

Peachtree City Airport Authority (PCAA)
Regular Minutes
Thursday, June 14th, 2018
Aviation Center, Peachtree City-Atlanta Regional Airport
7:00 p.m.

Members Present: Tom Fulton – Chairman, Tom Lacy – Secretary/Treasurer, Bryan LaBrecque – Member, Allen Morrison – Member, Charles Murray – Member, Michael Hill for Nathan Lee – Airport Attorney, and Airport Manager –Hope Macaluso, A.A.E.

I. CALL THE MEETING TO ORDER

Tom Fulton called the meeting to order at 7:00 p.m.

II. APPROVAL OF MINUTES

Allen Morrison made a motion to approve the April 2018 Meeting Minutes, seconded by Charles Murray.

Motion carried 5/0.

III. REPORTS

Finance and Capital Budgeting – Tom Lacy

Tom Lacy had attended the financial review early in the week. Tom said that the numbers were in order and that Hope would give a more detailed report shortly.

Operations Report – Mike Melton

Mike Reported:

Fuel (June)

We are a third of the way through May and currently on track for the May budget for AvGas and ahead of budget for Jet A.

WWII Heritage Days

The event went fairly well with no major safety issue during the weekend. We did provide additional staff that proved to be not enough considering the event has grown year over year. We met with the CAF and tweaked the plan for next year. We have also requested that CAF reimburse the airport for only the extra staff required during that weekend moving forward. They were amenable to this request. All in all, they had a great turn out on Saturday and Sunday was not a complete wash out but the weather certainly hindered turn out.

During the evening event. Cars were parked at the toy box hangar and an apparent water leak was revealed. Initially we thought as a result of the cars. While a sewer cleanout was damaged by a car, further investigation revealed that the real issue at hand was an old communications cable that was the demise of the pipe. The pipe was completely replaced to the tune of about \$2,000. An obvious unexpected capital expense.

Sign Issue- An aircraft departing after the event took out a taxiway sign on take-off, the individual was billed and paid for the damaged sign. The cost of the sign and installation was just over \$900 but the airport was reimbursed in full.

Super Bowl Meeting - FAA

Hope and I were invited and attended a briefing that was coordinated with the Atlanta Super Bowl Host Team and the FAA. The briefing was held in College Park at the Flight Standards District Office. Super Bowls have started to become a major event for larger corporations than they have in years past. The anticipation, based off of the last few Super Bowls, is that a considerable amount of corporate jet traffic will fill the airspace during that time. Within a 60-mile radius of Hartsfield they expect and extra 1,100 corporate jets that will need ramp or hangar space for about a 3 to 4-day span. We would safely be able to accommodate 40-45 aircraft.

The FAA has developed a slot system for airports within that 60-mile radius and any aircraft within this area will have to submit a scheduled departure or arrival time not only during the Temporary Flight Restriction but the days leading up to the event and the following Monday. We will have more information on this during the next meeting which will be a webinar in July.

In the meantime, we have met our initial obligation to the FAA and we have submitted an aircraft parking plan as requested by the FAA.

Priority Jet Arrival

Priority Jet (a Jet Charter Company) who used to be based here in hangar B-3 is back. They have a much larger fleet than before with 6 aircraft, most of which are jets and will have an additional 2 jets by the end of the year if not before. This is a huge boost for the airport with jet fuel sales and we have already started to connect them with the right folks at the studios.

RV Fly-In

The RV Fly In was a success. Everyone worked well together but the weather did hinder attendance in the morning. The Young Eagles program flew 80 kids between 24 volunteer aircraft throughout the day. Aircraft Spruce also held their annual customer appreciate cook out and the had a very efficient and safe shuttle process worked out. All parties involved had a great pre-event meeting and everyone had a well-defined plan of what everyone's roles were and contingencies.

Elected Officials Event (Lobby)

For the last few years we have been host to the Elected Officials Event sponsored by the Fayette County Chamber of Commerce. There was a great turnout and many of the elected officials in Fayette County were present including two State Senators.

Flight School Aircraft

Falcon Aviation Academy has increased their fleet here from 6 aircraft to 10, this may vary from month to month but ultimately is great for the airport.

