

# Turners Falls Municipal Airport Special Town Meeting Info Session

March 7, 2024

- Airport Solar Project Information & Budget Breakdown
- Solution to FY24 Revenue Shortfall- Article 9
- Ramp Replacement Project- Article 10
- Pioneer Aviation Revenues VS Operational Costs
- Revenue History and Potential New Sources

# Solar Lease Issue

- FY24 Budget depended on \$151,962 from solar lease, with \$240,000 in annual revenues expected.
- Lease was signed in Summer 2023, but was contingent on Eversource interconnect approval
- Estimated Eversource interconnect cost > \$16M, far more than the solar company had planned for the project
- We've spent several months working with the utility and the developer to find a solution to close the gap
- We do not presently expect this issue to resolve in FY24 or FY25, however Eversource has begun the process of replacing the utility network on Industrial Blvd.

# Solar Revenue Loss Puts Airport FY24 Budget in Deficit

- Other revenues appear on track as of 3/1/24 to meet expected levels for FY24. The current estimated total FY24 shortfall is \$152,000
- Unexpected R&M costs of nearly \$20K (Heater Replace) impacts can be partly offset by expected surplus in other budget lines of \$10K (Capital Outlay)
- Net figure to solve for becomes \$162,000, which is 38% of total budget
- FY24 Airport Budget is \$426,965
  - Staff/Operations: \$284,915
  - Debt: \$101,535 (all but \$30,187 funded by grant)
  - Benefits: \$ 40,515
- Original budget was very conservative and there is little flexibility to cut

# Context for FY24 Revenue Shortfall

- Labor and benefits are the largest cost areas (\$178,591)
- Airport near minimum responsible staffing to ensure safety and compliance
- The remaining budget closely matches actual costs to operate, with minimal “extra space.” 74% of these funds have already been spent.
- While reducing FY24 operational expenses can help at the margins, it is not someplace we can find the solution
- Can’t consider “closing shop” due to Airport Grant Assurances
- The responsible solution appears to be to fund with other sources

# Proposed FY24 Budget Solutions

## Article #9

Town appropriate the total sum of \$152,261 for the purpose of funding the operations of the Airport, including the payment of wages and benefits for airport employees, maintenance of property and equipment, the purchase of supplies, debt service, and anything incidental or related thereto, with said amount to be used to fund the expected Fiscal Year 2024 revenue shortfall in the Airport Enterprise Fund.

Several proposed changes under Article 9 to offset revenue shortfall include:

- Moving \$10,000 from Capital Outlay to the Wages & Expenses portion of the budget
- Transferring \$24,261 from sale of real estate to cover the local share of debt service
- Transferring \$128,000 from free cash to offset lost revenue for operational costs

<u>AIRPORT</u>	<u>Voted May 6, 2023</u>	<u>Proposed March 14, 2024</u>
482 Wages & Expenses	\$274,915	\$284,915
482 Capital Outlay/Local Share	\$10,000	\$0
700 Debt Service	\$101,535	\$101,535
Employee benefits	\$40,515	\$40,515
<b>TOTAL AIRPORT</b>	<b>\$426,965</b>	<b>\$426,965</b>

# Ramp Replacement Project

## Article #10

Town vote appropriate the sum of \$152,315 for the purpose of replacing all failed pavement, utility connections, parking lots, and loading docks, on the Pioneer Aviation property, including any and all incidental and related costs, said funds to be raised from the Town Capital Stabilization Fund.

- This project in to replace the 1970's era pavement on the Pioneer Aviation Property, most of which has failed and is creating a safety hazard.

- Project is divided into 3 phases: Phase 1- Tribal Coordination / Permitting

Phase 2- Design / Bidding Documents

Phase 3- Construction / Closeout

- Total project cost is \$3,046,300 with the FAA contributing \$2,741,670 and MassDOT contributing \$152,315, leaving a local contribution of 152,315 or 5% total project cost.

# Pioneer Aviation Property

- In 2021 the Town of Montague voted to borrow funds to be expended for the purchase of the Pioneer Aviation Property which was critical to keep the airport viable into the future.
- The purchase has operated as expected and continues to generate revenue. Below is a breakdown of expenses and revenues specifically for the Pioneer Aviation Property.

- Revenues FY24: Non-Aeronautical Revenues- \$125,200 (Commercial Warehouse Space)

Rental Aviation Revenues- \$34,000 (Hangar Rental, Shop Space)

Additional Service Fees- \$6,500 (Landing / Ground Support)

TOTAL FY24 Revenue: \$135,100

Expenditures FY24: Utility Costs- \$18,500 (Electricity, Natural Gas, Fuel Oil, Water, Sewer)

Insurance Costs- \$11,900 (3 buildings, fuel system, general liability)

Maintenance Grounds- \$16,000 (Mowing, Snow Removal, Tree Maintenance)

# Potential New Revenue Sources

In order to sustain operations and ensure FAA / DOT compliance the airport will need to generate at least \$160,000 in new revenue over the next 20 months or reduce costs by the same in FY26

- FCTS Aviation Program land-lease will provide \$7,280 annually
- New aircraft hangars can generate some new revenue, with the typical hangar creating \$5,250 in lease / PILOT revenue but no new revenues are confirmed for FY24-25
- Existing “obstruction lighting towers” may be suitable for hosting communications equipment and this will be explored as a future revenue source. Estimated \$40,000 annual revenue
- Solar development remains constrained by utility company costs and policy regarding interconnections, clouding future revenue prospects. We continue to look at near-term alternatives. This is a statewide issue and is a focus of policy makers.
- Potential new non-aviation land uses/leases could be a good source of reliable income, but limits of utility infrastructure may impede these projects as well.
- Limited ability to raise hangar fees or other rates due to lease terms and market conditions. Current land lease average rate in Western Massachusetts is \$.43 sqft. We charge \$.65 sqft.