

Hangar Rental Proposal A

The purpose of this proposal is to standardize charges. Currently eight different fees are charged. This proposal will establish a long term plan for the City as well as the customers. Additionally, it will bring usage of the airport t-hangars in compliance with the grant contracts and increase revenue without price shock.

Current pricing is determined largely by the size of the unit and the degraded state of the older t-hangars. My argument follows the theory you do not lower revenue as a business plan because of a degraded product, you can upgrade. The maintenance emphasis should be placed on the oldest t-hangars first (see appendix 14). Concurrently, users of older hangars may elect to upgrade to the newer hangars of the same size for the same fee. In other words, occupants of older hangars shall be given first priority to the newer hangars based on the length of time they rented from the City as the determining factor of priority. Concurrently a concerted effort to bring the older hangars up to acceptable standards (see Appendix 14).

The pricing of rental fees no longer compare size and age resulting in 8 different fees. The new pricing is based on the size of the hangar only, that being three fees: small, medium, and large. The bureaucratic managing is thus eliminated and a KISS (Keep It Simple Stupid) system is in place to ensure fairness. I would think that the owners of the aircraft would be more moved by the condition of the hangars than by any modest increase in fees.

This plan does not incorporate the Grindstaff hangars as they are on a contract. All figures herein do not reflect the approximate \$2,500 monthly rental fees on the Grindstaff hangars.

The difference between A and B is it discontinues is it discontinues the rental of storage sections except where a special small aircraft could request a hangar (hangars 48S and 44S). Then they should be rented for \$100 per month.

The reason for not renting storage places is the City of Crossville is in conflict with the restrictions of the grants used to build hangars. In other words, the general use of the hangars for anything but aircraft related storage is not being adhered to. The storage units used for boats and general use items are in conflict with both the contracts and the criteria for use. Moreover, this makes the City of Crossville in direct competition with private storage facilities rendering them with a disadvantage because they pay property tax and our facilities are tax dollar subsidized. In essence, the City has a conflict of interest with its constituents.

The use of the storage area would be well suited and appropriately utilized if the City stored some of its equipment in them instead of outside.

This proposal takes into consideration that all commercial aircraft are stored at the same rate as private aircraft. Since it is the City goal to favorably attract business, it seems reasonable to encourage this.

This plan also includes a \$20.00 surcharge for all out of County customers. It seems reasonable that since the airport is run with City general funds that the citizens of Cumberland County should receive a lower rate than those who use our facilities at tax payer rates. I believe the surcharge is reasonable.

I have not included in this plan, but place an additional fee for refrigerators of \$10.00 per month. Currently, the airport electrical bill is about \$20,000 a year and the new hangar will probably raise it to \$24,000 a year. This is not a proposal but put forth as a discussion.

The proposal calls for a 3% increase annually to be automatically scheduled as an agenda item each September. This will allow for both budget planning and provide airport customers with long term planning.

Proposal A

Hangar Size	Charge	Total # of hangars	Customer Effect	Annual Revenue
Large	\$250	6	None	\$1,500
Medium	\$175	14	4 affected \$40 increase	\$2,450
Small	\$145	31	13 affected About \$35	\$4,495

Loss of storage				\$750
Increase 2016				\$620
*Less storage				\$750
Out of County Surcharge				\$260
Net Difference				+ \$130

Annual January increase 3%

Proposed Income 2016	\$ 9,095
Proposed Income 2017	\$ 9,368
Proposed Income 2018	\$ 9,649
Proposed Income 2019	\$ 9,938
Proposed Income 2020	\$10,237

*City gains use of storage brings us in compliance