

West Michigan Airport Authority

Meeting Agenda

Monday, February 10, 2014

11:30am – 1:00pm

Westshore Aviation, 1585 S. Washington Avenue (Holland)

Note: The Park Township Office was unavailable for this meeting.

1. Public Comments.
2. Consideration of the January 13, 2014 Meeting Minutes. (Action Required)
3. Presentation by Wings of Mercy.
4. Presentation of Fiscal Year 2015 Operating and Capital Budgets. Schedule public hearing for March 10, 2014. (Action Required)
5. Recommendation from Operations Committee on 2014 Fuel Flowage Fee. (Action Required)
6. Mead & Hunt Property Acquisition Services Amendment #2. (Action Required)
7. Quotations for Redesign of the Airport Authority Website. (Action Required)
8. FBO Report.
9. Communications Activities. (Scholten)
10. Monthly Budget and Investment Report. (Accept as Information)
11. Motion to go into Closed Session to Discuss Property Acquisition.
12. Next meeting: March 10, 2014, 11:30am at Westshore Aviation.
13. Other Business.
14. Adjourn.

Mission Statement: To provide the public with state-of-the-art global air access to strengthen the local economy and improve the area's quality of life.

If you are not able to attend the meeting, please contact Greg Robinson (355-1310) or Sinka Babinec (355-1310). We must have at least one of the three representatives of each unit of government present at the meeting to attain a quorum. Thank you.

West Michigan Airport Authority

Proposed Meeting Minutes

January 13, 2014

The West Michigan Airport Authority Board met at Howard Miller Library & Community Center at 14 S. Church Street in Zeeland.

Present: Authority Members Klynstra, Klunder, Hoogland, Wickmann, Matthyse, Wiersma, Dykstra, Student Representatives VanderKolk and DeLeau and Ex-Officio Members Disselkoen and Storey.

Absent: Martin and Toscano.

Others Present: FBO Ludema, Communications Assistant Scholten, and Assistant City Manager Robinson.

Chairperson Klunder called the meeting to order at 11:35 a.m.

14.01.13 Public Comments.

There were no public comments expressed at this meeting.

14.01.02 Consideration of the December 9, 2013 Meeting Minutes.

It was moved by Wickmann and supported by Klynstra to approve the December 9, 2013 meeting minutes as presented. This motion was unanimously adopted.

14.01.03 Presentation of Fiscal Year 2013 Audit. (Rehmann Robson)

Audit Manager Krystal Benson from Rehman Robson, the Authority's auditors, presented the fiscal year 2013 audit and financial statements to the Authority. Ms. Benson stated the Authority had a clean, qualified opinion of the audit. A hard copy of the audit and financial records were distributed to Authority members and reviewed in detail. Chairperson Klunder also thanked the City of Holland's Finance Office for their work on this audit and for the great job keeping the Authority's finances in order.

It was moved by Wickmann and supported by Matthyse to approve the fiscal year 2013 audit and financial statements as presented by Rehman Robson. This motion was unanimously adopted.

14.01.04 FBO Report.

FBO Ludema presented the monthly Fixed Base Operator (FBO) report describing fuel sales and various airport operations. Decreased activity in December was due to two airplanes being out of service and the amount of snow. Mr. Ludema mentioned that space in the lobby can be crowded due to increased use over the past couple of months. There have been as many as 32 people waiting in the extremely limited lobby space. Board member Wickmann commented that during the last snow storm, Tulip City's line service and snow plow staff were fantastic and thanked Tulip City Air Service for their service. Mr. Ludema commented that the airport was open throughout the storm. He added that the runway is a priority and can be cleared of snow in an hour and a half. The banks take a snow blower, a slower process, and taxiways are a lower priority and take a six to eight hour day to clear.

This report was accepted as information.

14.01.05 Review of Fiscal Year 2014 and Fiscal Year 2015 Budget Action Plans.

Assistant City Manager Robinson updated the Board on the Fiscal Year 2014 Action Plan accomplishments and activities. Other activities not listed on the Action Plan were: selected an airport consultant; completed the Geurink Boulevard project; completed a crack and seal project for the taxiways; and a policy for private filming at the airport is being developed.

Mr. Robinson stated a need to focus on business development activities and that Lakeshore Advantage might be a possible resource.

The proposed Fiscal Year 2015 budget will be presented at the March 2014 Board meeting.

This report was accepted as information.

14.01.06 Consideration of a Policy for Private Filming at the Airport.

A policy was distributed and reviewed by the Board. The Committee will review and revise the policy and bring it back to the Board at a future meeting.

14.01.07 Communications Activities.

Ms. Scholten reviewed the communications report that included an update on social media. The WMRA e-Newsletter went out in December to approximately 1,200 recipients. An informational postcard to the community is being designed and could be mailed in February. In addition, a tenant survey is being designed.

14.01.08 Monthly Budget and Investment Report.

It was moved by Hoogland and supported by Wiersma to accept as information the Monthly Budget and Investment Report as presented. This motion was unanimously adopted.

14.01.09Next Meeting: February 10, 2014, 11:30 a.m. at Park Township Offices.

14.01.10 Other Business.

- FBO Ludema commented that Cessna changed their program so Tulip City Air Service went from being a Cessna Single Engine Service Center to a Cessna Propeller Service Center.
- Assistant City Manager Robinson presented information to the Board regarding the upcoming Annual Airport Conference in Lansing on February 19 and 20.

14.01.11Adjournment.

There being no further business, the meeting was adjourned at 12:40 p.m.

Respectfully submitted,

Jim Wiersma
Secretary

West Michigan Airport Authority

270 South River Avenue, Holland, Michigan 49423

(616) 355-1310

(616) 355-1490 fax

Comprising City of Zeeland, Park Township, and City of Holland

RESOLUTION TO PRESENT THE PROPOSED ANNUAL BUDGET FOR FISCAL YEAR 2015

Whereas, the West Michigan Airport Authority annual budget for the fiscal year July 1, 2014 through June 30, 2015 as proposed by the Holland Assistant City Manager, was presented to the Authority on February 10, 2014; and

Whereas, the Authority has reviewed, considered and revised the proposed budget;

Now, Therefore Be It Resolved, that the West Michigan Airport Authority presents this proposed budget to the public; and

Be It Further Resolved, that the proposed budget be placed on file for public inspection in the Offices of the Holland Assistant City Manager, Park Township Clerk, and City of Zeeland Clerk; and

Be It Further Resolved, that the Airport Authority will hold a public hearing concerning the proposed budget at 11:30am on Monday, March 10, 2014 at Westshore Aviation, 1585 S. Washington (West Michigan Regional Airport), in Holland, Michigan;

Be It Further Resolved, that a property tax millage rate recommendation to support the proposed budget will be part of this hearing; and

Be It Further Resolved, that the Holland Assistant City Manager is instructed to publish a notice of public hearing on the proposed budget in a local newspaper, no later than March 1, 2014.

Tim Klunder
Chairperson

Jim Wiersma
Secretary

West Michigan Airport Authority

Fiscal Year 2014 (July 1, 2013 – June 30, 2014) Action Plan

Status Report

February 10, 2014

Mission Statement

To provide the public with state-of-the-art global air access to strengthen the local economy and improve the area's quality of life.

