

Proposed Airport Purchase of Pioneer Aviation Property



Meeting Materials For Montague Special Town Meeting

Requests for Authorization to Borrow & Purchase Property,
and Fund Corresponding FY21 Budget Changes

Articles 8, 9, 10

Additional Meeting Materials Available at:

<https://www.montague-ma.gov/p/239/Montague-Town-Meetings>

Pioneer Aviation Property

26, 36, and 40 Industrial Blvd



Building 1- Original Hanger

- 40/44 Industrial Blvd
- Constructed in 1969
- 13,920 SQFT Building
- Flight Training School, Indoor Aircraft Storage, Industrial Storage
- Current Annual Revenue \$32,500
- Initial Repairs include interior and exterior lighting, safety and security systems, general site cleanup, and minor exterior repairs. Expected cost \$2,100



Building 2- Maintenance Hanger

- 36 Industrial Blvd
- Constructed in 1992
- 6,800 SQFT Building
- Aircraft Maintenance Area, Indoor Heated Aircraft Storage
- Current Annual Revenue \$29,000
- Initial Repairs include interior and exterior lighting, safety and security systems, heating systems replacement, and bi fold door repairs. Expected cost \$6,400



Building 3- Storage Warehouse

- 38 Industrial Blvd
- Constructed in 2007
- 14,400 SQFT Building
- Industrial Warehousing / Heated Storage Space, Non Aviation Use
- Current Annual Revenue \$72,500
- Initial Repairs include exterior lighting. Expected cost \$1,000



Vacant Property Lot



- 24 Industrial Blvd
- Property 2.99 Acres
- “Shovel Ready”
 - All major utilities in place, road frontage
 - “Shovel Ready” meaning no major preparation needed to begin construction, such as tree removal, wetland mitigation, or leveling of ground
- Ready to lease out for development at time of purchase

Why Make the Purchase?



- This will secure access to Aviation Fuel, a critical component to the successful future of the Airport
- It will also secure the future of the Aircraft Maintenance and Flight Training operations
- Creates a viable long term source of revenue for the airport that is projected to exceed expenses, removing the funding burden from the Taxpayers of Montague

Financial Return to Montague



- While it will take several years to know the precise revenues and expenses associated with the enterprise, we are confident that it will be able to do the following:
 - Cover all direct expenses to the town
 - Cover all indirect expenses including
 - Healthcare, retirement, workers compensation
 - Accounting, collection, and other provided service
 - Insurance, both property and vehicle / equipment
- Once revenue and expense patterns are established, the Airport Commission can investigate establishing a reimbursement program to repay previous requests of supplemental funding made by the airport to Montague

Funding Sources



- Federal Aviation Administration - Expected funding level of 90% overall aviation property purchase cost
- MassDOT Aeronautics Division - Expected funding level of 5% overall aviation property purchase cost
- Local Contribution / Share - Remaining 5% of overall aviation property purchase cost
 - Additional cost of Fuel System upgrades allocated at 100% local cost, but there is potential for funding assistance from MassDOT Aeronautics Division

Above figures do not include interest cost of borrowing

Borrowing Principal



Pioneer Aviation Purchase	State Share MassDOT 5%	FAA Share 90%	Local Share 5%	TOTAL (100%)
Property Purchase	\$72,500	\$1,305,000	\$75,900*	\$1,450,000
Fuel System Upgrades	Possible future funding	Not eligible for funding	\$68,000	\$68,000
TOTAL	\$72,500	\$1,305,000	\$140,500	\$1,518,000

* Local share of 5% totals more than actual requirement based upon rounded FAA and DOT commitments for funding. A final reimbursement number will be based upon total costs outside of actual property. Such costs are postage, legal, environmental inspections, permits.

Borrowing Years 1-10



\$1,518,000 Airport - 20 Year Level Debt Schedule

Year	Total Principal and Interest			Airport Share of Costs*		
	Principal	Interest (3.0%)	Total	Principal (5%)	Interest (72%)	Total Cost
1	58,000	45,540	103,540	2,900	32,789	35,689
2	60,000	43,800	103,800	3,000	31,536	34,536
3	60,000	42,000	102,000	3,000	30,240	33,240
4	60,000	40,200	100,200	3,000	28,944	31,944
5	65,000	38,400	103,400	3,250	27,648	30,898
6	65,000	36,450	101,450	3,250	26,244	29,494
7	65,000	34,500	99,500	3,250	24,840	28,090
8	70,000	32,550	102,550	3,500	23,436	26,936
9	70,000	30,450	100,450	3,500	21,924	25,424
10	75,000	28,350	103,350	3,750	20,412	24,162
Total Years 1-10		372,240	1,020,240		268,013	300,413

