

Peachtree City Airport Authority (PCAA)
Regular Minutes
Thursday, March 14th, 2019
Aviation Center, Peachtree City-Atlanta Regional Airport
7:00 p.m.

Members Present: Tom Fulton – Chairman, Tom Lacy – Vice-Chairman, Allen Morrison – Secretary/Treasurer, Charles Murray – Member, Kevin Lund – Member, Max Braun – Alternate, 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 February 14, 2019 minutes, seconded by Tom Lacy.

Motion carried 5/0.

III. REPORTS

Finance and Capital Budgeting – Allen Morrison

Allen Morrison met with Hope, Mike and Ryan (Bookkeeper) to go over the February numbers, which were very strong because of Super Bowl. All in all they were good and well.

Operations Report – Mike Melton (not present due to emergency medical issue)

Hope Reported:

Lighting Projects Update

All contracts for the lighting improvements have been signed. We are awaiting the FAA study on the pole lights in area C since they are 30 feet high. Those lights are also on order. The LED lights for our buildings have been scheduled for replacement. The ODALs and Beacon replacements will not happen until this fall. The ODAL parts take that long to get and since the company is out of Tifton and our beacon is currently working, they will perform both replacements at once.

State Airfield Inspection

Rescheduled to the end of March.

North Georgia Lightning Mapping Array

(mostly taken from their website <http://nglma.gtri.gatech.edu/about.html>)

The Severe Storms Research Center (SSRC) at the Georgia Tech Research Institute (GTRI) has developed and deployed the North Georgia Lightning Mapping Array (NGLMA). The NGLMA uses twelve very high frequency (VHF) sensors, distributed about the metropolitan Atlanta region, to measure “total lightning” in electrical storms. They installed one here this week at no cost to us. The array allows real time detection and location of the 3-dimensional paths of lightning. The intensity of intracloud electrical activity may also indicate storms which may (or may not) pose a threat to aircraft operations or may develop shortly into Cloud to Ground (CG) lightning threats for personnel and operations on the ground, giving an extended lead time of up to five minutes before the first CG strike.

WWII Heritage Days

Coordination has continued for the Commemorative Air Force fundraising event that will take place the weekend of April 27 and 28.

Runway 13 Displaced Threshold

Hope gave a very brief presentation to City Council last Thursday in regards to moving the threshold back on runway 13. The presentation was at the city manager’s request. Hope explained that there are height restrictions and the Runway Protection Zone impacts two parcels off the approach end of 13 that would be affected by moving the threshold back closer to TDK and the Lake. Our current landing distance is 4619 feet on Runway 13 due to the displaced threshold. We would like to move it back enough to achieve 5000 feet of landing distance available. We have also shared that information with the property owners and the Fayette County Development Authority’s staff. Hope stated that WK Dickson and she are meeting with GDOT next week to begin discussions on the potential project.

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

Hope reported:

February 2019

Revenue and Expense Highlights:

The remaining income and expenses for the Super Bowl are in the month. Service fees, overnight fees, and fuel sales were very strong. AvGas sales were also very good in February. The anomalies on expenses were also due to the event. Overall Net Income was more than twice the budgeted amount for the month making us now 61% ahead of budget for the year.

Capital Expenses

The capital expenses were related to a fire hydrant that had to be repaired in Area C. Damage occurred when GA Power's subcontractor was trenching, but it was not their fault. The fire hydrant had not been originally installed properly. That repair was \$5600. Tom Fulton asked if there was anything we could do to go back to the contractor that originally installed the hydrant. Hope responded that it was a project that was signed off on by the authority over ten years ago, so not likely.

There were also expenses incurred at the fuel farm due to the contractor having installed the piping incorrectly. We expect to have those charges taken care of by the contractor.

Grant Update

We intend to have the draft Environmental Assessment to GDOT by March 22 for their review.

V. OLD AGENDA ITEMS

None

VI. NEW AGENDA ITEMS

19-03-01 Market Rent Analysis Presentation

Hope presented the following and reiterated the importance that this study was from an outside firm and not performed by our engineering consulting firm.

Purpose

To determine rental rates in comparable markets to the airport.

Competency

Michael A. Hodges, MAI has been analyzing aviation-related properties since 1988. Mr. Hodges has completed aviation projects in 48 states, contracted by airport sponsors, aviation businesses, lending institutions and other private entities. He has completed multiple projects in the Atlanta Aviation Market over the last 30 years.