Fiscal Year 2014 Action Plan

1. New Airport Business Center:

- a. Complete property acquisition. (Complete in December 2013)

The property appraisals were presented in December 2013, however, due to the decision of MDOT to not fund the acquisition of Regent Boulevard (which is not a surprise), the appraisals are being revised. Negotiations should begin with the property owner in January 2014. Raising the necessary local match for the entire project will be necessary before the acquisition is approved by the Board which is anticipated in March or April 2014. The acquisition itself may not close until August 2014 due to the process that needs to be followed.

- b. Prepare construction drawings for infrastructure. (Complete in January 2014)
- c. Prepare construction drawings for apron. (Complete in January 2014)
- d. Bid construction of the three construction projects. (February/March 2014)
- e. Begin construction of the three projects. (April/May 2014)

Due to the timing of the appraisal work, property acquisition and local fund raising, it is more likely that the construction drawings for infrastructure, apron and the Business Center will begin in the summer 2014. Once the drawings are completed (late summer, early fall), then the project can be bid.

2. Communications:

- a. Participate in at least three community events.

The Authority was part of at least five events in calendar year 2013, including the Wings of Mercy event, Tulip Time parade, Zeeland Pumpkinfest parade, Holland Parade of Lights, and Zeelmania.

- b. Distribute information on airport activities through an updated video, a fresh website, periodic newsletters, media releases and community presentations.

At least one video has been prepared on the airport, a website redesign is being pursued, e-newsletters are occurring (1200 mailing list at latest count), and social media sites are actively updated.

- c. Continue to be active in social media venues such as Facebook and Twitter.

The Authority is active with Facebook and Twitter and the Communications staff person is working to increase community participation.

- d. Provide updates to member units on activities of the Authority.

This has not occurred yet outside of Board members reporting to member units.

- 3. Conduct an evaluation of the staffing organization to ensure that the Authority is properly positioned for accomplishing future activities.

The Operations Committee has addressed this item and feels that the existing staff structure is working well. However, the Committee will continue to monitor whether the current structure is best to handle future activities that are identified.

- 4. Work with the City of Holland Planning Commission, as well as Fillmore and Laketown Townships on preparing an updated Master Land Use Plan for the areas adjacent to the airport.

The Holland City Planning Commission is in process of updating its Master Plan. The airport area will be addressed as part of this update, but the Board may wish to engage in a more in-depth evaluation after reviewing this work.

- 5. Other accomplishments this fiscal year to date:
 - a. Selected an airport consultant.
 - b. Completed Geurink Blvd project.
 - c. Completed a crack and seal project for taxiways.
 - d. Prepared a policy for private filming at the airport.

West Michigan Airport Authority

Fiscal Year 2015 (July 1, 2014 – June 30, 2015) Action Plan

February 10, 2014

Mission Statement

To provide the public with state-of-the-art global air access to strengthen the local economy and improve the area's quality of life.

Fiscal Year 2015 Action Plan

1. New Airport Business Center:
 - a. Complete property acquisition. (Complete in September 2014)
 - b. Prepare construction drawings for infrastructure. (Complete in October 2014)
 - c. Prepare construction drawings for apron. (Complete in October 2014)
 - d. Prepare construction drawings for the building. (Complete in October 2014)
 - e. Bid construction of the three construction projects. (December 2014)
 - f. Begin construction of the three projects. (March 2015)
2. Reorganize staff or work with another area organization to conduct Business Development activities at the airport. (July 2014)
3. Prepare a preliminary design, cost estimate and business plan for an additional public hangar building. (August 2014)
4. Evaluate options for maintenance of the Instrument Landing System and if it is decided to remain with the current maintenance provider, then update the agreement. (September 2014)
5. Evaluate the public T hangar lease rate, utility costs, maintenance needs and use of the hangars. (November 2014)
6. Interact on a more regular basis with public T hangar and land lease tenants to understand their needs and vision for the airport. (August 2014)
7. Review and update the Airport Emergency Plan. (September 2014)
8. Prepare a crack sealing and paint marking program. (October 2014)
9. Communications:
 - a. Participate in at least three community events.
 - b. Distribute information on airport activities through videos, website updates, periodic newsletters, media releases and community presentations.

- c. Continue to be active in social media venues such as Facebook and Twitter.
- d. Provide updates to member units on activities of the Authority.

West Michigan Airport Authority
Proposed Fiscal Year 2015 Budget
10-Feb-14

	Approved Budget <u>FY 2014</u>	Estimated Year End <u>FY 2014</u>	Proposed <u>FY 2015</u>
REVENUES			
FBO Franchise Fee	\$ 21,800	\$ 21,800	\$ 22,200
Fuel Flowage Fee	\$ 65,000	\$ 53,000	\$ 55,000
Property Tax - Holland City	\$ 97,000	\$ 103,162	\$ 104,813
Property Tax - Park Township	\$ 87,000	\$ 89,000	\$ 90,000
Property Tax - Zeeland City	\$ 46,800	\$ 47,311	\$ 48,100
Investment Income	\$ 7,000	\$ 4,200	\$ 4,000
Rental - Hangar Land Lease	\$ 86,000	\$ 85,000	\$ 86,000
Rental - Agricultural Land Lease	\$ 12,200	\$ 11,200	\$ 11,400
Rental - T Hangars	\$ 55,000	\$ 57,800	\$ 55,000
Landing Fees	\$ 35,000	\$ 25,000	\$ 27,000
Subtotal Revenues	\$ 512,800	\$ 497,473	\$ 503,513
EXPENSES			
Payroll - Regular + Benefits	\$ 57,000	\$ 60,540	\$ 61,400
Payroll - Temporary Help	\$ 14,000	\$ 13,300	\$ 13,000
Postage	\$ 300	\$ 100	\$ 100
Photocopies	\$ 100	\$ 50	\$ 100
Maintenance - Buildings & Grounds Maintenance	\$ 15,000	\$ 12,000	\$ 15,000
Maintenance - Equipment Maintenance - ILS	\$ 18,000	\$ 20,000	\$ 18,000
Maintenance - Equipment Insurance Claims	\$ -	\$ -	\$ -
Maintenance - Contract - Snowplowing	\$ 50,000	\$ 58,300	\$ 55,000
Maintenance - Contract - Mowing	\$ 30,000	\$ 23,000	\$ 25,000
Maintenance - Contract - General Repairs/ Maintenance	\$ 15,000	\$ 18,000	\$ 17,000
Advertising/Promotional	\$ 30,000	\$ 30,000	\$ 30,000
Contract - Legal	\$ 7,500	\$ 3,000	\$ 5,000
Contract - Plan Development	\$ -	\$ -	\$ -
Contract - Engineering	\$ 1,000	\$ 500	\$ 1,000
Contract - Management Services	\$ 32,000	\$ 31,000	\$ 32,000
Contract - Airport Manager	\$ 5,000	\$ 3,500	\$ 4,000
Contract - Audit	\$ 6,000	\$ 6,500	\$ 6,200
Contract - Tree Clearing	\$ -	\$ -	\$ -
Communications - Telephone	\$ 300	\$ 300	\$ 300
Travel, Conferences, Seminars	\$ 1,000	\$ 750	\$ 1,000
Commercial Insurance Premium	\$ 21,300	\$ 18,800	\$ 19,700
Utilities - T Hangars	\$ 2,400	\$ 2,500	\$ 2,500
Utilities - Runway Lights	\$ 4,500	\$ 3,000	\$ 3,500
Utilities - Landing Lights & Systems	\$ 15,000	\$ 4,000	\$ 4,500
Utilities - Fence Gates	\$ 500	\$ 300	\$ 350
Utilities - Parking Lot Lighting	\$ 700	\$ 650	\$ 750
Miscellaneous	\$ 3,000	\$ 2,200	\$ 2,200
Controlled Capital	\$ -	\$ -	\$ -
Contingency	\$ 10,000	\$ -	\$ 10,000
Reserves for Emergencies/ Unexpected	\$ 25,000	\$ 25,000	\$ 25,000
Reserves for Capital Projects	\$ 148,200	\$ 160,183	\$ 150,913
Subtotal Expenses	\$ 512,800	\$ 497,473	\$ 503,513
Balance	\$ -	\$ -	\$ -

