



The Beacon

The newsletter of Chapter 54
Lake Elmo, Minn.

MARCH 2004

MY ARIZONA ADVENTURE

By: BETTIE SEITZER

MARCH 2004

THIS MONTH'S PROGRAM

MONDAY MAR 8TH, 2003

- SOCIAL HOUR AT 7 P.M.
- MEETING AT 7:30 P.M.
CHAPTER HOUSE,
ENTRANCE B, LAKE
ELMO AIRPORT

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What a winter! I am so glad that Dale and I planned to spend a week with his parents in Mesa, what a great winter to get away.

Dale had done some research and found a soaring school near Mesa and we both agreed that getting in some glider time would be not only a lot of fun, but good flight training as well. Unfortunately at this time of year there are no thermals so the glider is towed up to 3,000 – 4,000 feet and released for a glide down to the airport. The "ride" down lasts about 15 – 20 minutes. All for a cost of \$95 or \$120, depending on how high you want to be towed. Glider training in Stanton sounded like a much better deal so we looked for another way to scratch that flying itch.

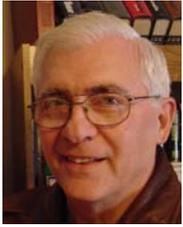
I had heard about Chandler Aviation and I knew that I would be able to get aerobatic time (if they had an opening in their schedule). When I called, they told me that there was an opening on Thursday. My schedule was quite flexible (that's why they call it vacation), so I made a reservation for aerobatic time in a Great Lakes! I immediately sat down and wrote some postcards to friends that I knew would be green with envy.

When we arrived at the FBO I had a chance to look over the planes waiting on the ramp. Great Lakes and Pitts planes are so beautiful, I always think of barnstormers and wish that I had been flying then. I reviewed aerobatic maneuvers in my head and wondered what the instructor might have in mind for our first flight together. I have flown aerobatics with an instructor twice before. This would be quite a different plane and so while I was sure that I could execute an aileron roll, I was also sure that I would need the instructor's guidance for loops and spins. I also dared to hope that we might get to do other maneuvers.

The instructor handed me a parachute and headset. He completed the preflight while I strapped on the chute. He reviewed emergency procedures with me including deployment of the parachute and a reminder to land with my feet together and then roll to one side. He demonstrated how to enter the plane and in I went. I was in the front seat and sitting at the perfect height to see over the control panel and still be protected by the windscreen.

He took the taxi (I have not earned my tail dragger endorsement). Chandler field is not particularly busy so we got clearance to take off right away. The Great Lakes didn't need much runway; it

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PRESIDENT'S COLUMN
BY PAUL HOVE

Spring appears to be on its way with its cloudy and rainy appearance. Soon the snow-birds will be winging north to Lake Elmo and better flying days will prevail. We have been sprucing up the house as we plan for the various events this summer. Dave Fiebiger and Dick Stright have removed the door in the entry way and constructed a table high enough to store our extra chairs under it.

EAA headquarters is encouraging our membership to contact their congressional representatives to express concern about a proposed amendment to the Homeland Security Act of 2002 (HR 3798) that would place additional restrictions on general aviation. Besides adding many restrictions on commercial operations, the amendment offered by several New York Democratic Representatives would create No-Fly Zones for General Aviation around nuclear and chemical facilities as identified by the EPA. It also requires operators of all of GA airports to provide vulnerability assessments and their plans for addressing the vulnerabilities identified by the assessments within one year. The EAA position on this bill is that the FAA and Transportation Security Administration have assessed the security risks general aviation poses and are taking the appropriate actions.

Since we are on the topic of legislative activity, there is a bill before the Wisconsin State Assembly (Bill 675) that seeks to remove the requirement that gas stations label their pumps with the percentage of ethanol unless they are dispensing it at an airport for use as aviation fuel. EAA again opposes this language since clear labeling of ethanol in automotive gasoline is a flight safety concern.

