

Proposal to the City of Albany

January 30, 2014

The Albany Airport Advisory Commission proposes the City lend funds to parties to construct hangar(s) in the vacant areas of the Airport lands as identified by the recently completed, FAA funded, Airport Master Plan.

The Albany Airport has very limited sources of revenue. The two primary sources of income are the revenues from the sale of fuel and the leasing of Airport lands to others. The annual budget for the Airport is over \$200,000. The Municipal Airport generated revenue is nearly \$200,000.

Today there are more than 20 hangars located on the Airport lands. The vast majority are privately built, privately owned buildings. The revenue from the lease of the Airport lands to these private individuals generates nearly \$22,000 annually.

Findings:

1. Currently all hangar space is leased. It appears that there is a need for additional airplane storage space rentals.
2. The City receives about 1 to 2% return invested funds.
3. The City currently leases land at the Airport for approximately \$0.24 per square foot.
4. The City would have the constructed hangar as collateral during the term of the loan.
5. In order to stimulate interest in constructing additional hangar space, the interest on the loan should be set at 3%.
6. The term of the loan should be between 15 and 20 years.
7. Recent policy for new hangars is to reduce the initial years rent (\$0.254) by 30% the first year, 20% the second year & 10% the third year. This, again, is to help motivate individuals to consider the investment of newly constructed hangars.
8. Currently existing lease rates are increased annually in February by the previous year's CPI.
9. The City not only gets the revenue from the rental, it also receives property tax funds generated by the hangars.
10. Should the new T-hangar be built similar to the existing T-hangars, it would have a footprint of about 50'x240'; 12,000 sq. ft.; generating an additional \$3,000 per year in increased revenue to the City, plus the substantial additional property tax revenue for the City.
11. The amount loaned should not exceed 90% of the construction cost of the hangar.

Whether from redevelopment funds or City reserves, this proposal is in the best interest of all involved and should be enacted with all haste.

Respectfully submitted, with unanimous Airport Advisory Commission approval.

Heath Kasper
Chair, Albany Airport Commission