West Michigan Airport Authority
Proposed Capital Projects for FY2015
January 21, 2014

<u>Fiscal Year 2014</u>	<u>Total Cost</u>	<u>FAA Entitlement</u>	<u>FAA</u>	<u>State</u>	<u>Local</u>	<u>Other</u>
Terminal - Engineering for Env. Assessment	\$ 25,000	\$ 22,500		\$ 1,250	\$ 1,250	
Terminal - Environmental Assessment	\$ 39,600	\$ 35,640		\$ 1,980	\$ 1,980	
Terminal - Property Acquisition Services	\$ 20,756			\$ 19,718	\$ 1,038	
Geurink Boulevard Reconstruction	\$ 927,426			\$ 548,526	\$ 250,000	\$ 128,900
Total Fiscal Year 2014	\$ 1,012,782	\$ 58,140		\$ 571,474	\$ 254,268	\$ 128,900
<u>Fiscal Year 2015</u>						
T-Hangar Repairs	\$ 15,000				\$ 15,000	
Terminal - Property Acquisition	\$ 944,000			\$ 896,800	\$ 47,200	
Terminal - Wetland Mitigation	\$ 50,000	\$ 45,000		\$ 2,500	\$ 2,500	
Terminal - Site Work and Apron Designs	\$ 244,000	\$ 204,250	\$ 15,350	\$ 12,200	\$ 12,200	
Terminal - Building Design	\$ 332,000			\$ 298,800	\$ 33,200	
Total Fiscal Year 2015	\$ 1,585,000	\$ 249,250	\$ 15,350	\$ 1,210,300	\$ 110,100	
Total Expenses	\$ 2,597,782	\$ 307,390	\$ 15,350	\$ 1,781,774	\$ 364,368	\$ 128,900

West Michigan Airport Authority

270 South River Avenue, Holland, MI 49423

P (616) 355-1310 F (616) 546-7056

Comprising City of Zeeland, Park Township and City of Holland



February 10, 2014

Item 5.

To: West Michigan Airport Authority Board.
From: Greg Robinson, Holland Assistant City Manager.
Subject: 2014 Fuel Flowage Fee.

Since fiscal year 2004, a flowage fee has been applied to every gallon of fuel sold at West Michigan Regional Airport. This flowage fee and airport landing fees have been used to offset airport maintenance expenses such snowplowing, mowing, maintenance of the lighting system and utilities. Each year, the Authority Board reviews and sets a flowage fee for the ensuing 12 months and it is now time to do so for the coming months.

Attached to this report is a table of information relating to the flowage fee that was evaluated by the Authority's Operations Committee. The Committee is recommending that the fuel flowage fee be increased to 10 cents per gallon for the next 12 months. This fee has been at 9.5 cents per gallon for the past six years, but the gap has been growing in the past two years between expenses and revenues. Even with this proposed increase, the Authority will be subsidizing the maintenance expenses; however, the increase recommended is competitive with flowage fees being charged at other airports in the region.

Covering expenses depends upon the number of gallons sold, the amount of landing fees, and the actual costs for snowplowing, mowing, light replacements, general maintenance and utilities. These are the unknowns at this point and there could ultimately be a surplus or a shortfall at the end of the fiscal year.

Recommendation

It is recommended that the West Michigan Airport Authority Board approve a fuel flowage fee of 10 cents per gallon until February 28, 2015.

Attachments

WMAA Fuel Flowage Fee Calculations

20-Jan-14

	FY13 Actual	FY14 Estimated	FY15 Estim:
Revenues			
Fuel flowage fee	\$59,238	53,000	55,000
Landing fees	\$32,787	25,000	27,000
Total revenues	92025	78000	82000
Expenses			
Mowing	36,157	23,000	25,000
General repairs/mainten.	16,746	18,000	17,000
Snowplowing	32,044	58,300	55,000
Utilities-Fence gates	365	300	350
Utilities-landing lights	3,444	3,000	3,500
Utilities-parking lot lights	1,190	650	750
Utilities-runway lights	4,763	4,000	4,500
Total expenses	94709	107250	106100
Balance	-2684	-29250	-24100

History Since WMAA Began Collecting Revenues and Contracting for Services

	Fuel Fee	Revenues	Expenses	Balance
FY10	0.095	\$75,927	\$68,887	\$7,040
FY11	0.095	90,500	115,100	-24,600
FY12	0.095	90,815	86,908	3,907
FY13	0.095	92,025	94,709	-2,684
FY14	0.095	80,000	107,250	-27,250
Average		85853.4	94570.8	-8717.4

FLOWAGE FEE REVIEW

1-21-14

- in excel shared

April 23, 2013					
AIRPORT	Identifier	Jet A	AVGAS	FF	Jet Price Update
Holland - Tulip City Air Service	BIV	\$ 6.34	\$ 6.28	\$ 0.095	4/10/2013
Allegan	35D	N/A	\$ 5.89	\$ 0.100	4/1/2013
Battle Creek	BTL	\$ 6.21	\$ 6.05	\$ 0.08	4/16/2013
Benton Harbor	BEH	\$ 6.25	\$ 5.19	\$ 0.10	4/16/2013
Flint	FNT	\$ 6.33	\$ 6.11	- .04	4/20/2013
Fremont	FFX	\$ 4.80	\$ 5.58		4/4/2013
Grand Haven	3GM	N/A	\$ 5.48	\$ 0.10	4/3/2013
Grand Rapids Kent County-Northern AIR	GRR	\$ 6.84	\$ 7.54	\$ 0.085	4/3/2013
Grand Rapids Kent County-RAPID AIR	GRR	\$ 6.72	\$ 6.94	\$ 0.085	4/3/2013
Hillsdale	JYM	\$ 5.47			3/25/2013
Holland - Park Township	HLM	N/A	\$ 6.25	-	4/11/2013
Hasting Municipal	9D9	\$ 4.78	\$ 5.60		3/20/2013
Ionia County Benz Aviation	Y70	\$ 5.68	\$ 5.94		4/23/2013
Jackson	JXN	\$ 5.99	\$ 5.51	-	3/26/2013
Kalamazoo	AZO	\$ 6.21	\$ 5.44	\$ 0.075	4/16/2013
Lansing	LAN	\$ 6.38	\$ 6.08	\$ 0.10	N/A
Muskegon	MKG	\$ 6.39	\$ 6.25	\$ 0.150	3/28/2013
Ottawa Executive - Zeeland	Z98	N/A	\$ 6.69	-	12/14/2012
Riverview - Jenison	08C	N/A	\$ 6.25	-	3/8/2013
South Haven	LWA	\$ 5.79	\$ 5.79	-	4/1/2013
Sparta	8D4	-	\$ 5.89	-	4/16/2013

updated in computer

* Need flowage fee only.