The Metropolitan Airport Commission is in the process of looking at the costs associated with the reliever airport system and has hired a company to assess the current situation and make recommendations to the Com-

mission. The report basically pointed out what we already knew that there is not sufficient revenue generated by the businesses and storage fees to cover the operational costs of Lake Elmo Airport. While I do not agree with their premise that the reliever airports must be self sufficient, it was interesting to see what it would require to get there. I am afraid the news is not good. To cover all costs, including capital expenditures, it would work out to \$.98 a square foot. That means that a 50' x 50' hanger would be about \$2500 a year or more than \$200 a month. This scenario does not include any attempts at revenue enhancing projects or cost cutting and depends on storage fees and commercial rent to cover all of the costs. The report also weighs in with reversionary clauses as an answer to meeting increased revenue for the Airport Commission. Our AOPA local Representative and Chapter 54 member Robert Zarracina has a copy of the report and has talked to MAC about it. He is asking our help in identifying revenue enhancers for the airport and would appreciate any input you have. Robert can be reached at razarr@comcast.net.

The Chapter will be hosting another Private Pilot Ground School class from 6:30p–9:00p on Monday and Thursday evenings from March 1st to May 11th. We have 24 students registered to take class. The Ground School Class Schedule is posted on our web site <http://www.eaa54.org/GrndSchl.html>. Members are invited to attend and brush up on basics.



OSH SKI PLANE FLY-IN
BY BILL SCHANKS

On Friday evening, Jan 21st, I received a phone call from Mark Holliday asking me if I'd like to ride along on a flight to OSH. for the ski plane fly in/chili feed. Well of course, in spite of a bad cold, I said yes.

The plan was for me to meet him at the approach end of runway 22 in the snow for a 9:30 AM departure. He was up till 10:30 Fri. night installing and rigging the skis. He also had to install wheel dollies for taxiing on the hard surfaces.

He pulled the airplane out at 9:00 AM Sat. and taxied to Valter's to put on some fuel. After fueling he taxied to the approach end of runway 22 out into the snow and removed the wheels and stowed them in the airplane. I parked my truck at Valter's old hangar and walked out to the airplane for boarding.

The airplane is a Piper PA 20 pacer. Mark recently took it in on a trade for his Cessna 190 from a guy near Cleveland, Ohio. Mark delivered the Cessna and picked up the Piper and flew it back to Lake Elmo by way of Tennessee. The trip back from Ohio and Tennessee took a little less than 12 hours. The Pacer has a 125 HP engine and a full panel. It had been recently restored in Jim Younkin's shop and is a pretty airplane. Since Mark has had it, he installed an electric Artificial Horizon and replaced the transponder. He has done some additional tweaking and continues to add his own little touches.

We boarded the airplane and he started it up, checked the controls, did a run-up, a Mag and carb-heat check, set the GPS and taxied into position on the snow alongside runway 22. He checked for traffic and added full power. We started down the runway, picked up some speed and lifted off about 1/2 of the way down the runway. Climb out was pretty good and we did the turn to pick up a heading for Osh. We continued the climb to 7500' MSL to take advantage of the wind direction and leveled off.

Now I've said before that I have been mighty slow to accept the technology of GPS. I always used to regard it as just another video game. Well, I'm here to tell you that I no longer feel that way. That gadget is here to stay, I hope. I'm just starting to appreciate it and I hope they don't change it for a while.

After we leveled off I started to look around and enjoy the flight. The weather was perfect, albeit a little cold. When we left Lake Elmo, the outside air temperature on the ground was -8 F. Dennis Hoffman had mentioned the day before that he was considering going with his L-4 on skis. However, when I checked with him on Sat. morning he thought it was a little too cold for cub flying. I don't blame him; it was almost too cold for Pacer flying. There was some heat, but it felt good leaving the gloves on. The frost came off the windshield, but you could still see your breath. The visibility was unlimited and very clear.

