

An aerial photograph of an airport hangar complex. In the foreground, a concrete taxiway with yellow markings runs horizontally. Beyond it is a large, flat, paved area. In the middle ground, there are several large, light-colored hangars. One hangar on the right has the registration number 'EAA272' visible on its side. The background shows a line of trees and other airport buildings under a clear blue sky.

The vision is set for Hangar 104  
**It's time for an upgrade**

# Hangar 104





# Hangar 104

- Built in the mid 1950's to 1960's by the Air Force & acquired by the DAA.
- 37,992 Sq. Ft. (total)
- Building split between 4 equally sized separate hangar bays
- Bays 7-10 only south facing doors in operation
- “Beachfront property”
- Monaco owns east half of building





# How we got here

- In 2013 the DAA sold half of the building to Monaco for \$436,800.
- Hangar 104 Bays 7/8 & 9/10 have been leased by Cirrus on and off for the last 24 years. Each bay has a separate lease. Both leases are expired and operating on a month-to-month basis.
- Current annual rent for both bays leased to Cirrus totals \$50,132 (\$2,107 per year under appraisal report)
- In 2014 DAA secured a MNDOT Grant to repair the roof on bays 7-10 (As of 2/2021 payback amount = \$89,299.02)
- DAA has spent over \$20,000 on door & electrical repairs in the last 4 years to keep the doors safe and operational.
- The electrical service is over-powered for the current use & could pose as a potential hazard.
- Hangar 104 has many deferred maintenance items that need to be addressed for the longevity of the structure and the safety of its users. Building was assessed by SEH during Master Plan Building Assessments.

# What we did

- Late in 2020 Monaco approached the DAA regarding the sale of the remaining half of the building.
- DAA staff felt it was necessary to conduct a building appraisal to determine market value and market rent for “as is” and “as improved”. Using this information would help educate our decision if selling or retaining the building was in the DAA’s best interest.
- DAA contracted with AMCG-Aviation Management Consulting Group & Decker Associates to conduct appraisal.



Market Value and Market Rent Conclusion Overview						
Identification	As Is (10/13/2021)			As Completed (04/13/2022)		
	Market Value	Annual Rent		Market Value	Annual Rent	
		PSF	Total		PSF	Total
Cost Approach	\$435,000	\$2.06	N/A	\$1,285,000	\$6.09	N/A
Income Approach	\$685,000	\$3.25	N/A	\$1,020,000	\$4.83	N/A
<b>Value Conclusion</b>	<b>\$600,000</b>	<b>\$2.75</b>	<b>\$52,239.00</b>	<b>\$1,150,000</b>	<b>\$5.35</b>	<b>\$101,628.60</b>

# What to do now

- Building improvements are estimated to cost between \$350,000-\$650,000. Cost estimates are based on AMCG appraisal report as well as SEH Facility Condition Assessment.
- If building is retained and improved, DAA could recover value of asset in 12 years.
- AMCG Report includes Cost & Income Approach calculations and summaries.



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# Why should we do it

- DAA staff recommends maintaining ownership of the remaining 2 bays of Hangar 104 and making the necessary improvements to extend its useful life and improve building safety as well as to honor our Strategic Initiatives.

- **Commitment to the Strategic Plan:**

**Strategy 3: Strengthen the DAA's Cash Position;  
Strengthen Underperforming Revenue Streams**

43% of our revenues come from space rentals. If sold, the land rent would be \$4,400 per year vs. potential rent of \$101,000 per year after improved. \*(Current rent is \$50,132.00)

- DAA would develop an improvement plan and negotiate new leases for Bays 7/8 & 9/10 with existing or new tenant.
- Operating funds would be used to make building improvements however, ongoing discussions regarding identifying other funding sources would take place as well.