West Michigan Airport Authority

270 South River Avenue, Holland, MI 49423

P (616) 355-1310 F (616) 546-7056

Comprising City of Zeeland, Park Township and City of Holland



February 10, 2014

Item 6.

To: West Michigan Airport Authority.
From: Greg Robinson, Holland Assistant City Manager.
Subject: Agenda item #6 – Mead & Hunt Property Acquisition Services Amendment #2.

The Airport Authority has been working with Mead & Hunt and the Michigan Department of Transportation – Airports Division (MDOT/AERO) to prepare appraisals for the acquisition of property for the new airport business center, apron area and related infrastructure. MDOT/AERO has informed staff that Regent Boulevard will not be funded with state and federal monies and that this piece needs to be removed from the overall property to be acquired.

Attached to this report is a proposed Amendment #2 to the Mead & Hunt agreement that will revise the appraisal to reflect the updated values due to these changes in the parcel boundaries. After this amendment, the Authority will have revised appraisals for the property to be pursued and Regent Boulevard. Since MDOT/AERO will not fund the acquisition of Regent Boulevard, the cost for this Amendment (\$1,251) is to be funded in total by the Authority.

Recommendation

It is recommended that the Authority Board approve Amendment #2 with Mead & Hunt in the amount of \$1,251 for property acquisition services as described in this report; and that Chairperson Tim Klunder is authorized to sign the Amendment on behalf of the Authority.

Attachment

Amendment #2

Between

MEAD & HUNT, INC.

and

West Michigan Regional Airport Authority

Appraisal of Regent Boulevard

**At the
West Michigan Regional Airport
Holland, Michigan**

Mead & Hunt Project No.: 0819900-130301.01

Original Agreement Dated: April 8, 2013
Original Description: Land Acquisition for New Terminal

Purpose of Amendment

The purpose of this amendment is to provide the services necessary to both define with a property description, as well as appraise the value of the area that encompasses Regent Blvd. which sits within the parent parcel of property being considered for acquisition by the SPONSOR.

Scope of Services

The CONSULTANT shall coordinate Commonwealth Associates, Inc. (CAI) who will provide the services necessary, through their efforts and the use of subconsultants, to determine the appraised value of the subject parcel, as a subset of the parent parcel. Specific work elements to be performed by CAI are listed in Attachment B to this Amendment.

Compensation

The CONSULTANT shall be compensated a lump sum amount for the services identified in the scope of services. The amount of compensation shall be One Thousand Two Hundred Fifty One and 00/100 (\$1,251.00) dollars. A detailed breakdown of these costs is included in Attachment A. The CONSULTANT shall bill the SPONSOR in accordance with the terms and condition of the original agreement.

All other terms and conditions of the original base agreement shall remain in full force and effect.

This amendment and its conditions along with the conditions and requirements of the original agreement are hereby accepted by both parties as witnessed by these signatures:

WITNESS:

**WEST MICHIGAN REGIONAL AIRPORT
AUTHORITY**

By: _____

Title: _____

Date: _____

WITNESS:

MEAD & HUNT, INC.

By: _____

Title: Vice President

Date: _____

Attachment A
Cost Summary

Attachment "A" Cost Breakdown

COMMONWEALTH ASSOCIATES, INC.

CAI PROPOSAL/PROJECT #: 200028 DATE: February 3, 2014

AIRPORT: West Michigan Regional Airport PROJECT DESCRIPTION: Revise Appraisal Report

TASK	PERSONNEL HOURS AND COSTS							
	Department Manager	PM & Acquisition Specialist II	Review Appraiser	Office Clerical	Total Hours	Total Personnel Expense by Task	Total Expenses by Task	Total Amount by Task
1. Update owner, Revise Appraisal and Review		0	5		5	\$651	\$600	\$1,251
					0	\$0	\$0	\$0
2. Sub Contract Management		0			0	\$0	\$0	\$0
Total Hours	0	0	5	0	5			
Hourly Rate	\$49.50	\$42.00	\$46.00	\$19.00				
Personnel Subtotal (Hrs. x Rate)	\$0	\$0	\$230	\$0				
Overhead (Personnel x 155%)	\$0	\$0	\$357	\$0				
Personnel & Overhead Subtotal	\$0	\$0	\$587	\$0				
Profit Markup (11%)	\$0	\$0	\$65	\$0				
TOTAL:	\$0	\$0	\$651	\$0	\$651	\$651	\$600	\$1,251

EXPENSES	TASK 1	TASK 2	TASK 3	TASK 4	TOTAL
Direct Expense					
Title Commitments					\$0
Field Services (<i>mileage, travel, mailings</i>)	\$0				\$0
Sub Consultant Costs					
Appraisal Report (Maturen @Associates)	\$600				\$600
					\$0
TOTAL:	\$600	\$0	\$0	\$0	\$600

SUMMARY OF COSTS	
Personnel Expenses	\$ 651
Expenses	\$ 600
BUDGET TOTAL:	\$ 1,251

Invoiced as: \$1,251 upon completion of Task 1 (includes task 2)

\$1,251

Attachment B
Commonwealth Associates, Inc.
Scope of Services

**Amendment #2 - Scope of Work
Mead and Hunt, Inc.
West Michigan Regional Airport
CAI Project No.: 200028
Appraisal Report - Parcel # 37
Revised February 3, 2014**

Land Acquisition Staff

- | | |
|------------------------------------|------------------------------|
| ➤ Tim Davis, SR/WA | Section Manager |
| ➤ Desmond Kirkland, SR/WA | Specialist |
| ➤ Paul E. Sander PMP, GWCPM, SR/WA | Appraiser / Appraisal Review |
| ➤ Sallie Martin | Clerical |

Sub-Consultants

- Maturen and Associates, Inc. – Appraisal Report

Assumptions and Conditions of Estimate

1. A revised appraisal report will be prepared based on the recent and updated parcel sketch and other information as provided by the client. According the parcel sketch, the area of acquisition is approximately 15.33 acres and does not encumber the 3.52 acre roadway (Regent Boulevard).

Right-of-Way Services

CAI's land services staff will:

1. Oversee completion of a revised, complete and self-contained appraisal report and review statement for the valuation of the property identified as parcel #37.

Right-of-Way Services Deliverables

1. Complete Revised Appraisal report

Cost

See attached "Proposed Consultant Budget"

WMAA MONTHLY FBO REPORT

Total Fuel Gallons Delivered	Current Month Jan-14 40,643	One Year ago Jan-13 32,181	Fiscal Year To Date 10/01/13-9/30/14 175,576	F/Y to Date Compared 2013 -50,741
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Transplant Flights	0
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Wings Of Mercy Flights

Freight Flights From/To Holland PC-12	1
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Notable Activities

West Michigan Airport Authority

270 South River Avenue, Holland, MI 49423
P (616) 355-1310 F (616) 546-7056

Comprising City of Zeeland, Park Township and City of Holland



DATE: February 10, 2014

SUBJECT: WMAA Communications Committee Board Update

Page 1 of 2

Tier 1 *(most important)*

UPDATE WEBSITE ON A CONTINUAL BASIS

- Please check the WMRA website for news and updates and to view the new airport video.
(www.WestMichiganRegionalAirport.com)

An update will be presented at the Board meeting regarding the new website.

