

Hangar Status Report

8/29/2010

Introduction:

During the course of the hangar planning process many issues have come up that presented threats to the completion of this project. We have discussed these issues as they came up and made choices that were agreed upon by the members involved in those discussions. Recently it became apparent that those choices have not been adequately documented and communicated with members who were not involved in those discussions. This document and the General Membership meeting scheduled for 8/31/2010 are intended to accomplish that communication. We are still able to alter many of these decisions if a need to do so surfaces. This document and the meeting are also intended to bring the membership up to date with our current issues.

Current Status Section

First Phase of Construction:

We currently have a bid for \$25,000 for the first phase of construction which consists of clearing, adding dirt, grading to precise elevation, compacting, back retaining wall foundation and block construction, East and West side retaining walls. This amount is payable in phases but has to be paid in full within 90 days of completion. We received competing bids from several other contractors which were reviewed by the board at the regular board meeting on August 3, 2010. None of the comparison bids were for this entire phase of the project. The bids were compared to individual portions of the All West Construction bid which showed All West to be lowest bidder in each portion of the work.

Significance of First Phase:

The board is in agreement that engaging in this first phase of construction will provide an important boost to fund raising efforts. Fund raising efforts are currently dormant because it is difficult to generate donations when the project is making no visible progress. We have significant funds on hand that have not yet been put to work.

Current Funds:

We currently have about \$26,000 total in the bank. It would not be prudent to expend all of this money on this first phase of construction because we expect some peripheral expenses in addition to the construction. It is possible that fund raising efforts will produce results quick enough to accommodate this expense but we can not be certain of that and need a backup plan.

Loan Alternatives:

Bank Loan - We have accounts at two banks. They both have lending programs that we can apply for and likely can acquire for \$25,000. We will have to provide financial statements and at least one guarantor. I have the applications. We will not have to mortgage the property. They will not take real property for collateral for loans under \$100,000. The interest rate quoted to me was around 6.5% with a 3 year term and payments around \$765 per month. I am willing to be a guarantor on the loan.

Personal Loan #1 – We have a member tentatively willing to loan \$25,000 and possibly more. This option would require a deed of trust on the property. The offering member requests to remain anonymous.

Personal Loan #2 – I am willing to loan the money using the bank’s terms and take a subordinate position to the bill for our architect. Further I am willing to take payments only from funds raised after the new fund raising plan is implemented. The terms of this arrangement would need to be published in our minutes and signed to by the board members to avoid any appearance of conflict or undo enrichment.

Fund Raising:

The infrastructure and plan for the next phase of fund raising is in place and ready to be engaged. The specific plan is described in the revised Business Plan dated 8/29/2010.

Construction Alternatives:

It has been suggested that we can save money by doing this portion of the work ourselves. It has also been suggested that we can hire workers directly to do this work with volunteers from our membership. It has been suggested that we can save money and avoid liability claims by hiring non-documented workers.

Postpone Construction and Resume Fund Raising:

An option still on the table is to postpone any construction and resume fund raising until reaching an amount that is accepted.

Disclosure Section

Hangar Door Purchase:

The metal building kit supplier acquired and paid for the hangar door we needed shortly after we purchased the plans for the building several years ago. A couple years later he informed us of that, acknowledged that we were not obligated to pay for it because he jumped the gun and advised that because of our unanticipated delay he needed to sell it to someone else unless we wanted to pay for it at the price he paid for it which is lower than current prices. The board chose to pay for it at that time. We own the door but have not yet taken delivery.

Hangar Door Exclusion:

Due to handicapped access issues our approved building plan shows that we will not have a hangar door but rather the front of the hangar will be a permanent opening. We intend to change this later and the planning department is aware of that intention. We did not get the plans approved with a hangar door because handicapped access codes would require that we have a 100’ x 3’ sidewalk all the way along the East side of the building to the location of the man door that is currently shown on the building plans that we obtained from the building kit supplier. Our intention is to eventually purchase a new set of plans for the metal building that has several changes to the plans we currently have. There is a significant cost each time we get the plans for the metal building revised. We determined it would be more cost efficient to delay purchasing a new set of plans for the metal building until we get closer to actually purchasing the building so we can include any other desired changes at that time. It was less costly to omit the hangar door than to add a sidewalk and other accommodations to the plans. The building supplier is Aircraft Structures Inc in Paulden Arizona.

Maximum Occupancy:

The building plans as approved show a maximum occupancy of 14 persons in this 6000 sq ft building. We struggled with many alternative ways to deal with this issue and this caused substantial delays and even threats of abandoning the project during the planning permit approval process. The main issue for this low occupancy is parking requirements. We are required to have off-street parking (parking on our property) that will accommodate the maximum occupancy of the building. We had to identify the building's intended purpose in compliance with the published allowed uses for the zoning code of CP. Many alternative approaches were considered and are still on-the-table. With this low occupancy we may not be able to conduct meetings that exceed that number. There are some options still being discussed and still available to us but we do not have a chosen solution to this issue. The performance of our public fund raising campaign will likely have significant bearing on this issue.

Septic vs City Sewer:

This was another significant delay in the planning application process. The city utilities department has an internal policy that would require we connect to city sewer. That has an excessive cost implication to us because we would have to pay the full cost to extend the sewer main line across four other properties. We may receive prorated reimbursements later when those properties are developed. If the sewer line gets extended by the time we construct the building then it would be cost effective to connect to sewer rather than install a septic system. We were able to get the plans approved showing a septic system because technically we are not legally required to connect to sewer as we are in the county. It was difficult and time consuming to overcome the policy requirement. All parties agree that even if we construct with a septic system we would eventually be legally required to connect to sewer.

Hangar Layout:

The current metal building plans (68 pages) include a layout for the building that may have been suitable when the plan was purchased but due to issues that have surfaced since then are not optimal for our use. We intend to purchase a new set of plans and revise our permit with the county when that phase of construction is imminent. We need to change the location of the man door, small garage door, small meeting room and restroom.

Water Drainage:

We were required to provide engineering for runoff water from our property to reach the nearest storm drain which is located at the corner of Vandegrift and Doolittle. This makes preparation of the lot very critical as there are specific elevations that have to be met.

Fire Sprinklers:

Because of a lucky timing issue we were allowed to have our building plans evaluated based on building codes that have been superseded. The new codes would require a costly sprinkler system. Our plans are approved without a sprinkler system.

Summary:

The Board of Directors and I encourage and welcome all members to attend the General Membership meeting on Tuesday August 31, 2010 for further discussion of these matters.

Doug Betts
EAA Chapter #376, President