

Aeronautics Commission Internal Guidelines Regarding Public Hangar Funding

North Dakota public-use airports are currently able to apply for consideration of state infrastructure grants for public hangar buildings. The GR-3 Policy – “Priority Rating of Airport Projects” currently identifies community hangars (not receiving federal funding) as a very low priority of 12 on scale of 10-57. Community hangar projects that receive federal funding receive a priority level of 52 and have been included in high priority project recommendations on the basis of leveraging federal funds.

The policy also identifies that “sponsor’s that apply for a state grant for a community hangar need to attach a business plan to the grant application for the project to be considered.”

State funding for new construction of community hangars that do not receive federal funding should only be considered during years where available state funding is adequate to consider low priority projects. If state funding is determined to be available for community hangar projects, the following items included within the airport business plan should also be addressed:

- The airport is the sponsor of the hangar; not a private entity or development group
- The Airport needs to answer the question – why is federal funding not being utilized or considered for the project?
- The airport should discuss whether there is any local interest in the private development of a hangar facility for public rental purposes.
- The airport needs to show that local area demand is prevalent to justify the need for additional hangar space. This can be shown by requesting letters of commitments/paid deposits from aircraft owners.
- If Fixed Based Operator(s) operate on the airport and currently offers aircraft storage rental services, the airport would need to provide a letter of support from the business owner to show that support exists for the project and no competitive concerns are prevalent.
- The airport must justify the initial proposed hangar rent by trying to achieve a break-even cost considering a 30-year investment in the initial building construction. If the airport proposes a lower rental structure than the break-even cost, the airport must provide justification for that lower rental structure within the business plan. Justification should include but not be limited to area surveys of comparable hangar facilities.
- The business plan should include reasonable rate considerations for vacancy and occupancy turnover and/or leaving a stall open for transient aircraft. The business plan should also factor in operating expenses including insurance, maintenance, utilities, etc. and reasonable annual increases in revenue and expenditures.
- The airport should be able to provide a minimum of 10% local funding down payment for the project.
- Prior to state funding being considered, the airport needs to research debt obligation options available to them and provide a breakdown of the best option that they have for a 30-year debt obligation to help pay for the costs of construction of the community hangar. The goal is that the airport is able to break-even on monthly revenue minus monthly expense basis within the first year of operation. If the business plan determines that the airport would be unable to cover the initial monthly expenses of the hangar, the airport could request a state grant in an amount that would lower the required loan sufficiently to break even.