Our Airport Summary

- 2018 operations reported increased 7.4% since 2016.
- 2018 based aircraft reported increased 34 aircraft since 2016.
- Rapid Increase in Fuel Volumes since 2016

Market Rent Analysis

The land areas and facilities analyzed included:

- T-hangars from 1,040 to 1,240 square feet
- Tie-downs Single / Multi-Engine
- Two Community Hangars
- Exclusive use hangar at 1130 Echo Court
- Unimproved Land (<1 Acre)

For the purpose of this analysis the unimproved land at the Airport is broken down into two distinct types:

1. Private hangar sites less than 1 acre reflecting full leasehold sites or those leased based upon the building footprint only. Hope clarified the difference between the two types of ways to charge. The first way being the cost per square foot per year for not only the foot print of the building but also a designated area around the hangar plus the apron leading into the hangar from the taxiway or taxi-lane (Hangars “B” and “D”). The second is charging only for the footprint of the building on a per square foot cost per year (Area “C”). All in all, cost per year is close regardless of which method is used.
2. Port-A-Port hangar sites leased based upon the building footprint only.

The consultants attempted to focus on airports offering similar physical and economic characteristics to the Atlanta Regional Airport - Falcon Field.

COMPARABLE DATA											
FFC COMPARABLE RATES & CHARGES											
FAA Identifier	FFC	LGC	CVC	OPN	RYY	LZU	PDK	WDR	HMP	CCO	FTY
Airport	Atlanta Regional	LaGrange-Callaway	Covington Municipal	Thomaston-Upton County	Cobb County Int'l	Gwinnett County-Briscoe Field	DeKalb-Peachtree	Winder-Barrow County	Henry County	Newnan/Coweta County	Fulton County
City	Peachtree City	LaGrange	Covington	Thomaston	Kennesaw	Lawrenceville	Atlanta	Winder	Hampton	Newnan	Atlanta
Ownership	Authority	City/County	City	Authority	County	County	County	Authority	County	Authority	County
Longest Runway	5,768'	5,599'	5,500'	6,350'	6,305'	6,000'	6,000'	5,500'	5,500'	5,500'	5,797'
Based Aircraft	215	59	37	88	300	197	274	112	100	136	60
Annual Operations (Est)	73,000	18,000	15,000	16,000	68,250	88,000	160,000	30,000	12,000	60,000	60,000
Unimproved Land (Leasehold <1 Acre)*	\$0.53, \$0.57, \$1.25	N/A	N/A	N/A	\$0.27	\$0.29	\$0.10-\$0.40	\$0.20	N/A	\$0.30	\$0.50
Unimproved Land (Port-A-Port Site)*	\$1.52	N/A	\$0.54	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Hangar*	\$1.85	N/A	N/A	\$2.50-\$3.20	\$3.58-\$7.68	N/A	\$7.50-\$10.00	\$2.83	\$2.85	N/A	N/A
Tiedowns (Monthly)	\$61-\$74	\$35-\$75	\$60	\$15-\$45	N/A	\$60	\$90-\$120	\$25	\$88 (Covered)	\$40	\$15-\$45
T-Hangars (Monthly)	\$417-\$682	\$190	\$300	\$160-\$195	N/A	\$330	\$90-\$850	\$250-\$265	N/A	N/A	\$160-\$195
Community Hangar (A/C Footprint-Monthly)	\$0.23	N/A	\$0.25	N/A	N/A	N/A	N/A	N/A	\$0.30	N/A	N/A

* Rates are per square foot per year

(The above chart was referenced during this portion of the presentation)

Hope noted that of all of the other airports other than Dekalb Peachtree and Cobb County, none of them have the volume of traffic or amount of based aircraft as Atlanta Regional Airport. She noted that obviously we are not a Dekalb Peachtree or Cobb County but we are a much busier airport for the area, given the airports we were compared to.

Hope explained she was concerned when she saw this chart for the first time as there were lots of “N/A’s” in the chart and questioned the consultant about this. Most of these “N/A’s” were not applicable because most of those airports do not have that same type of rate. This was either because the type of product offered was not directly offered by the airport themselves but by a third party FBO or business. Hope reached out to those airports directly to help fill in the gaps.

Hope continued to explained the rates as presented above at Atlanta Regional Airport with the following notes:

- The “Hangar*” rate in the chart she believed was a typo and it was much more than that and only applied to the 1130 Echo Court hangar.
- T-Hangar rates at FFC are between \$417 and \$682 per month, but it was important to note the hangar with the highest rate was a hangar and a half with a much larger space.
- Community hangar is a little different as well due to the differences in high insurance deductibles between a piston and turbine aircraft.

