



# WELCOME

## EXECUTIVE HANGAR FINANCIAL STUDY

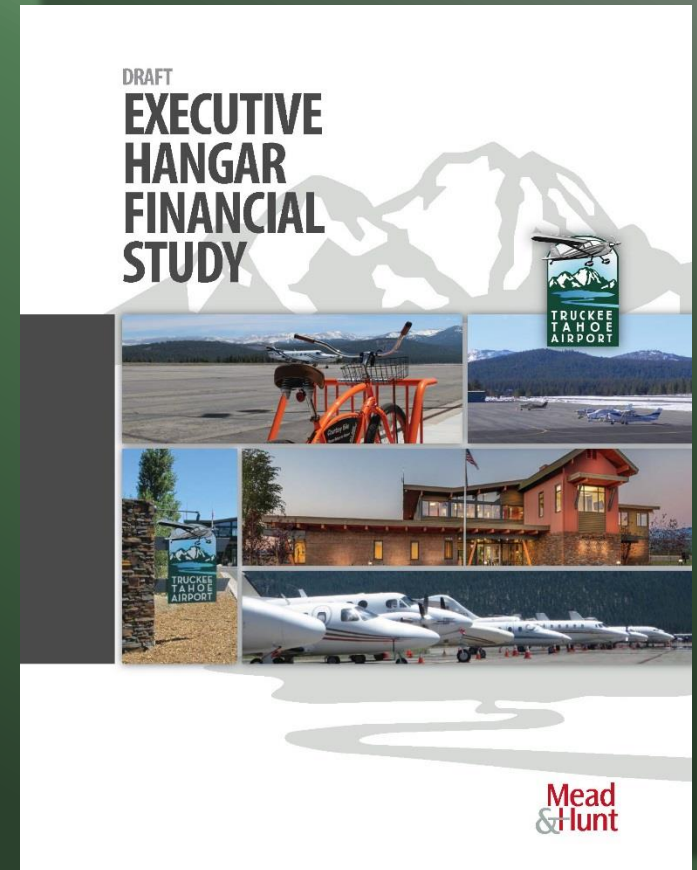


May 25, 2016

# EXECUTIVE HANGAR FINANCIAL STUDY

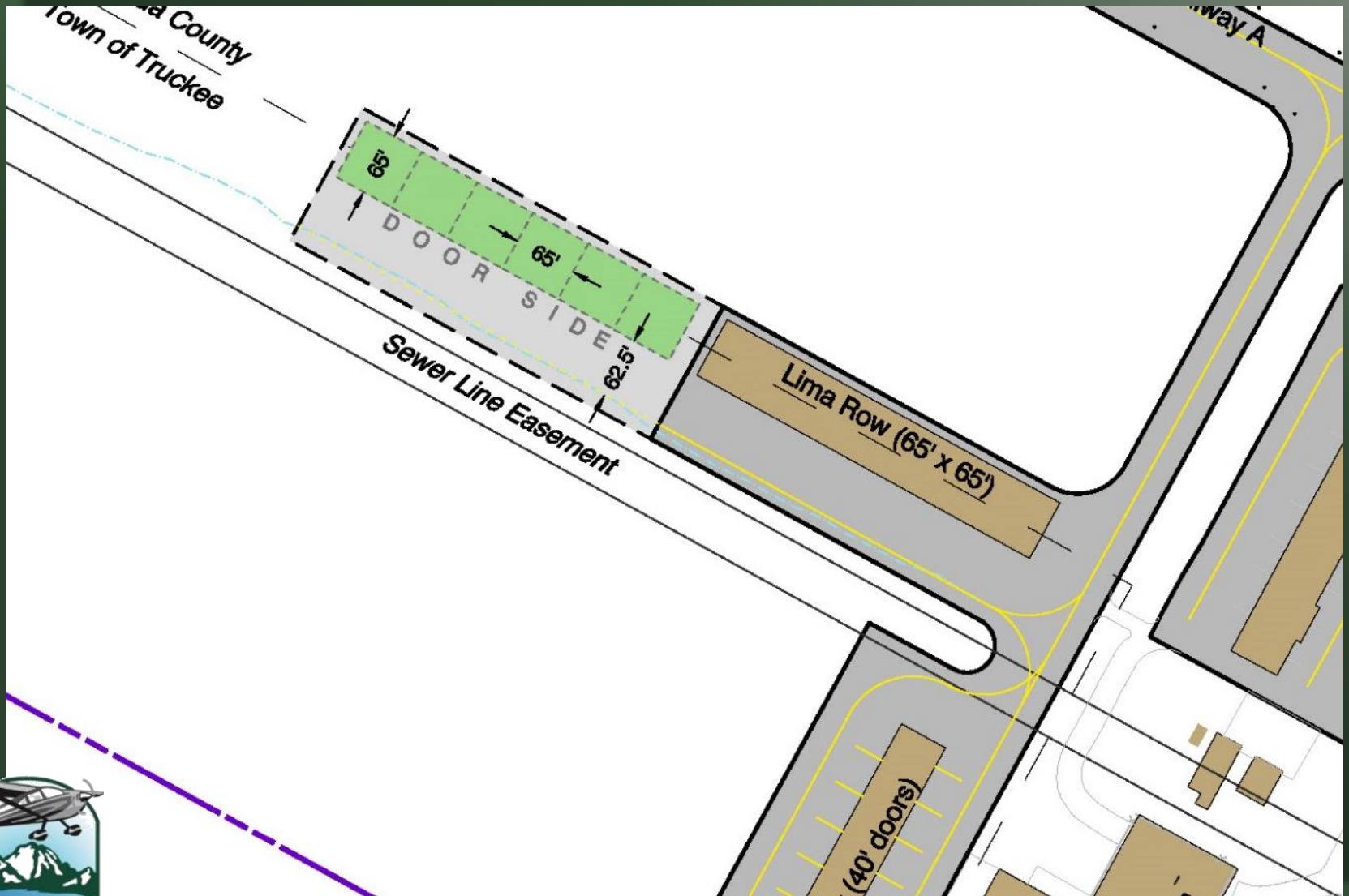
## Revisions since March DRAFT

- Site 2 Selection
- Revised Cost Estimates
- Revised Base Pro Formas
- Additional Pro Formas
  - Rental Rate Increase
  - Bond Financing
- Schedule





# SITE SELECTION : SITE 2



# REVISED COST ESTIMATES

- Increase in soft costs
  - Design, Construction Admin, SWPPP, District Costs (permits, CEQA)
- Included additional utility stubs
  - Electric, Data, Gas, Potable Water, Sanitary Sewer
- Increase in Pavement Maintenance Costs
- Construction: \$1.8m (no change)
  - Insulation included
- Assumes many variables!



# SITE 2 ESTIMATE

## EXECUTIVE BOX HANGAR BUILDING, 6 UNITS (65' x 390')

### HANGAR SITE 2 - SITEWORK, UTILITIES, STRUCTURE

		ENGINEER'S ESTIMATE			
Item No.	Description	Unit	Estimated Quantity	Unit Cost	Extension
<b>SITEWORK</b>					
1	MOBILIZATION	LS	1	\$ 48,000.00	\$ <b>48,000</b>
2	EROSION CONTROL AND SWPPP MAINTENANCE	LS	1	\$ 10,000.00	\$ <b>10,000</b>
3	EARTHWORK AND SITE PREPARATION	LS	1	\$ 156,000.00	\$ <b>156,000</b>
4	AGGREGATE BASEROCK (10-INCH DEPTH)	CY	1,050	\$ 50.00	\$ <b>52,500</b>
5	ASPHALT CONCRETE (4-INCH DEPTH)	TON	890	\$ 140.00	\$ <b>124,600</b>
6	8" FIRE WATER TRENCH, PIPE, VALVE, AND BACKFILL	LF	150	\$ 72.00	\$ <b>10,800</b>
7	FIRE HYDRANT, LATERAL, AND VALVE INSTALLED	EA	1	\$ 10,000.00	\$ <b>10,000</b>