I picked up sight of Lake Winnebago and by the time I thought

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Chapter member meet on the second Monday of every month at the Chapter House, Entrance B at Lake Elmo Airport (21D). The House is at the base of the airport beacon. The newsletter is printed on the first Monday of every month. Parts of the newsletter may be reprinted with appropriate credit.

21D RCO 118.625
 21D Unicom: 122.8
 TPA: 1932'
 Runways: 4-22 (2497' x 75')
 14-32 (2850' x 75')



My Arizona Adventure (Continued from page 1)

was delightful to be airborne so easily. We headed off to the aerobatic box that I had seen on the chart posted in the FBO, after clearing the airport's airspace we climbed to 3500 feet. It took about 6 minutes to get there, the Great Lakes cruises at about 85 mph.

We warmed up with a couple of high-G clearing turns; it seemed that the plane turned on a dime. I love looking down the wing in a 60-degree bank – what a view. At this point he announced that we would do a loop just to make sure I knew what I was getting myself in for. It was fantastic. The plane went easily up over the top and then that death-defying feeling as you see a windscreen full of ground rushing at you. Any plane builds speed rapidly in that attitude, but pulling it back to level wasn't too hard. He asked how I was feeling – have you ever noticed that it is a little harder to speak when you are grinning ear to ear? We gave up a little speed for altitude and got back to 3400'. Next up – aileron roll. Nose down to acquire the entry speed of 120, nose up to the 30 degree angle, stabilize, full left stick, and over she goes. Nice roll rate; slow enough to appreciate the roll, fast enough to maintain sufficient altitude. I think it was at this point that the instructor was convinced that I was up for whatever the plane could handle. I have

never done a hammerhead so we agreed that would be our next maneuver. Nose down to acquire the entry airspeed, eyes left for reference to the horizon, pull back on the stick and straight up we go! Just before the stall we “turned” left and headed straight back toward the welcoming arms of mother earth. Once again that thrill of rapid acceleration and increasing Gs as well pulled out to level flight. We also executed spins, an Immelman, a reverse Immelman, a couple of variations on a Split S, snap rolls, and an “Avalanche”. I absolutely love flying these maneuvers – there is nothing like the power of flying an aerobatic plane through maneuvers that it is well suited to perform.

Chandler Aviation offers aerobatic training and while it is not cheap – it is worth every penny! They also offer tail dragger training especially for Pitts operations. I saw a presentation at Oshkosh given by Chandler Aviation two years ago, and wondered what it would be like to fly such a beautiful classic of aviation. I will definitely go back for more! In fact, next time we head to Arizona, I will call ahead to reserve a couple of timeslots – I would like to master that snap roll and avalanche.

You know that you are in for some fun when one of the preflight items is strapping on a parachute!

to check the GPS for distance it read 54 Nautical miles. What a day!!! Ground speed on the GPS read 134 knots. We started the let down a little west of Lake Poygan and got down to 500' AGL at about the microwave tower west of Osh. We spotted some other ski plane traffic inbound and circled the microwave tower to give us greater separation. We continued inbound for Pioneer airport, entered the pattern at the required pattern altitude of 500' AGL and made a nice smooth landing in the snow. Swooooooooosssssh. We are talking about Mark Holliday here. The trip took an hour and 48 minutes.

We were greeted by parking directors, a group of volunteers that come down from Anoka County airport specifically to guide ski planes to their parking spots. This group of guys does this every year for the ski plane fly in. We got out of the airplane and looked around at the other planes and checked them out.

There were about a dozen or so there at Pioneer and I don't know how many more came in on wheels over at Wittman. There was a group that came in from northern Illinois on wheels do to a lack of snow in Illinois. There were some other planes that came from Indiana and landed over at Wittman. All together there were reservations for 35 planes, I don't know how many actually showed up.

