

Airport Authority Meeting Minutes

Regular Meeting: October 7, 2021

Place: Shelbyville Municipal Airport, Board Room, Shelbyville, TN

Call to Order: The meeting called to Order by Chairman Wayne Hitchcock at 12:05 PM

Roll Call: A sign-in sheet was passed around for Roll Call and the following were present: Member Eric Cazort, Member David McGee, II, Chairman Wayne Hitchcock and Member Helene Wharton. City Councilmember Rick Overcast and Member Erick Larson was absent. Also, present were City Recorder Lisa Smith, Airport Director Paul Perry, Lacey Cartwright, and several citizens. A quorum was declared and the meeting open for business.

Consideration of a motion to approve the Agenda: Member McGee made a motion to approve the Agenda as submitted, Member Wharton seconded, and the motion carried unanimously upon oral vote.

Consideration of a motion to approve the minutes of the previous meeting: The minutes from the regular meeting of September 2, 2021, were up for approval. Hearing no corrections or additions, Member Cazort made a motion to approve, Member McGee seconded, and the motion carried by unanimous oral vote.

Reports:

Director Perry gave the monthly manager's reports stating the weather for Aviation Day was perfect and the entire day was a tremendous success.

In the Maintenance Report Perry stated fuel sales were up this month and we took on two (2) JetA loads, and one (1) Avgas load this month. He advised we are ordering gas as soon as the tanks are low enough to stay ahead of the long delivery times. Perry also noted the bids on the fencing and a new sign were held, the fencing came in below budget and the sign was a little above. The delivery time for the new LED sign should be around 8 weeks.

Director Perry advised the Financial Reports were included in the meeting packet he noted that City Treasurer Kay Parker was not able to attend today's meeting. The members advised they would still like her to attend a meeting in the future to go over the reports. Perry also noted that the new City Planner Waleed Albakry was also unable to attend today as he is out of town at training. Perry advised he had spoken to Albakry and the City Manager about the concerns of the Board over the developments being built nearby and a way to notify buyers of the presence of the Airport. Perry stated they are willing to work on some disclosure in the land deeds. Member Wharton made a motion to accept all reports, Member Cazort seconded, and the motion carried unanimously by oral vote.

NEW BUSINESS:

Breakfast Hangar Lease Agreement: Perry noted the Lease is due in January and we are required to give at least sixty-days' notice on any changes. Member Cazort did not see anything that needed to change other than the rate. Perry stated there have been some changes to the standard leases since this one was signed so there may be some simple language changes to make this Lease match the others. After a brief discussion, Member Wharton made a motion to table this discussion to allow the EAA Board to discuss their future plans, Member Cazort seconded, and the motion carried unanimously by oral vote.

Ground Lease Rates: Perry stated Bill Stuart was granted a construction Lease at \$.30 a square foot for two (2) years to build hangars. He now has potential buyers who would like a commitment from the Airport on the future cost of a Ground Lease before they purchase one of his hangars. Discussion ensued concerning the rates in other areas with it being noted that to the north costs are higher and to the south lower. Member Cazort ask to table the issue to allow for research on rates at other Airports. After further discussion, the members formed a committee of Chairman Wayne Hitchcock, Member Helene Wharton, and Member Eric Cazort to study the rates. **Member McGee made a motion to defer this matter to a Special Called Meeting on Thursday, October 14th at 12:00 PM, Member Wharton seconded, and the motion carried by unanimous oral vote.**

Other Business & Announcements: Chairman Hitchcock ask if we had received an LOI and Perry said no. Member McGee ask for an update on Mack Air's Lease to be placed on next month's Agenda.