8	2" DOMESTIC WATER TRENCH, PIPE, VALVE, AND BACKFILL	LF	150	\$ 40.00	\$ <b>6,000</b>
9	ELECTRIC UTILITY TRENCH, CONDUITS, PULL BOXES, WIRING	LS	1	\$ 10,000.00	\$ <b>10,000</b>
10	ELECTRICAL EQUIPMENT, PAD, AND BOLLARDS	LS	1	\$ 25,000.00	\$ <b>25,000</b>
11	2" GAS LINE, PROTECTED & WRAPPED	LF	690	\$ 40.00	\$ <b>27,600</b>
12	GAS UTILITY TRENCHING, 80' IN PAVEMENT, 150' BORE SHOT	LS	1	\$ 18,500.00	\$ <b>18,500</b>
13	INTERNET CABLE IN 1" PVC CONDUIT WITH 2 SPLICE BOXES	LS	1	\$ 7,500.00	\$ <b>7,500</b>
14	4" SANITARY SEWER, APPROX. 140' - BUILDING TO NEW M.H.	LS	1	\$ 4,200.00	\$ <b>4,200</b>
15	12" S.S. & NEW MANHOLE 110' NORTHEAST OF EXIST. M.H. B-16	LS	1	\$ 9,800.00	\$ <b>9,800</b>
16	YELLOW & WHITE TAXIWAY PAVEMENT MARKING	LF	300	\$ 10.00	\$ <b>3,000</b>
17	HYDROSEEDING	ACRE	1.0	\$ 5,000.00	\$ <b>5,000</b>
<b>SITEWORK SUBTOTAL =</b>					<b>\$ 528,500</b>
<b>HANGAR FOUNDATION AND BUILDING</b>					
13	MOBILIZATION	LS	1	\$ 87,000.00	\$ <b>87,000</b>
14	ADDITIONAL SITE PREPARATION & PAVING	LS	1	\$ 19,000.00	\$ <b>19,000</b>
15	RIGID FRAME HANGAR BUILDING & FOUNDATION (65' x ±390')	SF	25,350	\$ 58.00	\$ <b>1,470,300</b>
16	BI-FOLD DOORS & OPERATING SYSTEM	EA	6	\$ 35,000.00	\$ <b>210,000</b>
17	8" FIRE PROTECTION RISER, P.I.V. AND F.D.C.	LS	1	\$ 30,000.00	\$ <b>30,000</b>
18	BATHROOM	LS	1	\$ 25,000.00	\$ <b>25,000</b>
<b>BUILDING SUBTOTAL =</b>					<b>\$ 1,841,300</b>
<b>TOTAL</b>					<b>\$ 2,369,800</b>

