

New Salem Airport—boon or boondoggle?

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The new Salem airport seems to have recently evolved from the “If” to a “When”. According to Karla Price, Project Manager of RW Armstrong in Indianapolis, this project “can only be seen as a vital and positive piece of the puzzle being put together by community leaders to improve the economic development picture of Washington County.”

As reported earlier, the estimated \$18-\$20 million dollar project should cost Salem and Washington County nothing because of matching federal and state grants and the expected revenues from the sale of the present facility for commercial development. In fact, even if the current airport facility is sold for considerably less than its appraised value, the city will make money on the deal before the first planes take off or land at the new facility in eight or ten years.

The dollars and cents issue notwithstanding, the question being asked by many county residents is, “Do we really need a new airport?” The answer to that simple question is also simple—No, we don’t need a new airport. In fact, according to Board of Aviation Commissioners President, Bill Barnett the present facility will sufficiently service the existing pilots and aircraft based out of Salem at this point in time.

Followed to its logical conclusion, that thought process would also cause a reasonable person to conclude that we do not need paved roads, sewer lines, water treatment plants, or any other infrastructure for that matter. However, without those items, a community must either remain as is or revert to a nearly exclusive agrarian economy. In other words, if a community wishes to have a robust economy with a sizeable industrial base, these items are crucial. So too is the argument for construction of an airport with a longer runway than the present facility. The present runway of 2738 feet is considerable shorter than the 4000 feet required by the Federal Aviation Administration (FAA) and most insurance companies to service the majority of corporate airplanes, jet or prop. In addition, by building a runway of at least 4000, the Salem airport would qualify as a Instrument Landing System (ILS) facility. ILS allows for planes to land at anytime of day or night and in most weather conditions using the Global Positioning System, thus increasing the number of potential operations.

When asked why not just lengthen the existing runway, both Barnett and Price pointed to the fact that the Environmental Protection Agency has nixed such a move because of caves located near the end of the current runway and protected species inhabiting those caves.

Based on information available from the FAA, the Salem airport has averaged a little less than 7500 operations per year for the last decade. An “operation” is defined as either a landing or a take off from a given facility. That is over twenty operations per day average. How do those numbers translate into economic impact?

Information available from the Aviation Association of Indiana(AAI) website indicates that the economic impact of the current facility on the Washington County community is a gain of nearly

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\$750,000 per year. Admittedly, the AAI website is a little vague on how that number was determined but the data can be used to compare the Salem airport's impact in its current configuration with that of similar sized Hoosier cities with airports having runways of 4000+ feet.

Rochester, Rensselaer, North Vernon, Sullivan, and Angola all have runways in excess of 4000 feet and are towns with similar populations to that of Salem. The average number of operations per year for the aforementioned airports is 12,872, nearly 42% greater than Salem's present volume. It is not a big leap of logic to grasp that those increased take offs and landings can translate directly into dollars spent in Washington County. The average economic impact of the airports in the five cities cited is in excess of \$1.59 million per year.

Is a potential doubling of the airport's economic impact as a result of a longer runway reason enough to support the new airport? Depending on who you ask, you are liable to get differing answers.

If you are a property owner who will be displaced by the new airport, your answer is based on financial and emotional issues. If you are an elected official the answer is based on budgetary and political considerations. If you are a tax payer and/or a potential employee of a business locating here because of the improved capacities of a new airport job security and family finances are the basis for your answer.

According to Price, the process of appraising and purchasing properties will begin in the first half of 2008. Those property owners will be given the fair market price for their property and be allowed to live tax free and rent free for upwards of six months depending on the specifics of each individual case. In addition, moving expenses can be covered by the relocation package.

"In projects that I have worked on in the past, relocated residents, though not happy with the situation initially, usually are pleased with their financial settlement after all the dust has settled." commented Price.

When asked if he supports the efforts to build the new airport, Salem Mayor David Bower freely admitted that he believes an improved airport facility would help the economy of the community in the long run.

"My biggest concern is the anticipated shortfall that local governments are likely to experience if the property tax relief package being negotiated in the State Legislature passes. I would be strongly in favor of a new airport if we can afford our share." noted Bower.

Information compiled by the FAA and provided by Price shows that the city of Salem is expected to provide matching funds of 2.5 percent or approximately \$600,000 over an eight year period. During this time period the FAA would provide 95 percent of the cost and the State of Indiana will also provide 2.5 percent of the expenses. All of the funds to be provided by the federal government through the FAA and the State of Indiana are generated by an excise tax on aviation fuel which is passed on to consumers as user fees. In other words, no general taxpayer dollars will be used for the 97.5% federal and state funding of the proposed airport project. As noted earlier in this article, the City of Salem is considering the sale of the present site of the Salem airport which is appraised for considerable more than \$600,000.

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In a telephone interview, Bower said that if the city could cover its portion of the cost by selling the present airport to a local business owner for commercial development he would see it as a win-win situation for the community. Bower also hinted that if just such a situation was to arise, he would work very hard to make it a good deal for the purchaser.

In a telephone interview with local appraiser and licensed pilot, Fred Ramoni, the question was asked as to exactly how much he thought the present airport would be worth for commercial development.

“Even if the present airport facility was only undeveloped, open land, it would appraise for considerable more than what is estimated to be the City of Salem’s share of the project. With the runway, utilities, and buildings already in place, the airport will obviously appraise for even more and have significant commercial value to certain businesses willing to locate to or expand in Salem”

Jeff Burns, Fixed Base Operator at the Salem Airport summed up the situation by paraphrasing a line from the baseball classic, A Field of Dreams. Burns quipped, “Build it and they will probably come—don’t build it and it is guaranteed that they won’t.”