SOCIAL NETWORKING

- WMRA's Facebook page is online listed as "West Michigan Regional Airport." Please take a moment to visit and "Like" the page, make a comment, and share with colleagues, friends and family.

Our Facebook "likes" continue to grow and the total is now 201. Here's the latest insights received February 5.

Here are the latest insights about your Facebook Page.



Photos of Menards' corporate staff landing at WMRA at sundown were posted on WMRA's Facebook page.



Thank you Jim Storey for commenting on the post/photos below of Tulip City Air Service plowing the runway. Jim wrote, "Excellent ground crews continue to earn raves from pilots for well-maintained runways, taxiways and aprons - all essential for a high performing community airport, which in turn is essential for a high performing community in today's shrinking global economy."



The West Michigan Airport Authority will provide the public with state-of-the-art global air access to strengthen the local economy and improve the area's quality of life.

West Michigan Airport Authority

270 South River Avenue, Holland, MI 49423
P (616) 355-1310 F (616) 546-7056

Comprising City of Zeeland, Park Township and City of Holland



PAGE 2 OF 2

WMAA JET FLOAT IN TULIP TIME MUZIEKPARADE Saturday, May 11, 2013

- The new jet float was a huge success and received a “Directors” award from the Tulip Time Board.

Tier 2 *(important)*

PRESS RELEASES/NEWS ARTICLES

- As needed.

2013 PARADES & EVENTS

- A successful, well attended Wings_of Mercy CareAffaire fundraiser was held on Saturday, August 24.
- WMAA participated in ZEELMANIA’s “Things that Go” night on Monday, August 19.
- The WMRA Jet Float made its second appearance in Zeeland’s Pumpkinfest Parade on Saturday, October 5.
- The WMRA Jet Float was arrayed in lights taking off from the North Pole at Holland’s Parade of Lights on Tuesday, December 3.

PRESENTATIONS/SPEAKING ENGAGEMENTS

- Please let a Communications Committee member know if a business or organization is interested in scheduling an airport presentation or speaking engagement.

TIER 3 *(less important)*

eNEWSLETTER

The next scheduled eNewsletter will be in March 2014.

OTHER ACTIVITIES

- An informational “Postcard to the Community” is being designed and will be mailed in February. A suggestion was made at the previous Board meeting to add voters in Holland and Zeeland Charter Townships to the current mailing list.

Please contact Karen if you have any questions or comments.
k.scholten@cityofholland.com O 616.355.1305 H 616.399.8509

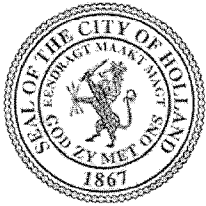


Budget Performance Report

Fiscal Year to Date 02/03/14

Exclude Rollup Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% used/ Rec'd	Prior Year Total
Fund Z01 - WMAA (Airport) General Fund										
REVENUE										
Department 000 - General Revenues										
420502.23	Federal Grant FAA Entitlement-Capital	.00	245,650.00	245,650.00	.00	.00	.00	245,650.00	0	.00
420502.24	Federal Grant FAA Capital	.00	15,350.00	15,350.00	.00	.00	.00	15,350.00	0	509,821.29
430502.24	State Grant MDOT State Capital	.00	1,054,350.00	1,054,350.00	.00	.00	.00	1,054,350.00	0	14,950.49
450582.C	Contributions from Other Govts From City of Holland	.00	97,000.00	97,000.00	.00	.00	103,577.82	(6,577.82)	107	97,404.28
450582.P	Contributions from Other Govts From Park Township	.00	87,000.00	87,000.00	.00	.00	45,122.71	41,877.29	52	87,909.50
450582.Z	Contributions from Other Govts From City of Zeeland	.00	46,800.00	46,800.00	.00	.00	47,410.21	(610.21)	101	46,131.38
460621.9	Fees-Agreements Emergency Services Fee	.00	.00	.00	.00	.00	175.85	(175.85)	+++	173.04
460654.1	Franchise Fees FBO Franchise Fees	.00	21,800.00	21,800.00	.00	.00	11,666.62	10,133.38	54	19,999.92
460654.5	Franchise Fees Fuel Flowage Fee	.00	65,000.00	65,000.00	.00	.00	30,117.80	34,882.20	46	59,238.13
460654.7	Franchise Fees Landing Fees	.00	35,000.00	35,000.00	.00	.00	12,972.78	22,027.22	37	32,787.07
480665.0	Investment Income General	.00	7,000.00	7,000.00	.00	.00	2,552.88	4,447.12	36	4,255.80
480665.X	Investment Income Market Adjustment	.00	.00	.00	.00	.00	.00	.00	+++	(3,269.51)
480669.24	Rental Hangar Land Lease	.00	86,000.00	86,000.00	.00	.00	82,623.88	3,376.12	96	84,639.76
480669.25	Rental Agricultural Land Lease	.00	12,200.00	12,200.00	.00	.00	11,129.04	1,070.96	91	11,070.00
480669.26	Rental T-Hangars	.00	55,000.00	55,000.00	.00	.00	29,300.00	25,700.00	53	54,460.00
Department 000 - General Revenues Totals		\$0.00	\$1,828,150.00	\$1,828,150.00	\$0.00	\$0.00	\$376,649.59	\$1,451,500.41	21%	\$1,019,571.15
REVENUE TOTALS		\$0.00	\$1,828,150.00	\$1,828,150.00	\$0.00	\$0.00	\$376,649.59	\$1,451,500.41	21%	\$1,019,571.15
EXPENSE										
Department 540 - Airport Operations										
710701.3	Payroll-Regular Allocated	.00	57,000.00	57,000.00	5,052.50	.00	40,420.00	16,580.00	71	54,720.00
710707.8	Payroll-Temporary Help Allocated	.00	14,000.00	14,000.00	.00	.00	7,473.24	6,526.76	53	12,982.97
721730.0	Postage General	.00	300.00	300.00	.00	.00	5.52	294.48	2	15.75
721905.0	Photocopies/In-House Printing General	.00	100.00	100.00	.00	.00	13.04	86.96	13	214.64
721931.0	Bldg & Grnds Maint General	.00	15,000.00	15,000.00	.00	1,800.00	4,793.00	8,407.00	44	.00
721933.0	Equipment Maintenance General	.00	18,000.00	18,000.00	.00	.00	12,793.50	5,206.50	71	12,592.48
722801.9010	Contr-Printing/Promo Advertising/Promotional	.00	30,000.00	30,000.00	.00	.00	3,956.07	26,043.93	13	40,689.52
722804.0	Contractual-Legal General	.00	7,500.00	7,500.00	.00	.00	913.50	6,586.50	12	12,206.92
722805.1	Contractual-Finance Independent Audit	.00	6,000.00	6,000.00	.00	.00	6,500.00	(500.00)	108	5,900.00
722805.4	Contractual-Finance Financial Service Fees	.00	.00	.00	.00	.00	142.77	(142.77)	+++	237.60
722807.2	Contractual-Architect/Engineer Plan Development	.00	.00	.00	.00	.00	.00	.00	+++	7,828.07
722807.5	Contractual-Architect/Engineer Engineering	.00	1,000.00	1,000.00	.00	.00	.00	1,000.00	0	.00
722808.8	Contr-Bldgs&Grnds Tree Clearing	.00	.00	.00	.00	.00	.00	.00	+++	12,401.75
722808.MOW	Contr-Bldgs&Grnds Mowing	.00	30,000.00	30,000.00	.00	.00	15,004.13	14,995.87	50	36,157.00
722808.MTCE	Contr-Bldgs&Grnds Maintenance-General Repairs	.00	15,000.00	15,000.00	.00	.00	9,211.48	5,788.52	61	16,745.77
722808.SNOW	Contr-Bldgs&Grnds Snowplowing	.00	50,000.00	50,000.00	.00	.00	23,260.00	26,740.00	47	32,043.75
722809.61	Contractual-Misc Contract-Management Services	.00	32,000.00	32,000.00	2,165.83	.00	17,326.68	14,673.32	54	27,030.00
722809.62	Contractual-Misc Airport Manager-Tulip City Air	.00	5,000.00	5,000.00	.00	.00	1,657.87	3,342.13	33	3,962.56
723850.0	Communications Telephone	.00	300.00	300.00	.00	.00	145.23	154.77	48	274.91