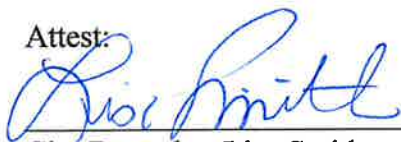
Citizen Comments: City Record Smith reviewed the rules of making Comments. There were seven (7) citizens to make comments, and all concerned the hangar rate increases approved at the September meeting. All comments were against the increase as it was approved. Some stated they understood an increase was necessary but felt it should not have been double the current rent and it could have been implemented over time instead of all at once. A few citizens offered different solutions with David Brown and Daniel Willis submitting letters to the Board which are attached to these minutes and made a part of the record. After the speakers had finished, **Member Wharton made a motion to readdress the rate increase at the next regular meeting of the Authority Board, Member Cazort seconded, and the motion carried by unanimous oral vote.**

Adjourn: **Member McGee made a motion to adjourn, and Member Wharton seconded. The meeting adjourned at 1:15 PM.**

Approved:


Chairman Wayne Hitchcock

Attest:



City Recorder, Lisa Smith

We the pilots of Shelbyville, TN (SYI) respectfully request the airport authority to reconsider last month's decision to double the lease rates and place this topic on next month's agenda for discussion for the following reasons:

If any business doubles its rates there will be consequences - some seen and intended and others unforeseen and unintended. This is true for any business whether it is retail, insurance, accounting, legal, medical, a governmental entity or an airport.

The Tennessee Department of Transportation did not mandate airports to do anything other than review the lease rates and only suggested raising the rates if needed.

If there is a good documented reason to raise the rates, then let's have a discussion with input from the FBO, Airport Authority and Pilots to arrive at an amount that is reasonable.

There are other alternatives that should be considered by the Airport Authority in lieu of or in addition to raising lease rates, such as:

1. Charging prospective lessees to be on the waiting list to make sure they are serious. A non-refundable minimal amount of \$100 annually would be reasonable, but it really should be one month's rent. This could create \$14-28k annually with 140 or more on the waiting list.
2. Requiring all lessees to purchase some minimal amount of fuel per quarter - perhaps 100 gallons. Sixty aircraft currently on the field purchasing 100 gallons per quarter equals 24K gallons at \$4.50 equals \$108K in guaranteed fuel sales. Many pilots, including myself, fly 100 hours or more per year representing 1,500 to 2,000 gallons. Requiring a minimum fuel purchase ensures the aircraft are being actively flown. If pilots are not actively flying enough to meet the minimum fuel requirement, maybe it is enough encouragement for someone to give up a hanger that is only being used for long term storage. Some aircraft like Cubs, RVs and other lightweight and/or experimental have substantially lower fuel flows so maybe the minimum could be 25 - 50 gallons per quarter.
3. Requiring lessees to submit annually, along with the lease renewal, proof that the aircraft is airworthy - meaning the aircraft has a current annual inspection. In some cases, like engine replacement or a long annual might require the aircraft to be out of annual for a period of time, so lessee could have a six month or one year waiver. Maybe even charge a \$50 or \$100 fee for the waiver. Beyond the waiver, the lessee would have to give up the hanger.
4. If raising (doubling) the lease rates are truly needed, then raise them some reasonable amount like 20 or 25 % per year over a 4 or 5 year period.
5. As an incentive for lessees to purchase fuel, give them a discount of 15 or 20 cents per gallon. Also give the same discount for those pilots willing to buy bulk fuel with a check.

Finally, there are two very important issues to discuss concerning the TDOT report. The first is that the average T-hangar monthly rate across the State of Tennessee is \$219. That is exactly where we are now. SYI is not Nashville, Smyrna or even Murfreesboro. We are more like Tullahoma, Winchester, Lewisburg, and McMinnville. Maybe we need to investigate what our competitors are charging before next month's Airport Authority meeting.

The second issue is the economic impact SYI has to the city of Shelbyville and the rest of our community. According to the TDOT report, the economic impact of this airport to this community is \$22.4 Million annually. That means jobs, retail sales, rental cars, fuel sales, sales tax collection and dollars for our children's education. Not managing this airport correctly could negatively affect this economic impact. Every time I choose to land at an airport I read the comments and reviews about that airport, the FBO and how staff treat other pilots. Bad reviews mean I go somewhere else. SYI does not need to get a reputation for high fuel prices or unreasonable lease rates. In the end customers vote with their pocketbooks and just go somewhere else to purchase fuel and other services.

We the pilots of SYI want to work with and support our airport. We simply ask the Airport Authority to reconsider last month's decision by placing these items on next month's agenda and having an open and honest discussion with all parties involved. This will assure a long and lasting working relationship rather than a less than glamorous negative effect for pilots and this airport.

