545	-	-	-	-
Steno	491	1,189	780	1,358	980	250	576	-	-	-	-
Repairs	4,537	3,871	4,105	6,317	4,617	3,209	3,186	-	-	-	-
Noise Education	-	500	1,040	-	520	-	-	-	-	-	-
Total Operations	199,748	164,554	134,738	181,335	177,738	159,062	166,736	182,889	199,177	16,288	8.9%
CAPITAL COSTS											
014825-584000	-	-	-	-	-	-	-	4,951	4,165	(786)	-15.9%
014825-589500	-	-	-	-	-	-	-	59,137	-	(59,137)	-100.0%
014825-589500	-	-	-	-	-	-	-	64,088	4,165	(59,923)	-93.5%
Total Capital	-	-	-	-	-	-	-	-	-	-	-
MATCHING GRANT COST											
014826-589500	29,796	40,323	4,916	5,105	17,932	15,338	29,533	-	-	-	-
014826-589500	-	-	-	-	-	-	24,231	-	-	-	-
014826-589500	-	-	-	-	-	-	32,724	-	-	-	-
014826-589500	-	-	4,916	5,105	17,932	15,338	86,488	-	-	-	-
Airport - Taxiway Alpha Const	-	-	-	-	-	-	-	-	-	-	-
TOTAL COST	391,433	366,558	305,355	357,397	372,673	356,031	446,053	441,004	405,290	(35,714)	-8.1%
Airport Surplus or (Deficit)	\$ 26,960	\$ 48,457	\$ 133,723	\$ 65,161	\$ 45,328	\$ 102,745	\$ (1,459)	\$ 10,072	\$ 92,540	\$ 82,468	818.6%

DATE: August 2021

5- YEAR CAPITAL IMPROVEMENT PLAN

AIRPORT: Norwood Memorial Airport

CONTACT: Mark Ryan, Chairman; Russ Maguire, Airport Manager

PROJECTS	TOTAL PROJECT COST	AIP FUNDING	NPE FUNDING	DISCRETIONARY FUNDING	STATE FUNDING	LOCAL FUNDING	FFY	PROJECT COMMENTS
1 Complete Public Viewing Area	\$ 247,500							
2 Reconstruct RW 10/28 (4,000' x 75') - PCI 47	\$ 4,600,000.00	\$4,140,000			\$198,000	\$49,500	2022	ASMP
3 TW C Realignment (1665' x 35') / TW F Recon. (160' x 35') - PCI 96 / Wetland Mitigation Area	\$ 4,500,000.00	\$4,050,000	\$150,000	\$3,900,000	\$230,000	\$230,000	2022	
4 TW C Realignment Offsite Stormwater Mitigation	\$ 600,000.00	\$540,000		\$540,000	\$30,000	\$30,000	2022	
5 Security Camera Expansion	\$ 90,000.00				\$72,000	\$18,000	2022	ASMP
6 Av Easement Acquisition (RW 28 & RW 17 ends)	\$ 500,000.00	\$450,000	\$150,000	\$300,000	\$25,000	\$25,000	2023	
7 RW 17-35 Reconst/Extension Design/Permitting	\$ 333,333.00	\$300,000	\$300,000	\$0	\$16,667	\$16,667	2025	
8 Reconstruct RW 17-35 (4000' x 100') - PCI 66	\$ 5,900,000.00	\$5,310,000	\$150,000	\$5,160,000	\$295,000	\$295,000	2026	
9 Pave RW 17/35 Safety Areas	\$ 2,700,000.00	\$2,430,000		\$2,430,000	\$135,000	\$135,000	2026	
10 Perimeter Fence Installation Phase 1	\$ 1,100,000.00	\$980,000	\$150,000	\$840,000	\$55,000	\$55,000	2027	
11 Perimeter Fence Installation Phase 2	\$ 1,100,000.00	\$980,000	\$150,000	\$840,000	\$55,000	\$55,000	2028	
12 Lease buyback 1100' strip (1100' x 300')	\$ 2,500,000.00	\$2,250,000	\$150,000	\$2,100,000	\$125,000	\$125,000	2029	
13 Acquire Land for RW 10 RPZ (4 acres)	\$ 3,000,000.00	\$2,700,000	\$150,000	\$2,550,000	\$150,000	\$150,000	2030	
14 Taxi Lane South Helipad	\$ 1,075,000.00	\$967,500	\$150,000	\$817,500	\$53,750	\$53,750	2031	
15 RW 17 Holding Pad Reconstruction - PCI 60	\$ 1,080,000.00	\$981,000	\$150,000	\$831,000	\$54,500	\$54,500	2032	
16 Noise Study	\$ 150,000.00	\$135,000	\$135,000	\$0	\$7,500	\$7,500	2033	