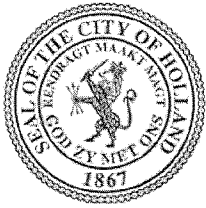


Budget Performance Report

Fiscal Year to Date 02/03/14

Exclude Rollup Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% used/ Rec'd	Prior Year Total
Fund Z01 - WMAA (Airport) General Fund										
EXPENSE										
Department 540 - Airport Operations										
723860.0	Travel, Conf, Seminars General	.00	1,000.00	1,000.00	.00	.00	413.97	586.03	41	705.56
723910.0	Commercial Insurance Premiums General	.00	21,300.00	21,300.00	.00	.00	18,726.00	2,574.00	88	19,421.00
723920.GATE	Public Utilities Fence Gates	.00	500.00	500.00	.00	.00	71.17	428.83	14	365.45
723920.LAND	Public Utilities Landing Lights & System	.00	15,000.00	15,000.00	.00	.00	1,349.72	13,650.28	9	3,444.54
723920.PLOT	Public Utilities Parking Lot Lights	.00	700.00	700.00	.00	.00	260.35	439.65	37	1,189.66
723920.RUNW	Public Utilities Runway Lights	.00	4,500.00	4,500.00	.00	.00	1,639.73	2,860.27	36	4,762.95
723920.THAN	Public Utilities T-Hangars	.00	2,400.00	2,400.00	.00	.00	927.38	1,472.62	39	3,471.65
723955.0	Misc. General	.00	3,000.00	3,000.00	.00	.00	695.36	2,304.64	23	2,309.60
723955.55	Misc. Election Costs	.00	.00	.00	.00	.00	.00	.00	+++	9,529.01
723961.0	Dues & Subscriptions General	.00	.00	.00	.00	.00	70.00	(70.00)	+++	70.00
723963.2	Write-Offs W/O Uncoll Property Taxes	.00	.00	.00	.00	.00	.00	.00	+++	18.76
723964.2	Refunds Property Tax Prior Years	.00	.00	.00	.00	.00	20.36	(20.36)	+++	768.90
730971.0	Land General	.00	925,000.00	925,000.00	.00	.00	.00	925,000.00	0	.00
730974.0	Land Improvements General	.00	.00	.00	.00	.00	18,988.98	(18,988.98)	+++	798,364.94
730975.0	Buildings & Structures General	.00	484,000.00	484,000.00	.00	.00	3,600.00	480,400.00	1	.00
770956.0	Contingency General	.00	10,000.00	10,000.00	.00	.00	.00	10,000.00	0	.00
Department 540 - Airport Operations Totals		\$0.00	\$1,748,600.00	\$1,748,600.00	\$7,218.33	\$1,800.00	\$190,379.05	\$1,556,420.95	11%	\$1,120,425.71
EXPENSE TOTALS		\$0.00	\$1,748,600.00	\$1,748,600.00	\$7,218.33	\$1,800.00	\$190,379.05	\$1,556,420.95	11%	\$1,120,425.71
Fund Z01 - WMAA (Airport) General Fund Totals										
REVENUE TOTALS		.00	1,828,150.00	1,828,150.00	.00	.00	376,649.59	1,451,500.41	21	1,019,571.15
EXPENSE TOTALS		.00	1,748,600.00	1,748,600.00	7,218.33	1,800.00	190,379.05	1,556,420.95	11	1,120,425.71
Fund Z01 - WMAA (Airport) General Fund Totals		\$0.00	\$79,550.00	\$79,550.00	(\$7,218.33)	(\$1,800.00)	\$186,270.54	(\$104,920.54)		(\$100,854.56)
Grand Totals										
REVENUE TOTALS		.00	1,828,150.00	1,828,150.00	.00	.00	376,649.59	1,451,500.41	21	1,019,571.15
EXPENSE TOTALS		.00	1,748,600.00	1,748,600.00	7,218.33	1,800.00	190,379.05	1,556,420.95	11	1,120,425.71
Grand Totals		\$0.00	\$79,550.00	\$79,550.00	(\$7,218.33)	(\$1,800.00)	\$186,270.54	(\$104,920.54)		(\$100,854.56)



Fund Equity Changes Report

Through 02/03/14
Detail Listing
Exclude Rollup Account

Account	Account Description	Beginning Balance	YTD Credits	YTD Debits	Current Balance	Prior Year Fund Equity Adjustment	YTD Revenues	YTD Expenses	Estimate Fund Balance
Fund Category	GOVERNMENTAL								
Fund Type	GENERAL FUND								
Fund	Z01 - WMAA (Airport) General Fund								
341390.E	Fund Balance - Assigned (By Action) For Emergencies	25,000.00	.00	.00	25,000.00				
341390.R	Fund Balance - Assigned (By Action) For Capital Acquisitions	142,421.00	.00	.00	142,421.00				
342390	Fund Balance-Unassigned	697,560.17	.00	.00	697,560.17				
345390.C	Fund Balance Committed (By Resolution) For Capital Projects	.00	.00	.00	.00				
345390.E	Fund Balance Committed (By Resolution) For Emergencies	.00	.00	.00	.00				
Fund	Z01 - WMAA (Airport) General Fund Totals	\$864,981.17	\$0.00	\$0.00	\$864,981.17	(\$100,854.56)	\$376,649.59	\$190,379.05	\$950,397.15
Fund Type	GENERAL FUND Totals	\$864,981.17	\$0.00	\$0.00	\$864,981.17	(\$100,854.56)	\$376,649.59	\$190,379.05	\$950,397.15
Fund Category	GOVERNMENTAL Totals	\$864,981.17	\$0.00	\$0.00	\$864,981.17	(\$100,854.56)	\$376,649.59	\$190,379.05	\$950,397.15
	Grand Totals	\$864,981.17	\$0.00	\$0.00	\$864,981.17	(\$100,854.56)	\$376,649.59	\$190,379.05	\$950,397.15

