

Turners Falls Municipal Airport

One Avenue A, Turners Falls MA. 01376
Town Hall 413-863-3204 Airport Office 413-863-0044
Airport FAX 413-863-0044

Proposed Purchase of "Pioneer Aviation Property"

Background: The property described as "Pioneer Aviation" was originally part of the 1943 airport layout. In 1963 the Town of Montague removed several large portions of airport property to re-develop it as what is now the "Airport Industrial Park". In 1970, 3 lots were purchased by the Bohonowicz family to be developed into "Aviation related business" including fueling, maintenance, and flight instruction. In 1994-1997, the Turners Falls Municipal Airport Commission added to the airport master plan the potential purchase of the "Pioneer Aviation Property", returning it to the airport. Since then the acquisition was viewed as a critical project to secure the future of the airport, however there were no urgent plans to proceed with a purchase. In February 2018 the sole owner and operator of the business passed away in a tragic accident. Since then the airport has worked to find a temporary solution to keep "business as normal" for the airport users. With the impending potential sale of the property to a non-aviation related business, it was determined that a purchase would be needed no later than 2021.

Property that would be included in purchase:

1) #24 Industrial Blvd- Map 17-046- Currently no structure on lot, 2.99 Acres \$76,100 land value. This is a "build ready" site.

2) #36 Industrial Blvd- Map 17-045- Includes a 14,400 SQFT warehouse built in 2007, a 6,800 SQFT hanger built in 1992 (Maintenance shop). 5.26 Acres, Land Value-\$141,100, Building Value \$403,200, Other Value \$18,600

3) #40 Industrial Blvd- Map 17-033- Includes a 13,920 SQFT hanger (flight school, storage) built in 1970, Aircraft fueling station, 1992-1995 Installed, 2.14 Acres, Land Value \$129,500, Building Value \$94,100, Other Value \$16,400

Total Town Assessed Value- \$879,000

Total Property Size-10.39 Acres

High end potential "local contribution" borrowing totaling \$75,000 with an expected 4 year payback to the town.

FAA and DOT: Both the Federal Aviation Administration and MassDOT have agreed to contribute significant financial backings for the purchase, local share will need to be secured no later than November to make sure a spring 2021 purchase occurs. Expected funding levels include 90% FAA (Federal), 5% MassDOT (State), and 5% Town of Montague (Local) of the total project cost, not to exceed 1.5 million.

Revenue vs Cost:

Current fixed revenues (as of January 2020) \$120,240.00 / year

Variable Revenues (fuel, tie downs, hanger rentals, flight training) Estimated at \$24,000 / year

Total Annual Revenue- \$144,240

Property #1- No current revenue, fixed or other at this time. Potential for 12k-15k / month minimum

Property #2- Monthly revenue totaling \$8,500, annual total \$102,000

Property #3- Monthly revenue totaling \$1,520, annual total \$18,240 (+/- \$2,000)



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*Aviation Fuel typically generates a .50 to \$1.00 per gallon profit, depending on market condition. Half of all fuel profits should be retained specifically for the maintenance and upkeep of the fueling system. Remaining funds along with recovered cost (resale value less profit) should be kept in a “revolving account” allowing for the purchase of new fuel stock as needed. Currently fuel records are not available, however an airport our size should sell 25,000 to 35,000 gallons annually, so a conservative estimate for total fuel revenues (less maintenance cost) is \$12,000 / year.

*Hanger rentals are typically on a “month to month” basis, with a cost of \$250 / month. Since some users are seasonal there is no exact numbers on revenues, however a safe estimate is \$10,000 / year.

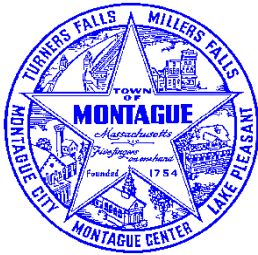
*In most cases with small airports the “flight training” or “flight center” contribute greatly to both based aircraft and total fuel sales (20-25%) so and associated fees are usually waived or reduced as a “good faith” business decision.

*Additional revenue from overnight fees, ramp fees, and catering fees can be expected to be close to \$2,000 / year.

