

# Valuing Your Airport to the Community

*Quick & Dirty Estimate of  
EVA*

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Jane Capital Partners LLC

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# Jane Capital Partners LLC

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- Jane Capital is a merchant bank focused on equity and debt growth financings, and M&A for emerging infrastructure businesses in energy, environmental, aviation, and IT
- Located in San Francisco, CA
- Track record of working with FBOs to finance airport infrastructure development
- Partnered with Niche Ventures

# Jane Capital Role with Airport Management

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- Supply/demand situation at each airport is unique
- Drives infrastructure investment opportunities
- Close partnership between airport management, FBOs, and developers is crucial to extracting value for all parties
- Jane Capital currently working with airport managers at several regional airports on infrastructure development projects

# Neal Dikeman Bio

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- Partner at Jane Capital Partners LLC
- Experience in investment banking, private equity, and venture capital
- Experienced in valuation analysis
- Undergraduate degree focused on economic development

# What's Your Airport Worth to the Community?

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- This presentation is a lesson in quick & dirty economic valuation for your airport from the community's perspective using an EVA analysis
- Need to evaluate multiple income streams to the community
  - Airport income
  - Airport tax base impact
  - Adjacent land sales/rents
  - Land value appreciation & intangibles
- Need to include impact of any proposed infrastructure improvements

# Airport Income

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- Evaluate revenue and net income projections for the airport
- Add annual income post infrastructure improvements, ex
  - Passenger or landing fees
  - Hangar rents and groundlease income
  - Fueling fee income
  - Other fees
- Less annual operating expenses = Pro Forma Normalized Operating Income
- Capitalize NOI at 10%
- Less projected capital investment net of FAA or other non recourse financing for infrastructure improvement = Airport Asset Valuation

*\*Note: AAV may be negative if airport operations are heavily subsidized*

# Airport Tax Base Impact

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- Evaluate impact of airport and improvements on community tax base
- Add
  - Annual property taxes – aircraft
  - Annual property taxes – airport real estate
  - Estimate of income, sales and property taxes from businesses requiring airport to operate
  - Adjust estimates for impact of improvements and new business
- Capitalize total at 10% rate

# Adjacent Land Sales

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- Most airports and communities have land surrounding their airports
- Add value of land:
  - Value at city/community owned acreage times raw land price/acre, or
  - Value of acreage post development at annualized future rents less operating expenses capitalized at 10%
    - Less community costs for development

# Appreciation & Intangibles

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- Airport infrastructure or service improvements will tend to increase community economic value in indirect ways
- Major areas include:
  - Airport adjacent land values (community or privately owned) will appreciate
  - Additional jobs and sales tax base brought into community from infrastructure
  - Additional tax revenues from hospitality, tourism, etc.
- Easy to make a case for, always hard to measure

# Summary Valuation Analysis

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- Add

- Airport Asset Value
- Capitalized Airport Tax Base Impact
- Adjacent Land Value

- Less

- Fair Market Value of Airport /adjacent land if sold to developers for non airport use (estimate of opportunity cost); subtract only if shutdown is a viable option

- Plus

- Estimate of Appreciation and Intangibles

- = Economic Value Added of Airport to the Community

# Thanks for Your Time

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