David E. Brown, CPA
Beechcraft Debonair N7951M
Hanger T3-9

Daniel M. Willis
103 Forrest Ct.
Shelbyville, TN 37160

David McGee
Vice-Chairman
Shelbyville Municipal Airport Authority

September 30, 2021

Mr. McGee,

After reading your letter dated September 17, 2021, I was left with numerous questions. Does Mr. McGee hangar an airplane in Shelbyville? Does Mr. McGee own an airplane? Is Mr. McGee a pilot? While I do not personally know you, the "tone" of your letter suggests not.

Aviation is the most regulated mode of transportation in the world. Those regulations help make it the safest mode of transportation. Unfortunately, they also make it the most expensive. Aircraft ownership/operation is considered by many to be "brutally" expensive.

In summer of 2006. I put my name on the hangar lists at M54, XNX, MQY, MBT, and SYI. Eleven years later, SYI called me one week and MBT called the next. Although I lived in Murfreesboro at the time, I chose SYI. I have been in T2-2 for almost 5 years. I have witnessed one rate change from \$195/mo to \$215/mo. Where the Authority came up with \$430/mo has left me baffled.

Let us refer to some of the slides contained in the [2021 ACIP Annual Meeting Media](#).

Slide #84, "2019 Statewide Hangar Supply vs. Demand" states there were 1581 persons on the waiting list while only 12 hangars were available. I have never figured out the apparent reluctance for airports to build additional hangars! The 30 T-Hangars at SYI have been in place since before I put myself on the waiting list nearly 16 years ago. Nevertheless, no additional hangars.

Slide #79, "Rates and Charges Example" (40 years) shows approximate rates and returns for hangar construction over 40 years at the current TN average hangar rate of \$219/mo. (slide #75) yielding a yearly profit of merely \$1320 (excluding maintenance and insurance) per 10 hangars. To my knowledge, there is no debt load on the 30 T-Hangars at SYI. Therefore, our current rate of $\$215(\text{rate}) \times 30(\text{hangars}) \times 12(\text{months}) - 15\%(\text{maintenance \& insurance \& utilities}) = \$65,790$ profit per year!

Slide #80 "Rates and Charges Example" (15 years) takes a slightly more aggressive approach by nearly tripling our current rate and then, I'm assuming, laughing all the way to the bank for the next 25 years of minimum useful life. \$640/mo. vs \$215/mo. Is this where you came up with \$430/mo? If so, your apples and oranges aren't quite compatible. How can you apply rates from new construction to existing structures? If you want to build NEW T-Hangars then do so and charge the NEW occupants these rates. Leave my rates where they are. Don't make me pay for something I'm not getting the benefit from.

Your letter also states "However, based on the results of a statewide economic study commissioned by the Tennessee Department of Transportation's Aeronautics Division our airport was behind the state and federal average."

I live in the Great State of Tennessee, not in the Federal Average. Slide #75 indicates the average price of a T-Hangar in TN is \$219/mo. \$232/mo in Region 3. Our current rate is \$17 below Region 3 average, not \$215! I ask again, where did \$430/mo come from? Prices of virtually everything are on the rise. I can see where \$235/mo could be justified, but not \$430/mo.

More from your letter, "As a result of this study and "encouragement" from the Federal Aviation Administration the Authority has started adjusting your airport's rates."

What was the "encouragement" from the FAA? Is it the fact that they have curtailed the amount of money they will spend on future hangar expenditures? You cannot argue pricing based on new construction if you have no intention of doing so.

Regarding the word "starting", so you are "starting" to adjust our rates? You are STARTING to adjust our rates by DOUBLING them? Where does this end?

The shutdown of the Keystone oil pipeline has led to increased fuel prices. Fuel prices which are now causing nearly rampant inflation. Mack Air is SYI's aviation maintenance anchor. How is he going to cover his hangar rent DOUBLING? He's going to have to pass that onto us! It's not just the rent, but everything it affects.

While there have been some refugees from the oppressive regime of the west coast seeking asylum in Tennessee, this is NOT CALIFORNIA! If California was so great, they would have stayed there. If we wanted California, we would move there. I kinda like it here in Tennessee. I believe the current direction of the Authority will ultimately arrive at a financial train wreck for all parties involved.

Daniel M. Willis

T2-2