Hope continued down the list as presented and highlighted the following notes/difference of a few select airports:

- LaGrange: No Port-A-Ports. They have a few corporate hangars but nothing as new as the 1130 Echo Court Property. Hope asked about community hangar space and two companies split the hangar so no real comparison to our community hangar.
- Covington: They do not have corporate hangars available.
- Thomaston: The airport owns all the buildings so they have no ground leases, community hangar space, or port-a-ports to compare to.
- Cobb: Cobb County does not directly have t-hangars or tie-down space (meaning the County does not directly rent these). After the initial 20-year term, their ground leased parcels revert back to the county.
- Gwinnett: Although they have a \$0.29 ground lease, that was a rate from 6 years ago and they do not have any space available with access to a taxiway or the runway. Hope noted that she followed up with the airport manager at Gwinnett and they do have Port-A-Ports that rent for \$375/month for the ground lease and will not be renewing leases after this year, requiring that these hangars be removed from the airfield. As a comparison, she noted that Atlanta Regional Airports rates were \$131/month.
- Fulton: Does not have Port-A-Ports or rent Community Hangar space directly.
- PDK: They currently have very limited available space to build.
- Hampton: No ground leases available.

- Newnan: Allen stated that rates for T-hangars were as follows \$150, \$175 and \$260 per month

Hope explained the three rates for unimproved land less than an acre: The “D” hangars are \$0.53 per square ft per year, the “B” hangars are \$0.53 per square ft per year and the hangars in “Area C” are \$1.25 per sq ft per year but only for the foot print of the building.

Unimproved Land of <1 Acre

How other airports calculate ground leases:

In the Atlanta area, as well as regionally and nationally, most airports have a single per square foot or per acre rate for all parcels, regardless of size, or...

Hope noted that at most other airports, a full appraisal is required for each property if the Right of First Refusal is triggered or if the building is at the end of its lease term.

It should be noted that the majority (if not all except FFC) of the general aviation airports in the Atlanta region are owned by their local city or county municipalities.

It is the consultant’s experience that airports with these ownership structures are typically more influenced by local political pressures, and therefore often are “forced” to subsidize on-airport rental rates.

Local constituents that are airports users will often make the case that the airport should be treated like any public facility in the community (such as the local parks) and should therefore subsidize facilities and services.

This is contrary to airports like FFC which are owned by an Authority and serve as enterprise zones that must be self-sustaining.

Unimproved Land of <1 Acre

KFFC Ground Leases

Hope covered the below chart. Hope noted that Area’s A and B were also \$0.50 per square ft in the 2015 analysis and have only increased by CPI since that time.

Area of Airfield	Current	Consultant Recommendation
Area "A"	\$0.53 / sq ft	\$0.50 / sq ft
Area "B"	\$0.57 / sq ft	\$0.50 / sq ft
Area "C"	\$1.25 / sq ft	\$1.25 / sq ft

Port-a-Port Sites

Covington Municipal Airport has comparable sites, but the consultant determined Covington to be an inferior comparable.

Gwinnett has port-a-ports that have a ground lease of \$375 per month (compared to our \$131) and will not be renewing their leases after 12/31/19, so their hangars will have to be taken off airport.

Port-a-Port Sites

KFFC Current	Consultant Recommendation
\$1.52 / sq ft	\$1.50 / sq ft

Hangar (1130 Echo Court)

Exclusive Use hangar

KFFC Current	Consultant Recommendation
\$6.77 / sq ft	\$4.50 / sq ft

Wide range in rates across the market
\$2.50 / sq ft - \$10.00 / sq ft

Tie Downs

KFFC Current	Consultant Recommendation
\$61/month Single Engine	\$60/month single
\$74/month Multi-Engine	\$75/month Multi-Engine

Range from \$15 to \$120 per month.

T-Hangars

KFFC Current	Consultant Recommendation
\$417 - \$682 / month	\$400 - \$550 / month

T-hangar rate factors are:

- Airport Type
- Airport Traffic
- Based Aircraft Population
- Dominate Aircraft Type
- Building Age and Conditions

T-Hangars

Range \$90 / month - \$850 / month (PDK)

Range \$90 / month - \$350 / month (Excluding PDK)

KFFC is at 100% occupancy with a waiting list

Consultant: "It is our opinion that the existing rates at some of the competing airports are artificially low through the influence of local politics which generate a need for subsidization to yield market rates."

Community Hangar Space

KFFC Current	Consultant Recommendation
\$0.23* (avg) / sq ft per month	\$0.40 / sq ft per month

Unique to Atlanta Area

Range of \$0.25 to \$0.30 per square foot of the aircraft foot print per month

KFFC rates reflected is average, as insurance deductibles differ between piston and turbine aircraft.

Wrapping up her presentation, Hope stated that copies would be made available for anyone that would like a copy.

Allen Morrison stated that he felt that the document felt a little light for the \$6,500 that was spent on the document. Allen worried about his comparison set as compared to other airports. Allen stated that the average T-Hangar rate between comparable airports was \$231/month where as our average was \$528/month including the \$682 hangar. Which results in a 229% increase between other airports. Still hundreds of dollars more expensive than other airports. Allen felt that the entire analysis had a preoccupation of us being subsidized: why should our customers care? Allen noted that in the analysis the

consultant didn't even bother to get those numbers and questions the quality and conclusions of the analysis. Overall this shows that we are higher than other airports and questioned the fact that the consultant's opinion was driven by where the funding sources come from.