After checking out some of the airplanes we went inside the hangar to see about some chili. We arrived just in time to sing happy birthday to Audrey Poberezny, who on that very day claimed she had just turned 39. We got in the line to get a bowl of chili and some of the birthday cake and sat down to lunch. H. G. Frautschy spotted Mark and joined us for a chat. He asked which airplane did Mark come in and the yellow Pacer was pointed out to him. He took a look at it through the window and asked if it had been "Younkinized". Later I asked Mark how would H. G. know just from looking at it from a distance that it was restored in a Jim Younkin shop. I was told that Jim Younkin uses a paint scheme unique to his shop so his handiwork is easily identified.

We hung around and chatted with some

of the locals for a while and received some compliments on the recent spurt of growth in Chapter 54 as well as the professional quality of the chapter newsletter. Seems some of the Chapter Administrators look forward to reading our newsletter each month. We went back outside to check out the airplanes again and chat a little with the guys from the Anoka chapter. Mark then went back in to receive a departure briefing from Janet Davidson and call Bassler's for some fuel. After a while the fuel truck from Bassler's came over to Pioneer and gassed us up. Mark checked out the airplane and got it ready, we climbed in, started up and taxied down to the end of the runway, set the GPS, checked the mags and carb heat, turned around and added take off power.

The runway at Pioneer isn't as long as the runway at Lake Elmo so Mark had to use a little technique to get the skis to come up out of the snow to lift off before we ran out of runway. I was beginning to think I shouldn't have eaten those last three crackers. We used up a lot of runway but were able to get out of there. Right after lift off we were able to climb a little and make a left turn to avoid crossing the extended centerline of Runway 27 from Wittman field as per departure briefing. Also, as per departure briefing, we took up a heading to avoid crossing that centerline and only climbed to and stayed at below 500' AGL until we cleared the class D airspace which was about where the Microwave Tower west of the airport is. After clearing class D airspace we turned before getting to Munsel Williams' private strip to take up a heading direct to Lake Elmo and climbed another 500' to take advantage of an easterly wind and after an hour and 50 minutes or so, we touched down in the snow alongside runway 04 at Lake Elmo. Another swooooooooossssh. Ground speed readout on the GPS started out at 115 knots and continued to increase the closer we got to Minnesota. By the time we passed Eau Claire it was reading 125 kts.

It was a very nice way to spend a Saturday. The flying weather was perfect, the chili was tasty, the company was great, the visit very pleasant and a nice ride in a nice airplane.

EVENTS UPDATE

BY: LEIF ERICKSON

Here is a brief update on two upcoming Chapter 54 events.

The May chapter meeting will be replaced by our annual banquet. This year's event will be held at Mancini's Char House on West 7th St in St. Paul. Plan now to make your reservations for yourself, your spouse, and friends. A sign-up sheet will be available at both the March and April monthly meetings. Menu items will be your choice of steak or chicken. Watch the April newsletter for more details.

Our other major event is the annual fly-in pancake breakfast. The date for this year's event is Sunday, August 15. Plan now to keep that date open so you can volunteer to help. This event is

our major fundraiser for the year. To make it a success we will need many volunteers. The big change for this year will be the relocation to Valters Aviation's new facility. This change will give us much better visibility and accessibility. It will also present several new challenges and opportunities. But, one of our biggest assets for another successful event is the cooperation of Valters Aviation. When you talk to Gatis, please remind him that we appreciate his contributions to our event's success. Finally, this year's event will not be a success unless we get every chapter member to volunteer for a job. When asked, please heed the call and say yes. We have many opportunities to contribute, from parking cars, to mixing pancakes, to cleaning up. For more information, to offer any suggestions, or to volunteer contact Tim Reberg at 651-730-8574 or Leif Erickson at 651-439-5040

EAA CHAPTER 54

FEBRUARY MEETING MINUTES

BY: BETTIE SEITZER

The meeting was called to order at 7:30 by secretary Bettie Seitzer. The treasurer's report was approved as published in the newsletter, the minutes of December's meeting were approved as published in the newsletter. There was no other old business.

An announcement was made reminding hangar owners to be careful about airport security; there have been several break-ins recently. Reports were requested from committee chairs.