Borrowing Years 11-20



\$1,518,000 Airport - 20 Year Level Debt Schedule

Year	Total Principal and Interest			Airport Share of Costs*		
	Principal	Interest (3.0%)	Total	Principal (5%)	Interest (72%)	Total Cost
11	75,000	26,100	101,100	3,750	18,792	22,542
12	80,000	23,850	103,850	4,000	17,172	21,172
13	80,000	21,450	101,450	4,000	15,444	19,444
14	80,000	19,050	99,050	4,000	13,716	17,716
15	85,000	16,650	101,650	4,250	11,988	16,238
16	90,000	14,100	104,100	4,500	10,152	14,652
17	90,000	11,400	101,400	4,500	8,208	12,708
18	95,000	8,700	103,700	4,750	6,264	11,014
19	95,000	5,850	100,850	4,750	4,212	8,962
20	100,000	3,000	103,000	5,000	2,160	7,160
Total Years 11-20		150,150	1,020,150		108,108	151,608
Grand Totals	1,518,000	522,390	2,040,390	75,900	376,121	452,021

Expected Revenue FY22



- Revenue generated from the following sources
 - Hanger & Land leases
 - Hanger rentals
 - Warehouse leases
 - Fuel Sales & Services
 - Outdoor Tie-Downs
 - Solar SMART Program
 - Rental house property
- Principal and Interest payments are included into each year operational budget from FY22 on, this will allow for all "local contributions" to be covered by the airport, and will keep it from becoming the burden of the taxpayer

Article 9. (1 of 4 slides)



MOVED:

That the Town vote to appropriate the sum of \$68,000 for engineering, design, permitting, bidding, oversight, and construction services for the purpose of making necessary improvements and upgrades to and for furnishing and equipping the aviation Fueling Station located at 40 Industrial Boulevard, including any and all incidental and related costs, and to meet this appropriation the Treasurer, with the approval of the Selectboard, is authorized to borrow said sum under M.G.L. Chapter 44, Section 7 and/or 8, or any other enabling authority, and to issue bonds or notes of the Town therefor;

Article 9. (2 of 4 slides)



MOVED (Continued):

that any premium received by the Town upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with M.G.L. Chapter 44, Section 20, as amended, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount;

Article 9. (3 of 4 slides)



MOVED (Continued):

and further, to authorize the Airport Commission, and any other appropriate officials of the Town, to apply for and accept any forms of financial assistance that may be available to the Town on account of this project, including but not limited to from the Massachusetts Department of Transportation Aeronautics Division,

Article 9. (4 of 4 slides)



MOVED (Continued):

and further, to authorize the Airport Commission to take any and all action and enter into and execute any and all agreements and other documents as may be necessary or convenient to effectuate the purposes of this Vote.

(Two-Thirds Vote Required)
(Airport Commission Request)

Finance Committee Recommends 7-0
Selectboard Recommends 3-0
Capital Improvements Committee Recommends 5-0

Aviation Fuel Farm



- 40 / 44 Industrial Blvd
- Above Ground Tank
- Aviation Fueling System
- 6000 Gallon Tank
- Annual Revenue (Estimated) \$18,700
- Annual Revenue After Upgrade (Estimated) \$35,000+
- Initial Repairs include new point of sale system, dispensing cabinet, safety shutoff, exterior lighting. Expected Cost \$68,000 +/-



Article 10.



MOVED:

That the Town vote to appropriate the sum of \$39,800 for the purposes of increasing the Fiscal Year 2021 Airport operating budget, said sum to be raised from Free Cash.

(Airport Commission Request)

Finance Committee Recommends 7-0

Selectboard Recommends 3-0

FY 21 Budget Increase



- An increase in the FY21 budget will be needed to cover the operational cost associated with Pioneer Aviation
- Increase is expected to be about \$10,000 for each month of ownership, totaling \$39,800
- Any additional funding requested will be covered by new revenue generation, plan to be **repaid** to the town in fall of 2021 (FY22)
- Insurance accounts for almost 32% of overall new costs due to the size and quantity of new buildings to be acquired.