FBO Hangar

We are officially at capacity in the FBO Hangar, although I do not have an official wait list just yet. The next individual to ask will be the first on the FBO Hangar wait list.

GPU Situation

Our old GPU threw a rod the other day through the engine case, leaving a silver dollar sized hole. We were able to borrow one to get us by until the new to us GPU we ordered a couple weeks ago is delivered.

Condo Development

Some of you may have heard about a condo development that is slated to be built at the end of TDK next to the lake. The builder was instructed by the City Planning Department to obtain a letter of approval from the airport authority. Before we presented it to the authority we wanted to get the FAA's opinion on the location, so the builder has submitted a 7460 form to the FAA for an off-airport obstruction evaluation. The condo complex at first glance it does not appear to be an issue with our Runway Protection Zone and Transitional Surface, however we will wait to present this to you once we receive the study from the FAA. We hope that will happen at the next authority meeting.

Durango Repair

The Dodge Durango Courtesy car had to go in for maintenance. An issue with the anti-lock braking system and air conditioning were repaired. The cost was \$1,100.

Request For Information

We responded to a request for information from the Fayette County Development Authority for an anonymous company that has a corporate fleet that is looking to relocate its business to the Atlanta area. While we do not know many details (yes, we asked), we do know they have a Gulfstream 650 or equivalent. Today the Development Authority asked for additional information regarding fuel availability.

ODALS

We have found a local vendor who was a tenant of ours that was able to assist us in repairing our approach lighting system. We are still in need of parts and seems we are on our way to finding some from the buyer of the company we used to work with that designed and installed the ODALS. Parts are scarce as ODAL systems are antiquated and no new parts are being produced for them. There is a possibility of a potential capital expense on this in the near future, but we are not sure to what extent at this time.

Area C Interest

We have been in talks with three separate individuals who are very interested in building hangars in Area C. We have met with them multiple times and just today received an informal request in writing to run the initial hangar concept past the airport authority.

AvGas Situation

AvGas has been increasingly tougher to receive not only for us but many surrounding airports. Many of the fuel terminals that all fuel providers pull from have been down for maintenance for a number of reasons. There are not many terminals that provide AvGas to our area so when this happens the cost of fuel increases due to the additional freight. This also causes delays of delivery of fuel which gets us to the point where we run dangerously low on fuel supply for avgas. We have to plan our fuels loads carefully as our tank can only technically hold just over 13,000 gallons and load of fuel is around 8,000 gallons. We can't order fuel until we get down to 5,000 gallons. If we run through that 5,000 gallons quicker than anticipated (like we did last week, we went through 5,000 gallons in 5 days) and our fuel order gets delayed like it did last week then we run into the issue of running out of fuel. We were able to split a load with Dekalb Peachtree but that split load cost us an additional \$0.30 per gallon. That cost gets passed on to the customers, hence the surge in fuel price here this week. It should level back out in the next couple of weeks, once we run through that pricier fuel.

We are looking at additional storage options that would include a larger AvGas truck (at a nominal cost) to help assist with supply. Similar to what we do with Jet Fuel, we have a larger truck so we can accept more fuel more frequently.

We will continue to monitor the situation and see if this is something that we need to look at further.

After the Operations Report was complete. Bryan LaBrecque made a motion to modify the agenda and add an Executive Session, seconded by Allen Morrison.

Motion carried 5/0

IV. FINANCIAL REVIEW - Airport Manager – (Hope Macaluso)

Hope reported:

April 2018

Revenue and Expense Highlights:

In April, we were behind in revenues for the month due to continued lower than expected fuel margins. Also, there had been some back and forth with a through the fence partner on what is owned by them. You will see that in June those adjustments have been made. On the expense side of things, we were well below budget on maintenance in the month. We are well above the budgeted telephone budgeted expense due to a gap and negotiation with our main telephone and internet provider, NuLink, with which we have signed another long-term contract with for services. Overall expenses were just 1.3% over budget and net income for the month was 9.2% short of budget for the month, but still 35.8% ahead of budget year to date.