Art Edlund - Education: 2004 ground school will begin March 1st. A schedule was published in the [February] newsletter. Members are welcome to attend individual sessions as refreshers. Members are invited to suggest topics for seminars to be offered throughout the year at the Chapter 54 clubhouse. Art also offered information on the free newsletter "Call Back" published by NASA. A free subscription can be requested by writing to The Office of the NASA Aviation Safety Reporting System, P.O. Box

189, Moffette Field, CA, 94035-0189 or ASRS.arc.NASA.gov. Art recommended that every pilot carry a reporting form in their plane. If involved in an incident, an immediate (and confidential) report should be filed. This can help to protect the pilot from FAA enforcement action. Complete details are available at the website.

Al Kupferschmidt – Young Eagles: The young eagles program will continue. Al has applications from prospective young eagles – interested pilots can contact him to participate in the program. There are 8 boy scouts interested in flying in July.

Al Kupferschmidt and Dave Fiebiger provided a summary of the Lake Elmo Airport Public Information Meeting held at Oakland High School. A recently completed study included summaries of costs and incomes for all airports in the MAC system. Dave and Al have complete copies of the report, contact them if you would like to read it. There was a discussion of some of the possible changes that might be proposed including, a lease rate increase, a reversion clause, closing

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one or more MAC airports and the potential for finding other funding streams. All interested parties are encouraged to become informed and to participate in public meetings. The importance of using facts to support our recommendations was stressed.

Newsletter: Art Edlund reminded us that Ian will be publishing the newsletter. Please send him articles and photos, stories about building projects or flying activities are always well received.

Leif Erickson – Events: The spring banquet will be held on May 10th at Mancini's. A speaker is being sought for the event. The pancake break-

fast will be held on Sunday August 15th. Valters Aviation has generously offered the use of their new facility. Committee chairs are being recruited, volunteers are essential to the success of the event.

Marlon Gunderson – Website: the website is up to date. Please notify Marlon if there are any changes to your personal information.

There are still a few calendars for sale at a slightly reduced price.

The meeting was adjourned.

The speaker was Robert Zaracina – he is the AOPA ASN for the Lake Elmo Airport.

PHILLIPS 66 AVIATION HELPS EAA FLY ONE MILLION YOUNG EAGLES

EXCERPT FROM EAA'S NEWSLETTER
JAN 16, 2004.

With its \$1-per-gallon rebates on Phillips 66 Aviation 100LL avgas, ConocoPhillips played a key role in EAA's achieving 1 million Young Eagles this past November, and says it will continue the program or the foreseeable future. "This program fits so well with ConocoPhillips leadership role in general aviation that we just wanted to continue to support young people gaining their first experience of flight," said Steven G. McCullough, ConocoPhillips General Aviation manager. "The EAA Young Eagles program introduces young people to the world of aviation at the same time it makes entire families aware of how important aviation is to their communities, their country and their world. This program is too important to discontinue." Since Phillips 66 Aviation officially joined the EAA program in 1994, about 3,500 pilots who used Phillips avgas flew an average of about 100 Young Eagles each, or 350,000 kids ages 8-17. For more information on the program, visit the ConocoPhillips website.

How to Participate in the Avgas Rebate Offer

To qualify for the Phillips 66 Aviation \$1-per-gallon rebate on avgas, pilots must meet the following criteria:

- Be a licensed pilot and member of EAA or an EAA-authorized aviation organization.
- The Young Eagles flight can take place at any time.
- Avgas must be purchased at a Phillips 66 FBO.
- It must be purchased on a Phillips 66 credit card.
- The rebate applies to Phillips 66 avgas only. It does not include jet fuel, auto fuel or other fuel brands.

A receipt complete with gallons and credit card number must be mailed to Phillips 66 with a signed statement confirming the avgas was purchased for a Young Eagles Program flight.