SITE SURVEY	\$ 7,500
SITE GEOTECHNICAL	\$ 16,000
SITEWORK & HANGAR DESIGN (INCLUDING SWPPP)	\$ 160,000
CONSTRUCTION ADMINISTRATION / OBSERVATION	\$ 140,000
MATERIAL TESTING	\$ 20,000
DISTRICT-ASSOCIATED DESIGN AND CNST COSTS	\$ 40,000
<b>GRAND TOTAL</b>	<b>\$ 2,753,300</b>



# SUMMARY OF PRO FORMA FINDINGS

## Base Scenarios

TABLE 1: Pro Forma Summary, Base Scenarios

Scenario	Lease Rate Principle	Initial Investment	Lease Rate (2016) per square foot per year	Investment NPV	Full Table (Appendix B)
TTAD Build Hangars	Current Rate	\$2,753,300	\$5.270	\$325,857	Table B1
TTAD Builds Hangars	Cost Recovery	\$2,753,300	\$4.824	\$324	Table B2
TTAD Prepares Site	Market Rate	\$716,000	\$0.550	-\$745,626	Table B3
TTAD Prepares Site	Cost Recovery	\$716,000	\$1.452	\$68	Table B4



# SUMMARY OF PRO FORMA FINDINGS

## Rental Rate Increase

**TABLE 2: Pro Forma Summary, Lease Rate Increase**

Scenario	Lease Rate Principle	Initial Investment	Lease Rate (2016) per square foot per year	Investment NPV	Full Table (Appendix B)
TTAD Build Hangars and Rate Increase	Current Rate +10%	\$2,753,300	\$5.797	\$709,424	Table B5
	Current Rate +20%		\$6.324	\$1,092,990	Table B6
	Current Rate +30%		\$6.851	\$1,476,557	Table B7





# SUMMARY OF PRO FORMA FINDINGS

## Bond Financing

**TABLE 3: Pro Forma Summary, Bond Financing**

Scenario	Lease Rate Principle	Initial Investment	Lease Rate (2016) per square foot per year	Investment NPV	Full Table (Appendix B)
TTAD Build Hangars and Issues Debt	Current Rate	\$2,753,300	\$5.270	-\$42,620	Table B8
	Cost Recovery		\$5.328	\$265	Table B9
TTAD Build Hangars and Issues Debt + Rate Increase	Current Rate +10%		\$5.797	\$340,946	Table B10
	Current Rate +20%		\$6.324	\$724,513	Table B11
	Current Rate +30%		\$6.851	\$1,108,080	Table B12

- Revenue Bond
- Financing 80% initial capital costs and 2.50% annual interest rate





# EXECUTIVE HANGAR FINANCIAL STUDY

## Proprietary Exclusive Rights

- If TTAD builds and leases the hangars, the District is exercising their proprietary exclusive right (by the FAA) to develop and provide aircraft storage.
- In this scenario, TTAD has more control of aircraft storage unit supply and pricing.

## Hangar Revenues

- Revenues generated by the rental of hangars are considered airport revenues.
- This revenue must only be used for capital and operating expenses of the airport.



# EXECUTIVE HANGAR FINANCIAL STUDY **SAME SLIDE AS DRAFT REPORT PRESENTATION**

## Staff Recommendations and Findings

- Agree with option for TTAD to Build and Manage Hangars.
- Board may want to consider Revenue Bonds to finance a portion of construction.
- Staff agrees with the Operational Impact Analysis in Report.
- The District will have greater control and leverage of hangars if we build and maintain.
- Staff recommends Site 2.



# EXECUTIVE HANGAR FINANCIAL STUDY **SAME SLIDE AS DRAFT REPORT PRESENTATION**

## Next Steps

- Do Nothing.
- Continue to future meeting pending additional analysis Discussion of Hangar 3
- Lease property for private construction
- TTAD Build Hangars
- Approve funds to begin design and engineering on project.

