

# 2022 Airport Budget - Discussion Document

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## ***Introduction***

“The airport runway is the most important main street in any town” is a quote coined by Norm Crabtree, former Director of Aeronautics for the state of Ohio. While often forgotten or overlooked, municipal airports play a large role in the economy of a community such as Alexandria. Based on MnDOT Aeronautics’ Economic Impact Study released in February 2020, the Alexandria Municipal Airport is responsible for adding well over \$14.6 million to the local economy each year while supplying 140 equivalent jobs to the area and attracting over 5,400 visitors.

An airport has the unique ability to further the economic impact that an industry has on its community. For instance, look at our medical industry. Our local hospital is able to act as a regional medical hub due in part to the presence of an air ambulance based at the airport delivering patients from neighboring communities. Another example is the manufacturing industry, where overnight freight delivery via airplane allow the various manufacturing companies to utilize just-in-time inventory for products and increase their efficiency.

Alexandria Municipal Airport/Chandler Field is the sole airport in Douglas County and serves as the largest airport for Douglas, Pope, Todd, Grant and Stevens Counties. Alexandria Municipal Airport averages 70 operations a day and is home to more than 70 aircraft. Uses for the airport include personal, business, air ambulance, training, freight, aerial surveying, and more. Six businesses call Chandler Field home as well.

## ***Mission Statement***

To provide a first class facility for visitors and residents of Alexandria alike.

## ***What Do We Do?***

Airport Management performs the following duties on a regular basis at the Alexandria Airport:

- ✓ Manage and negotiate leases for City owned hangars/buildings
- ✓ Collect revenue on City owned hangars/buildings
- ✓ Maintain City owned hangars/buildings and terminal building
- ✓ General maintenance such as mowing grass, plowing snow, replacing runways lights
- ✓ Informing airport users of any hazards or unsafe airport conditions
- ✓ Working with FAA and MNDOT to attain grants and monies
- ✓ Promoting the airport in the local community

## PBB Inventory & Costing Estimate

Program	\$/yr	%
Facilities Rental/Leasing	\$80,800	44%
Airport Maintenance	\$45,500	24%
Terminal Building	\$31,700	17%
Airport Management & Training	\$24,200	13%
Fuel System	\$3,000	2%
<b>Total</b>	<b>\$185,200</b>	<b>100%</b>

**i** The following includes some of the activities within each program element noted in the PBB estimate table above:

**Facilities Rental/Leasing:** The airport makes its largest portion of revenue on the income received from rent or leases on airport properties. This includes the 54 personal T-hangars currently on field, mass hangars, ground leases, plus more. This part of the budget is dedicated to maintaining and improving these structures that provide revenue for the City. A major change within the past several years has been the addition of the Bellanca Building. With a grant secured for the building in 2020, the Bellanca Building is here to stay under the City's ownership. The 2022 budget reflects a cautious decrease in utility costs due to the modernization performed through the grant. The Bellanca Building will be a continual project as we hope to have it occupied by renters in 2022. Renovations that need to occur yet are painting the exterior concrete, re-cladding the exterior steel, as well as possibly retrofitting the garage doors for airport snow removal equipment. Another possibility is adding a marketing budget for attracting tenants.

**Airport Maintenance:** Sitting on 640 acres with several miles worth of pavement, the land which the airport sits on requires non-stop maintenance and grooming. In the summertime this could mean mowing the grass, or in the winter it is promptly removing snow after a snowfall to keep operations going. Other maintenance items include replace runways lights, signs, etc. For the 2022 budget the only additional expense expected is new tires on the John Deere 6420 tractor.

**Terminal Building:** When somebody lands at the Alexandria Airport, their first impression of Alexandria is our terminal building. Built in 1991, the building is starting to show its age. There is a series of projects identified and set to occur in 2021 and beyond to help refresh the building as well as accomplish our mission statement of providing a first class facility. These projects include bathroom remodeling, new countertops, new carpeting, new wood baseboards, and security cameras. The budget has been adjusted to begin accomplishing 1-2 of these tasks per year over the next few years.

**Airport Management & Training:** The City contracts with Alexandria Aviation to perform the management at the airport. This agreement has been in place for several decades, was last updated in 2019, and has proven to be a win-win for the City and contractor. The Airport Manager also attends the annual MN Council of Airports' annual conference, which will be held in Alexandria in April of 2022!

**Fuel System:** While Alexandria Aviation sells the fuel at the airport, the City owns and maintains the fuel pumps. In return, a percentage of the fuel sales by Alexandria Aviation goes back to the City.

## 2022 Airport Budget Changes and Notes

**Building Repair and Maintenance** – The terminal building, built in 1991, is starting to show its age. While some areas have been refreshed, there are many other areas of the building that are original. Starting in 2021 and beyond, we have planned out several projects for the terminal building. These include full bathroom renovations, replacing all countertops, replacing all carpets, replacing wooden baseboards, and installing security cameras. The goal is to increase the budget so we can tackle 1-2 of these projects per year over the next few years. The estimates for these projects all range between \$6,600 and \$15,000 each. The budget for Building Repair and Maintenance has increased to \$25,000.

**Bellanca Building** – With the Bellanca Building's future in place, there are several areas to consider when planning the budget. For one, the gas and electric utilities have been cautiously decreased to factor in the modern systems now installed in the building as well as the new tenant leases. Even with renovations done, this building will always be a continual project. The next areas to tackle include painting the concrete exterior, installing new bathroom partitions, installing new garage doors and floor drains (in the garage area), and re-cladding the steel exterior. These items range from \$8,000 to \$20,000 per project (excluding the re-cladding – that is on our State CIP). Simply put, we don't have the existing budget to perform these items, even at a rate of one per year. Another area to be considered is a marketing budget for the Bellanca Building, as we will likely have to look outside of Alexandria to attract aviation tenants. One idea is to have a completely separate account for the Bellanca Building, or a 'budget within a budget'.

**Equipment Repairs and Maintenance** – This account has been increased to \$14,000 to account for installing new tires on the John Deere 6420 tractor in 2022. This account could be reduced by a few thousand if we were to create a marketing budget.

**Other Thoughts** – We have previously discussed upgrades to the original 18 t-hangars to include new lighting, fixing motors and cables, as well as sealing leaks. All these areas except new lighting can come out of the existing Hangar Repairs budget. The lighting upgrades would need to be from the Airport Development fund or our existing budget would need to be increased by ~\$25,000 if pulled from there.