Annual Expenses (estimated) FY22:

Electricity	\$9,600
Snow Removal	\$NONE (Already Own Equipment)
Climate Control	\$3,500
Insurance	\$11,500
Grounds Maintenance	\$3,500
Building Maintenance	\$4,500
Fuel Farm Maintenance	\$----- (New Fuel System) (DOT Funding FY23)
Environmental Compliance	\$5,500
Labor / Benefits	\$48,500 -SEE BELOW FOR DETAIL
Telephone / Data	\$1,950
Training	\$2,000
Water	\$2,500
Grounds Improvements	\$4,000
Building Improvements	\$10,000
Fuel Farm Improvements	\$3,500 – Repairs needed to function safely
Publications / Advertising	\$2,000
Security Systems / Monitoring	\$2,500
Fire Protection / Services	\$2,000- Fire Extinguishers, Alarm Station
Legal / Consultant Services	\$3,000
TOTAL OPERATIONAL COST-	\$120,050
Local Share Repayment (annual)	\$18,750- SEE BELOW FOR DETAIL
TOTAL ANNUAL COST	\$138,800
REVENUE- Fixed and Variable	\$144,240

*Labor / Benefits line item- This will create a full time Airport Manager position, 40 hour per week with benefits. It will also create a 30 hour per week, possibly benefited position. This will depend on if we can employ a co-op student or not. The cost will be added to the existing line items for labor and co-op position for at lease one year until labor need data can be collected.



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Local Share Repayment (annual)- A yearly repayment of \$18,750 beginning in FY22 and concluding in FY25. If total revenues increase, the yearly repayment will increase accordingly, to allow for the quickest repayment time.

Expected Surplus Revenue \$5,440 (FY21 Revenue levels)

*This is only for the "Pioneer Property" and does not include the normal airport operational budget. If the purchase proceeds an actual FY22 budget would see an increase in expenditures to about \$188,000 and revenue to about \$205,000.

Initial Business Plan (first 6 months): July 2021 to December 2021

- Restore fuel system to industry standard
- Repairs to all buildings including lighting, plumbing, general upkeep
- Increase Airport Manager from 19 hours / week to 40 hours / week with benefits
- Hire on full time helper (students from FCTS first option)
- Bring all buildings into fire and safety compliance
- Contract negotiations with all renters / users
- Bid out a new aviation fueling system (\$500,000) (MassDOT Funding Available)

6 months – 1 year: January 2022 to June 2022

- Expand business sales including fuel and hanger space
- Move flight school into temporary accommodations until offices can be renovated
- Replace 1970's asphalt apron and tie downs
- Remove controlling obstructions on Industrial Blvd- Trees and overgrowth
- Work with professional consultant firm on long term management plan

1 year – 2 year: July 2022 to June 2023

- Evaluate expected vs actual revenues, adjust as needed
- Full reconstruction of 1970 "large" hanger, including all utilities, roof, walls, foundation, ect...
- Install new aviation fueling system with 24 hour access system- MassDOT funding available for project

Recap: Purchase would fully remove the airport from the tax base of the town. Although there would be a slight reduction in tax revenue as the three lots would no longer be paying taxes, the impact should be extremely minimal to the overall tax base in Montague. A loan of \$75,000 would be needed from the town, with an expected return in full over a 4 year timeline. Operational expenses would increase almost 150%, but total revenues would offset any new expenses while still generating a surplus annually. This will also allow the airport to have complete control over fueling, maintenance, and other essential operations for the foreseeable future. Initially a large portion of new labor cost would be to cover a fueling attendant needed on site daily, however once an updated self serve system is installed the time can be reallocated to other tasks. It is expected that the lot (2.99 Acres) that currently has no hangers / buildings can be leased and or rented to generate additional revenue. Although it is an unknown at this time, market research shows a high demand for warehouse and manufacturing multipurpose space in the area of the airport. A good potential candidate would execute a long term lease (greater than 20 years) with the Turners Falls Airport Commission, generating a steady stream of lease and tax revenue for the foreseeable future.