City of Holland
Payment Batch Register
 Bank Account: CITY AP - PAYABLES ACCOUNT
 Batch Date: 02/05/2014

Type	Date	Number Source	Payee Name	EFT Bank/Account	Transaction Amount
Bank Account: CITY AP - PAYABLES ACCOUNT					
Check	02/06/2014	17527 Accounts Payable	ALLEGAN COUNTY TREASURER		2.70
	Invoice	Date	Description		Amount
		190WMRA	01/31/2014	WMRA-BOR/MTT CHARGEBACKS-JAN 2014	2.70
Check	02/06/2014	17528 Accounts Payable	HOLLAND BOARD OF PUBLIC WORKS		1,462.67
	Invoice	Date	Description		Amount
		2014-00002335	01/31/2014	WMRA UTILITIES MONTHLY BILLING	1,462.67
Check	02/06/2014	17529 Accounts Payable	MDOT		118.50
	Invoice	Date	Description		Amount
		WA 363260	01/15/2014	AIRPORT WEATHER OBS DATA SYS	118.50
Check	02/06/2014	17530 Accounts Payable	MEAD & HUNT INC		500.00
	Invoice	Date	Description		Amount
		013014OSI-I	01/30/2014	MAP MEETING 2013	500.00
CITY AP PAYABLES ACCOUNT Totals:			Transactions: 4		\$2,083.87
Checks:		4	\$2,083.87		

City of Holland
Payment Batch Register
 Bank Account: CITY AP - PAYABLES ACCOUNT
 Batch Date: 01/22/2014

Type	Date	Number Source	Payee Name	EFT Bank/Account	Transaction Amount
Bank Account: CITY AP - PAYABLES ACCOUNT					
Check	01/23/2014	17333 Accounts Payable	CATERING CONCEPTS		137.00
	Invoice	Date	Description		Amount
	1161403	01/16/2014	WMAA MEETING 1/13/14		137.00
Check	01/23/2014	17334 Accounts Payable	CUNNINGHAM DALMAN P.C.		203.00
	Invoice	Date	Description		Amount
	205729	01/23/2014	MDOT GRANTS (2) RE LAND ACQUISTIONS		203.00
Check	01/23/2014	17335 Accounts Payable	GROUP TOUR MEDIA		300.00
	Invoice	Date	Description		Amount
	2014-00002256	01/23/2014	2014 TULIP TIME FESTIVAL ADVERTISING-SPRING GUIDE		300.00
Check	01/23/2014	17336 Accounts Payable	MICHIGAN ASSOCIATION OF AIRPORT EXECUTIVES		300.00
	Invoice	Date	Description		Amount
	2014-00002257	01/23/2014	2014 MAAE CONFERENCE-ROBINSON/HOOGLAND		300.00
CITY AP PAYABLES ACCOUNT Totals:			Transactions: 4		\$940.00
Checks:	4		\$940.00		

City of Holland
Payment Batch Register
 Bank Account: CITY AP - PAYABLES ACCOUNT
 Batch Date: 01/15/2014

Type	Date	Number Source	Payee Name	EFT Bank/Account	Transaction Amount
Bank Account: CITY AP - PAYABLES ACCOUNT					
Check	01/16/2014	17194 Accounts Payable	DOORNBOS , CHARLES EVERT		729.26
	Invoice	Date	Description		Amount
		20131210	12/10/2013	Expenses for WMRA Jet Float in Parade of Lights	729.26
Check	01/16/2014	17195 Accounts Payable	GRAPHIX SIGNS & EMBROIDERY		21.00
	Invoice	Date	Description		Amount
		54857	12/31/2013	WMRA HATS W/ LOGO-PROMO	21.00
Check	01/16/2014	17196 Accounts Payable	HOLLAND BOARD OF PUBLIC WORKS		141.05
	Invoice	Date	Description		Amount
		2014-00002231	12/31/2013	WMRA MONTHLY BILLING	141.05
Check	01/16/2014	17197 Accounts Payable	HOLLAND CITY TREASURER		25.00
	Invoice	Date	Description		Amount
		2104-00000008	12/31/2013	AIRPORT VIDEO'S DVD 5	25.00
Check	01/16/2014	17198 Accounts Payable	KAREN SCHOLTEN		275.99
	Invoice	Date	Description		Amount
		2014-00002232	12/31/2013	REIMBURSE FOR WMRA EXPENSES-FACEBOOKS AND OTHER PROMO	275.99
Check	01/16/2014	17199 Accounts Payable	TULIP CITY AIR SERVICE INC		21,662.64
	Invoice	Date	Description		Amount
		187921	12/31/2013	WMRA DEC 2013 MONTHLY BILLING	21,662.64
CITY AP PAYABLES ACCOUNT Totals:			Transactions: 6		\$22,854.94
Checks:		6	\$22,854.94		

News and Video > All News > **FBOs in a bind: No more freebies?**

FBOs in a bind: No more freebies?

January 30, 2014 By Jim Moore



The days of FBO fuel discounts, freebies, and complimentary services being commonplace may be drawing to a close. The industry is treading carefully, however, despite being pressured by increasing costs and flat or declining revenue.

The cost of fuel—particularly avgas—can spark a passionate response from pilots like few other topics in aviation. It has been cited by many pilots as the reason they quit flying, or are giving it a lot of thought. Redbird Skyport in San Marcos, Texas, was nearly overrun after offering avgas at \$1 a gallon as an experiment last year, and cut the experiment short after pumping nearly two years' worth of sales, in terms of gallons, in just two weeks. Even a much more modest deal on avgas can draw pilots from far and wide, so it may seem counterintuitive when John Enticknap and Ron Jackson, founders of Aviation Business Strategies Group, suggest that maximizing revenue may be the key to FBO survival in these lean times.

Specifically, they urged attendees of the recent National Business Aviation Association Schedule and Dispatchers Conference in New Orleans, to consider borrowing a page from the automotive industry playbook: two-tiered pricing, similar to self-serve and full-serve, where those who want their gas pumped and their windshield washed pay a little more per gallon. In the FBO context, the free newspapers, ice machine, coffee, wireless Internet, or weather briefing station might be reserved for those willing to pay a little more for fuel, or pay a fee. Some FBOs already charge such fees—often called a “facilities fee”—to cover expenses, a practice that has increased in popularity in recent years.

Enticknap, an industry veteran and past president of Mercury Air Centers, said that many pilots, and even some FBO owners and operators, don't realize there's a cost associated with every aircraft that parks on the ramp. Insurance can top \$1,000 a day for a medium-sized operation; staff to greet visitors, pump fuel, clean bathrooms; utilities and rent; subscriptions to digital weather services, newspapers, and even the coffee all cost money.

Amid climbing costs, revenue has remained stagnant, and something has to give, said Enticknap, who, with Jackson, has led an FBO business strategy seminar offered through the National Air Transportation Association since 2008.

“What we're saying is, all airplanes that come into a facility need to contribute to your revenue in one form or another,” Enticknap said.

