



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of **August 8, 2022**

**Title/Subject**

Motion to proceed with Airport Hangar Reconstruction

**Summary and Background**

The City owns a building at the airport which has capacity to store up to 10 airplanes. This building is referred to as the "Open T Hangar," because it simply has a metal roof, and walls on either end, but other than that, it is completely open and mainly functions as a shade structure. It is estimated that this structure is approximately 60-70 years old, originating being built some time in the 1950s.

Due to changes in aviation over the decades, the Open T-Hangar has largely fallen out of favor among pilots, as they seek more security and protection from the elements for their very expensive planes. Therefore, there has long been a wait-list for our enclosed T-Hangars varying from 5-10 names at any given time for many years; meanwhile there are only ever 2-3 planes utilizing the 10-space Open T-Hangar. This is why, on the 2020 Airport Master Plan, it calls for demolishing the Open T-Hangar and replacing it with an enclosed one if funds ever became available.

When Congress passed the Bipartisan Infrastructure Law (BIL) in 2021, it resulted in the Hermiston municipal airport receiving approximately \$900,000 over the course of five fiscal years. Due to the way Federal fiscal years interact with our fiscal year, by October 1, we will already have \$450,000 available to spend from our BIL allocation.

Typically, FAA grant funding isn't allowed to be used on revenue-generating items such as hangars, fuel pumps, etc. However, the direction was given this Spring that BIL funds through the FAA can be spent in this fashion. City staff began working with our airport consultants to develop a concept to demolish the existing Open T-hangars and replace them with enclosed T-Hangars. The attached sketches show how that will be accomplished.

The basic proposal is to demolish the 10-space Open T, and replace with at least a 10-space Closed T-Hangar, with the intention of constructing an additional 6 – 8 unit Closed T-Hangar as well, depending on available funds. Staff is recommending commencing immediately on the design engineering and subsequent solicitation of bids in the hope of constructing these units in the Summer of 2023. The airport will already have half of the funds necessary next

summer, and it is recommended to borrow the remaining \$450,000 and simply repay those loans with BIL Funds over the subsequent 3 years.

The Airport Advisory Committee reviewed this plan at its July meeting, and recommended proceeding as outlined.

### **Tie-In to Council Goals**

N/A. Fiscal Prudence.

### **Fiscal Information**

It is estimated that this will generate a net marginal increase in Airport Revenue of approximately \$126,000 after the first 10 years, when accounting for existing revenue from the Open-T's as well as the \$90,000 local match required to use the \$900,000 grant. That net marginal increase is projected to grow to \$342,000 after 20 years. These projections assume that the Open-T's would actually have had 5 tenants, which is higher than normal, and it also assumes that the Closed-T's would only have 10 out of the 16-18 spaces filled with tenants. Therefore, I believe these are very conservative projections.

As outlined above, 90% of this project will be paid for by federal funds and 50% of that is already available for us to access. It is expected that the Airport will borrow the other 50% against the remaining committed \$450,000 which will be awarded to the airport in \$150,000 increments every October from 2023 through 2025.

### **Alternatives and Recommendation**

#### Alternatives

1. Proceed as outlined.
2. Proceed with modifications
3. Halt plan and recommend other uses for \$900,000 in Airport BIL funds.

#### Recommended Action/Motion

Motion to accept staff report and direct staff to proceed as outlined.

#### **Submitted By:**

Mark Morgan