May 2018

Revenue and Expense Highlights:

We were below on jet fuel sales in May due to a two of our frequent customers being going for the entire month. Fuel margins continue to be lower than budgeted. However, car rental income continues to be strong and there were many call-outs in the month, giving us overall revenues above budget. Overall budgeted expenses were right in line. Net income for the month we were above budget and year to date we are almost 33% ahead of budget. Bryan asked if the customers that were gone for the entire month had returned and Hope responded that they had returned.

Capital Expenses

There were two capital expenses in the month. \$12,000 was the down payment on our replacement GPU, which is on order and \$2,846 was for fuel farm motors. One is a spare and one has been used at the fuel farm already.

Grant Update

We received the final payment for our last grant for the airfield lighting today. For the next grant, which is the Environmental Analysis for On and Off Airport Obstruction Mitigation, we expect to have an update for you in July, as the funding has been pushed to FY 2019. WK Dickson has been contracted by us to begin the Runway Justification Project and are currently working on it now and expect to have it completed by the end of this month.

V. OLD AGENDA ITEMS

None

VI. NEW AGENDA ITEMS

18-06-01 Fuel Pricing and Self-Serve Fuel Presentation

Mike started off by stating that the Self-Serve Fuel had been a question that had long been asked at the airport by tenants and that during the last Authority Meeting he mentioned it was a good time to review the subject again.

During the presentation Mike covered many subjects. Beginning with how fuel was priced at Atlanta Regional Airport. Mike stressed the importance of the transparency with regards to fuel pricing and even walked the authority and the audience through an invoice and how typical mark up on tenant priced fuel was on average between 11% and 15% (or \$0.33 to \$0.38 per gallon mark-up) depending on the cost of fuel. Mike also mentioned how the 7% sales tax did not come back to the airport so this was not taken into consideration when calculating profit.

He continued on to note the difference between a city/county subsidized airport like Pine Mountain was able to sell fuel at a much lower cost due to the fact they were backed by the county in this case. He also noted that many of the airports that were subsidized were reporting operating losses on an annual basis. He noted that Atlanta Regional Airport was not subsidized by the city or county and had to support itself through revenues generated through fuel sales, ground leases/rent and other miscellaneous revenue streams associated with aviation activities.

Mike pointed out that a few months out of the year if comparing expenses to gross revenue generated from just AvGas, the airport would take a loss on Avgas. He also highlighted the importance of providing AvGas as many of the hangar owners utilized AvGas on a daily basis. All in all, AvGas as a percentage of gross monthly revenues only accounts for 5.5%, so a small portion of revenues generated by the airport.

After explaining the thin margin made on AvGas, Mike launched into the financial feasibility of a Self-Serve AvGas fuel farm at the airport. After researching many small and large tank options, a 10,000 gallon tank made the most sense for the airport. This would let us receive an entire 8,000 gallon load of fuel and not bear the additional cost of splitting fuel loads if a smaller tank was installed.

The tank installation and materials would cost approximately \$220,000. This estimate was given to us through 3 different sources so this is the average of the estimates that also include our engineering consulting fees.

Referring back to the fact that profit margins were so low on AvGas even from the full-service truck, the perception of lower fuel prices at a Self-Serve pump would not justify

the outlay of such a large capital expenditure for the airport at this time. Recouping the capital expense using full service margins as an example would take the airport close to 40 years. This would exceed the useful life of the tank and essentially eliminated any hope of recouping the initial capital expense. If the airport honored the perceived lower fuel price and discounted self-serve by even \$0.10, it would take the airport well over 60 years to recoup the initial capital expense of a self-serve facility.

Based off of this research, staff did not recommend the capital outlay as it was not a fiscally responsible venture for the airport at this time.

Tom Fulton thanked Mike and Hope for putting together a thorough presentation. Bryan LaBrecque commented that there was nothing captured in the report for good will to the tenants at the airport. Mike commented that there is certainly value to a good will gesture but he commented that there were other upcoming capital expenditures that Hope would mention later that would likely overshadow the thought of self-serve.