Send rebate requests to:
Young Eagles Rebate Offer,
Phillips 66 Company,
7B11 Adams Building,
Bartlesville, OK 74004

MAC RELIEVER UPDATE

BY: JAMES ANDERSON

Today I met with Robert Zarracina, whom some of you have met at EAA meetings and otherwise. He is involved in an AOPA program regarding smaller airports, and wanted to discuss the new, January 2004 MAC consultant report apparently recommending some costs that you owners and pilots might find very disconcerting.

One item is the possibility of ground rent increase from 13.3 cents per sq. ft. to 98.3 cents by 2007. The cost for a 50 by 50 ft hangar would increase from \$232 per year to about \$2500, or over \$200 per month. On top of personal property taxes and alley charges, this could be a back breaker for a lot of pilots.

The other worrisome item is mention of the reversionary clause again, where MAC would own all the hangars at the end of the lease.

In my discussion with Robert, I mentioned several things to Robert:

1. I do not think many, if any, of the Lake Elmo users are interested in helping to do research and organize to protect each others' interests. Most would prefer to have someone else attend meetings and spend time on MAC problems. Dave and Al excepted as far as meetings at RAAC go.

2. The report does nothing to determine how costs might be cut to reduce revenue re-

quirements. The MAC 21D budget and costs are difficult to get in detail. The cost of underground pollution has been include to the tune of several hundred thousand dollars in the past. The cost of labor has been reduced by one fulltime equivalent and rules changed to reduce overtime pay, as far as I know, but further reductions might be reasonable. There is also a charge in excess of \$100,000 for "supervision" allocated to 21D, as far as I can determine. There is also a charge for "depreciation" which is substantial, but never explained.

Robert summarized the report for me, and pointed out key pages, three of which [are on Page 9]. Be sure to read it in detail - it is not very long.

I am no longer flying, and with my forthcoming 75th birthday, do not have the energy to get out and work toward long range solutions. However, I would suggest that some of you younger and mid-life pilots contact Robert with your constructive ideas and offer energy and support.

Robert can be reached at :

Robert Zarracina
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TREASURE'S REPORT

BY PAUL LINNEROOTH

February's Financial Summary

Cash on hand	\$ 40.00
Checking Acct.	\$ 6,142.26
Investments	\$ 4,000.00
Total	\$ 10,182.46

Income in January consisted of \$175.00 in individual dues and \$10.00 in donations for a total of \$185.00.

Expenses for the same period were \$244.57 and consisted of \$175.59 for utilities and \$68.98 for newsletter publication.

COMPASS CARD

BY: JOHN RENWICK

I swung my compass last weekend and wanted to make a nice-looking, easy-to-read compass correction card. So, I put together an Excel spreadsheet that prints one exactly the right size for the little compass card holder that Airpath supplies with their compasses.

It's on our web site at www.eaa54.org/Ccard.xls if you want to use it. You can enter your own N number and correction information and print a nice card. You can also customize it if what it makes doesn't fit your situation. Instructions are on the sheet.

Alternate Land Rate Structures

In addition to the foregoing, ABS has analyzed the existing operating deficit of the reliever system under several different scenarios. This analysis is designed to gain a better understanding of the reliever airports' ability to operate independent of MSP on a financial basis, should MAC decide to modify its existing financial management philosophy relative to the reliever airports. These scenarios include 1) covering only operating costs, 2) covering operating costs and depreciation, and 3) covering operating costs, depreciation, and capital costs. As such, we have developed adjusted, average land rates for both storage and commercial tenants under each of these scenarios.

The six reliever airports reflect a total of 8,849,612 square feet of land leased as either storage or commercial properties. In order to cover the 2002 operating deficit, excluding depreciation and capital costs, each storage tenant (about 74% of all leased land) would have to pay an additional +/- \$0.12 per square foot, while commercial tenants' rents

would have to increase by about \$0.03 per square foot. If depreciation were incorporated with the operating deficit, the rate would have to increase more than \$0.82 per square foot for storage tenants and \$0.20 per square foot for commercial tenants. If projected capital expenditures through 2007 are included with both the operating deficit and depreciation, the increase to storage tenants would need to be about \$1.39 per square foot, while commercial tenants would warrant a \$0.34 per square foot increase.