Kevin Lund also stated that he was disappointed in the quality of the report as well. He stated that it sounds like the consultant copied and pasted from the 2015 report. Kevin noted that terms were not addressed in the analysis which are important to tenants right now. Some of the numbers were close, but terms are big.

Tom Fulton stated that this analysis scope was centered around rates and credibility of those rates not necessarily lease terms. Subsidized or un-subsidized does have a big impact on the rates. Allen commented that it's a big impact to the airport but not to the customer. Tom stated that we have to set rates based off of our situation and our situation is that we are not subsidized and other airports are, which allows them to artificially lower their rates because it's made up in the end by whoever is subsidizing them. Tom stated its irresponsible to suggest that it's not an important factor in rate setting. Allen asked Tom if he honestly believed that the airport not being subsidized is worth a 229% increase. Tom Lacy responded that it depends on how much you are subsidized. Tom Fulton stated we have to go on what our situation is and our situation is that there is heavy demand and a waiting list for those hangars. Allen stated that right now it is a heavy waiting list but a couple of years ago it wasn't and aviation is cyclical. Allen felt the authority needed to look at this as more of a long-term position. Tom Fulton that the only thing that has been adjusted was CPI (consumer price index) over the years. Max stated that for someone who has done a number of benchmarking studies for airports, when you mention that you are a consultant you tend to get less cooperation from airports as they view them as a consultant for their direct competitor.

Tom Fulton thanked Hope for the presentation.

19-03-02 Consider Capital Replacement of Vehicles

Hope requested the surplus of three vehicles and the replacement of the same vehicles. Hope covered the details of the Ford F150, Ford F250 and the Chevy Dump Truck, all of which are in need of repairs that are above our internal capabilities. The repair of all of these would surpass the value of each of these vehicles. She believed that these three vehicles can be replaced by one truck and a trailer with a dump bed. The other vehicle we would like to surplus is the Crown Victoria used as a second crew car. It would be replaced by a used vehicle.

Hope requested a not to exceed of \$20,000 for the truck / trailer and not to exceed \$6,000 for a used car or small SUV.

Allen asked how often the Crown Victoria is used. Hope responded that is used about twice a week. The Durango is the primary crew car but when it's out we give out the Crown Victoria as secondary crew vehicle. Charles Murray asked what the mileage on

the dump truck was. Hope responded that mileage was low and it needs to be overhauled and not mechanically sound. She stated it had low miles due to it rarely leaving airport property.

Kevin's only concern was getting a truck and trailer for \$20,000 and getting a truck that we wouldn't be working on in a few months and in the same place we are now. Hope stated she felt confident we could find something in the price range given.

Tom Lacy made a motion to replace the vehicles as requested with a not to exceed of \$26,000 for all three vehicles, seconded by Kevin Lund.

Motion carried 5/0

VII. Adjournment

Prior to Adjournment Tom Fulton opened the floor for public comment with the understanding that the Authority had no obligation to answer or respond to any questions or comments that may arise.

Randy Sage stated that not only did the market rent analysis seem flawed but that it did not address the terms of any of the other airports' leases.

Tommy Turner commented that with all the other fees (additional rent) tacked on to the ground leases that it brought the cost per square foot up higher. He asked if that was addressed in the analysis, Hope responded that he had not included that information.

Wanda Morrison commented that they have put their names on other airports waiting lists because the cost of the hangar per month is a lot of money. Allen added that he encouraged his parents to put their name on other airports waiting lists.

Greg Reese thanked the Authority for the new restroom in the T-Hangar area.

Vic Syracuse wanted to express his hope that the other hangars that were to be built in Area C would move things along or pass on the space as he was interested in building another hangar close to his.

Jim Savage asked Hope if in the Market Rent Analysis, it specifically addressed airports that also ran the FBO? Hope responded no, it was not mentioned. Jim noted that Falcon Field was unique in that it ran both the airport and the FBO.

Tom thanked everyone for their comments. Tom explained that many of the airports mentioned tonight were subsidized and operated in the red. When they needed funds, they reach out to the county or the city and ask for those funds. We do not have that luxury and we have to have reserves to cover those expenses and we don't have anyone to go to. Allen understands that there is a difference between us not making enough at the

end of the year and giving out bonuses on what he considered to be essentially a non-profit business.

Tom Lacy made a motion to adjourn the Regular Meeting at 7:56pm, seconded by Charles Murray.

Motion carried 5/0

Attest

Tom Fulton, Chairman