18-06-02 Capital Spending Presentation and Consideration

Hope Macaluso began the presentation reminding the authority of the long-term debt that was still on the books, totaling \$230,000. Hope also mentioned that the intergovernmental agreement between the Airport Authority and The City of Peachtree City would expire in 4 years. She also noted that the airport would need a plan to replace that income once that agreement came to an end. She also mentioned that Grant Projects for the next 5 years were totaling \$14 million.

Hope also reviewed the details of the April approved capital expenses that were approved by the authority, totaling \$184,000. Hope noted that the authority had given staff a not to exceed number and to date we were under budget for the allotment.

Hope then reviewed \$168,400 of capital expenses that were operational needed and that were important to note. This list included a larger tug, enclosed bobcat/brush cutter, hangar office roof repair, area c parking seal /restripe, T hangar floor coating, additional security cameras, crew car replacement and repainting tie down spots. Hope also noted who each of these would benefit, most of which were geared toward tenants, transients and ultimately everyone in regards to safety.

Hope continued on to review the \$476,000 of more tenant centric additional capital expenses. This list included self-serve avgas, aircraft wash rack, hangar acquisition, FBO update/parking asphalt rejuvenation, T hangar bathrooms, WiFi in the T/D hangar area and additional storage hangars. Hope had again also broken down who each of these would benefit and all except the hangar acquisition would directly benefit the current and future tenants of the airport.

Hope then broke down the \$516,200 of potentially FAA or GDOT reimbursable projects that ultimately would benefit all the users of the airport. This list included runway length/strength justification study (approved in March), update/upgrade fuel farm, crack

seal aprons, condemnation escrow, area c fencing/gates, area c crack seal and Toy Box Hangar fencing. She reiterated that the majority of these projects would benefit all the users of the airport. She also reminded the Authority that while these are potentially reimbursable the initial outlay would be the responsibility of the airport to be reimbursed in a future grant project if approved by GDOT/FAA.

Hope recapped her presentation and stated that it's important and appropriate to have reasonable reserve funds. She analyzed all of the factors and anticipated the capital needs in Area C in the short-term future to be needed. In the meantime, there are long term deferred maintenance items that need to be addressed. One is the moisture in the T-Hangars that those customers have been dealing with for years. She suggested the need to focus on taking care of our current infrastructure before adding new infrastructure that will also need to be maintained.

Allen Morrison stated his hopes for the authority to entertain the T Hangar bathrooms in an upcoming meeting, even if it was to look at potential cost first. Hope agreed that staff would gather estimates and bring those to the July 2018 meeting.

Tom Fulton agreed in the approach that staff was taking and noted that there were some big capital items on the horizon and to hold on any larger requests like the self-serve unit.

Hope asked the authority for approval to spend \$8,400 on the T Hangar Seal Coating.

Tom Lacy made a motion to approve the capital expense as requested, seconded by Charles Murray.

Motion carried 5/0

Prior to executive session, Tom Fulton opened the floor to the public for comment, but reminded those in attendance that the Authority was not required to answer.

Kevin Smith (tenant) asked Mike the different vendors that were researched in regards to the self-serve fuel farm and if multiple quotes were given. Mike responded that there was a great resource in Peachtree City that was able to assist in providing multiple vendors for such an installation. He noted that that \$220,000 was an average between three vendors.

John Sciera asked Mike if the fuel provider would charge additional for delivery of a single load of fuel to two location on the airfield. Mike responded that they would and it could be as much as \$0.30 per gallon, which was seen on a recent invoice from a split load earlier in June.

Derek Smith asked if any of the sales tax collected on AvGas comes back to the airport. Mike responded that it does not directly come back to the airport.

VII. Executive Session

Tom Fulton noted that no action would be taken after the Executive Session.

Allen Morrison made a motion to adjourn the Regular Meeting at 8:15 pm and enter into Executive Session for real estate and attorney client privilege discussions, seconded by Bryan LaBrecque.

Motion carried 5/0

Allen Morrison made a motion to adjourn the Executive Session and enter back into the regular meeting at 8:40pm, seconded by Bryan LaBrecque.

Motion carried 5/0

VIII. Adjournment

Bryan LaBrecque made a motion to adjourn the Regular Meeting at 8:41pm, seconded by Tom Lacy.

Motion carried 5/0

Attest

Tom Fulton, Chairman