The current storage rent at the reliever airports averages \$0.179 per square foot. As such, in order to cover all of the aforementioned expenses, storage tenant rents would need to increase to approximately \$1.21 per square foot. Using a 2,500 square foot average leasehold area for a storage tenant, the average overall rent would increase to approximately \$3,025 per year, or an increase of more than \$250.00 per month per tenant. The current commercial rent at the relievers averages \$0.11 per square foot, which would need to increase to an average rate of \$0.34 per square foot, tripling the existing average rate. These increases would yield ground rental rates well above the regional average, even after consideration of the economic impact of the absence of reversionary clauses. The following is a summary of the conclusions for each airport.

Cost Recovery Analysis – Ground Rents Only

<u>Airport</u>	<u>Current Land Rates</u>		<u>M&O Less Depreciation</u>		<u>2002 M&O With Depreciation</u>		<u>2007 M&O With Depreciation And Proposed Capital Costs</u>	
	Storage	Commercial	Storage	Commercial	Storage	Commercial	Storage	Commercial
STP	\$0.30	\$0.16	\$0.30	\$0.16	\$0.42	\$0.52	\$1.19	\$1.16
FCM	\$0.18	\$0.167	\$0.18	\$0.167	\$0.22	\$0.207	\$0.660	\$0.507
ANE	\$0.175	\$0.10	\$0.37	\$0.29	\$0.835	\$0.75	\$1.13	\$1.24
MIC	\$0.167	\$0.10	\$0.397	\$0.44	\$0.53	\$0.69	\$0.61	\$0.76
21D	\$0.133	\$0.078	\$0.69	\$0.70	\$0.863	\$0.808	\$0.983	\$0.928
LVN	\$0.167	\$0.08	\$0.26	\$0.26	\$0.717	\$0.64	\$0.767	\$0.78

It should be noted that the aforementioned calculations assume that all increases necessary to cover expenses are incorporated into the ground rents only, without adjustments to fuel flowage fees, commercial percentages, or other revenue mechanisms. In addition, it is assumed that all revenue sources and ex-

pense centers are annually recurring, without adjustment. However, the 2007 cost recovery estimates incorporate scheduled rate increases and estimated 3% annual increases in operating expenses.

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EAA CHAPTER 54
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Reliever Airports Rates and Fees Analysis (Continued from page 9)

Other Lease and Revenue Issues

The MAC airports have had a long-standing policy of allowing individuals to lease land and construct, and perpetually own in fee simple, their own aircraft hangar. Generally, aircraft storage hangars are built by the airport sponsor and then leased to aircraft owners, or built by individuals, but ownership of the improvements revert to the airport sponsor at the termination of the lease. In fact, research indicates that typically when individuals own T-hangars, they are generally built and leased to others as an investment, as opposed to being built for personal use. This long-standing MAC policy of individually financed and owned hangar has likely contributed to the overall development of the reliever airports, and has assisted in the absence of necessary capital for the construction of storage hangars by MAC over the years (without the reliance on subsidies from MSP).

While this policy may work well for the immediate financial needs of an airport, airports have generally determined that current and/or future development and ownership of hangars by the airport sponsor is a better long-term financial decision. The future revenues derived from improvements obtained by airport sponsors through reversionary clauses, provides for the rising airport operation and maintenance costs incurred over the term of a lease, which cannot generally be recovered from ground rents, percentage rents, and fuel flowage fees independently. The concept of building and leasing hangars, or at least providing for the reversion of tenant leasehold improvements at lease termination, is the policy utilized by most airports across the country. Moreover, since reversionary clauses are a primary lease condition at most other airports, the MAC reliever airports are likely at an economic disadvantage, without an upward adjustment to underlying ground rents.