It is perhaps unlikely pilots will see a coin slot on the bathroom door any time soon, but one never knows. “It's not quite down to that, but you see, for instance, that there's a lounge fee” in some overseas locations, Jackson said, noting that overseas FBOs in many cases are not involved in the fuel transaction at all, but instead rely on usage fees for revenue. “By and large, most of the FBOs are going to find it harder and harder to give stuff away.”



‘Nobody wants to be first’

Discounting fuel is a time-honored tradition in the industry, Enticknap and Jackson said, and FBOs have long been motivated to discount fuel—particularly Jet-A, which is sold in much higher volume and at a higher margin, though avgas is often sold at a discount as well.

Ron Jackson, left, and John Enticknap.
Photo courtesy of ABSG.

When it comes to high-volume customers, particularly those who buy Jet-A, FBOs rarely sell at retail. "The reality is that they're selling almost nothing at their posted price," Enticknap said. "I did

the same thing when I was at Mercury."

Even low-volume customers—the Cessna 172 pilot who drops in for 20 gallons, for example—can expect a discount of some degree (if they ask for one), even if none is advertised. Enticknap said it's not uncommon for an AOPA membership card to elicit a better deal, even in the absence of an advertised or official program.

"You can always ask," said Enticknap, who flies a Beechcraft Baron 58. "I ask for discounts, too."

Those discounts eat into a steadily shrinking margin. In years past, a margin of about \$2 per gallon was typical on Jet A, and Enticknap and Jackson noted in their conference presentation that the current average has fallen below \$1.60 per gallon, and for some, south of \$1 per gallon. Avgas margins are tighter still, in large part because the avgas market represents a small fraction of the overall fuels market. Despite shrinking margins, FBO owners and operators have remained motivated to negotiate, particularly with high-volume customers, and even lower-volume customers who offer to purchase more fuel in exchange for a lower price. The growing popularity of fuel contracts in which customers are given a discount for buying in bulk also eats into the FBOs margin, and significantly reduces how much fuel is sold at the posted retail price.

"FBOs have told me they're lucky if they sell 20 percent of their fuel at that (posted) price," Enticknap said.

Enticknap and Jackson said they counsel FBO operators to start with the basics, and calculate with care exactly what it costs them to pump a gallon of fuel. That figure should account for overhead, including the cost of maintaining and insuring courtesy cars, and the fees many airports charge, known as flowage fees, for each gallon pumped on the field. Flowage fees can range from a nickel to 25 cents on each gallon, or even more, and cash-strapped airport operators have been motivated in recent years to increase their cut.

Many clients and seminar attendees find a revelation when they do this math, Enticknap said. Attendees have reported back to these consultants that careful analysis has led them to adjust their business model and actually generate more profit on less volume.

At the same time, the incentive to discount from the posted price remains, to a degree. One effective strategy pilots can employ is offering to take a full tank at a discounted price, rather than a partial fill at the posted price. From the FBOs perspective, it costs the same amount to pump 50 gallons as it costs to pump 5, with respect to payroll, insurance, and other overhead (excluding the fuel cost and flowage fees). A larger order can thus be more profitable, even when the price per gallon is a little lower.

"You do a little upsell," Enticknap said. "That's the way they've got to think about it."

Still, the trends of rising costs and flat or declining volume complicate the equation, and very few FBOs can afford to give away what they have traditionally offered. Particularly in more competitive markets, dense with airports that can set themselves apart with a few cents off the posted retail price of another nearby airport, the pressure to compete collides full force with the pressure to maintain revenue.

"Nobody wants to be first" to raise prices, Jackson said. "We think this two-tier system is a good way to go."

'The business is shrinking'

ABSG surveyed more than 500 FBOs of various sizes, and 44 percent reported a decrease in total fuel volume in 2013 compared to 2012. Another 13 percent reported flat sales, while 22 percent reported an increase of 5 percent or more. Respondents generally expect the same trends to continue in 2014: More than half expect fuel sales to remain flat, or decline.

The market trends are not particularly new, but there are signs they may take an increasing toll—particularly on independent operators, locally owned FBOs at smaller airports. In 2008, there were more than 3,200 FBOs operating at airports with at least 3,000 feet of hard surface runway. That number has now dropped below 3,000, partly through consolidation.

"Yes, the business is shrinking," Jackson said.

The seminar Enticknap and Jackson have offered through NATA since 2008 is primarily geared toward the independent operator, rather than the larger chains that generally keep careful track of costs and expenses, profits and losses.

They suggest operators should be a lot more careful about what they give away. If a single-engine piston pilot parks, disembarks, logs on to the wifi, borrows the crew car, grabs a cup

of coffee, and departs without taking any fuel, the cost of those services must be picked up by other customers if the FBO is to stay in business over the long haul.

The end of steaks and wine?

The give-away is not necessarily an endangered species, particularly at larger FBOs that cater to high-volume customers (larger aircraft with large fuel tanks). An informal 2011 survey by AOPA Pilot found a diverse array of enticements offered across the country, from juicy steaks and bottles of wine to T-shirts and hats. Given the fact that fuel sales remain the main revenue generators for nearly all FBOs, and it remains a competitive market, Enticknap does not expect the practice to disappear entirely, though it will likely be curtailed as more and more FBO operators sharpen their pencils and calculate the costs.

The major chains were a bit tight-lipped on the subject. Of three major providers contacted for comment on this story, only Signature Flight Support responded immediately—via email.

“Signature has customized programs for handling and fuel for all types of aviators from Avgas single engine to JetA-powered business jet aircraft,” wrote Signature Vice President of Marketing Patrick Sniffen. “For Signature, we are focused on providing highly personalized, world class service to all of our customers, large or small, and provide a value-added experience with competitive fuel prices in every market we serve.”

Sniffen declined to discuss fuel pricing more specifically, or comment on whether the two-tier pricing system that Enticknap and Jackson propose will be employed.

“Sorry I cannot give you more details as it is commercially sensitive for us,” Sniffen wrote.

As of press time, Atlantic Aviation and Landmark Aviation had yet to respond to questions on the topic.

Jackson said ABSG advises clients to compete without sacrificing too much revenue.

“We also tell FBOs to not compete on price, but to compete on things like customer service which differentiates you,” Jackson said.

Enticknap said that while cost-conscious aviators may still do well to push for a better fuel price, pilots may also want to consider the symbiotic relationship that exists between FBOs and aircraft operators—each relies on the other. Pilots who think nothing of using the crew

car and other services while skipping the fuel order may want to think about the long-term implications.

"You can't do that, because if everybody did that there would be no FBO," Enticknap said.

Topics Aircraft Power and Fuel, Avgas, Aviation Industry, Financial



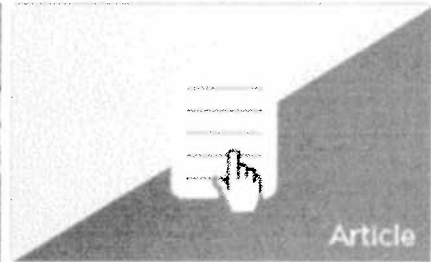
Untapped potential

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TBM 850 turboprop deliveries up in 2013

Daher-Socata delivered 40 new TBM 850 single-engine turboprops in 2013, a 5-percent increase over 2012 and a gain of market share.



Waypoints: Toward an unleaded fuel

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5 Comments