



Airport Advisory Committee

Agenda

Wednesday 21 August 2024

Our Vision

Where environment, lifestyle and opportunity meet



Community Aspirations



KEY THEME 1

Environment

An environment that is valued, conserved and enjoyed by current and future generations.



KEY THEME 2

Lifestyle

A place that is relaxed, safe and friendly, with services and facilities that support positive lifestyles and wellbeing.



KEY THEME 3

Opportunity

A vibrant City with diverse opportunities and a prosperous economy.



KEY THEME 4

Leadership

A Council that connects with the community and is accountable in its decision making.

NOTICE OF MEETING

TO: THE MAYOR AND COUNCILLORS

NOTICE is given that a meeting of the Airport Advisory Committee will be held in the Council Chambers, Administration Building, Southern Drive, Busselton on 21 August 2024, commencing at 11:00am.

Your attendance is respectfully requested.

DISCLAIMER

Statements or decisions made at Council meetings or briefings should not be relied on (or acted upon) by an applicant or any other person or entity until subsequent written notification has been given by or received from the City of Busselton. Without derogating from the generality of the above, approval of planning applications and building permits and acceptance of tenders and quotations will only become effective once written notice to that effect has been given to relevant parties. The City of Busselton expressly disclaims any liability for any loss arising from any person or body relying on any statement or decision made during a Council meeting or briefing.



TONY NOTTLE

CHIEF EXECUTIVE OFFICER

16 August 2024

BEHAVIOUR PROTOCOLS

The City of Busselton values are:

- Listening
- Considered Decision Making
- Appreciation
- Respect
- Teamwork

In accordance with these values, the following outlines the behaviour expectations while attending a Council meeting, Committee meeting, Community Access Session, or Public Agenda Presentation:

- Listen respectfully through the meeting or presentation
- Respect the Council process and comply with directions from the Presiding Member
- Use respectful language when addressing Council, staff, and other members of the public
- Behave in a manner that is respectful and non-confrontational
- Do not use offensive language or derogatory language towards others

The City values the diverse input of the community and seeks to ensure that all members of the community can attend a meeting and have their say.

Elected Members, Committee members and Candidates are bound by the City's Code of Conduct and agree to uphold the values of the City of Busselton and principles of good behaviour, maintaining and contributing to a harmonious, safe, and productive environment.

Anyone who does not behave in accordance with the above values and behaviours may be asked by the Presiding Member to leave the gallery.

CITY OF BUSSELTON

Agenda for the Airport Advisory Committee to be held on Wednesday 21 August 2024

TABLE OF CONTENTS

1 OFFICIAL OPENING.....	6
2 ATTENDANCE.....	6
3 DISCLOSURES OF INTEREST	6
4 PUBLIC QUESTION TIME.....	7
4.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE.....	7
4.2 QUESTION TIME FOR PUBLIC.....	7
5 CONFIRMATION AND RECEIPT OF MINUTES.....	9
5.1 AIRPORT ADVISORY COMMITTEE 7 AUGUST 2024.....	9
6 REPORTS.....	10
6.1 BUSSELTON MARGARET RIVER AIRPORT GENERAL AVIATION PRECINCT LEASE.....	10
7 CONFIDENTIAL MATTERS	23
8 NEXT MEETING DATE	23
9 CLOSURE.....	23

1 OFFICIAL OPENING

The City of Busselton welcomes Elected Members, staff, guests and members of the public to the Airport Advisory Committee meeting of 21 August 2024.

The City of Busselton acknowledges the Wadandi and Bibbulmun people as the traditional custodians of this region and pay respects to Elders past and present.

Please note this meeting will be audio recorded for minute taking purposes.

2 ATTENDANCE

PRESIDING MEMBER	MEMBERS
Cr Jodie Lee	Mayor Phill Cronin
	Cr Mikayla Love
	Cr Jarrod Kennedy

OFFICERS
Director Economic and Business Development
Manager Airport Services
Governance Officer

APOLOGIES
Nil at time of publishing

3 DISCLOSURES OF INTEREST

DISCLOSURES OF FINANCIAL INTEREST

A declaration under section 5.65 of the *Local Government Act 1995* requires that the nature of the interest must be disclosed. An elected member or employee who has made a declaration must not preside, participate in, or be present during any discussion or decision-making procedure relating to the matter on which the subject of the declaration without the approval of the Council in accordance with the Act.

DISCLOSURES OF IMPARTIALITY INTEREST

Elected members and employees are required, in addition to declaring any financial interest, to declare an interest that might cause or perceive to cause a conflict. If the elected member or employee declares that their impartiality will not be affected then they may participate in the decision-making process.

4 PUBLIC QUESTION TIME

4.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil

4.2 QUESTION TIME FOR PUBLIC

Public question time procedures and guidance

Public question time allows members of the public to participate in local government by asking questions of the Council in relation to issues affecting the City. It also assists the City in identifying issues of importance to the community and assists the public to be better informed about how the City is governed.

- The City will allocate a minimum of 15 minutes and a maximum of 30 minutes per Council meeting for public question time.
- Members of the public should register their intent to ask a question at a Council meeting by completing and submitting the [Public Question Time form](#) before 4pm the day prior to the relevant meeting.
- Members of the public will be invited to ask their question in order of registration.
- Questions will be limited to three per person. Additional questions may be permitted by the Presiding Member where time permits.
- Where a person is not present to ask their submitted question it will be responded to administratively as general correspondence.
- Questions may be taken on notice, to be responded to at a later time by the CEO in accordance with clause 6.7 of the Standing Orders.
- Public question time is for the tabling of questions, not for members of the community to make statements. For context, the Presiding Member may allow a short preamble.
- Questions containing defamatory remarks or offensive language, or that question the competency or personal affairs of Elected Members or employees may be ruled inappropriate by the Presiding Member subject to the Presiding Member taking reasonable steps to assist the member of the public to rephrase the question.
- There will be no debate or discussion on the response provided.

For further information, please see the [Meetings, Information Sessions and Decision Making Processes Policy](#).

5 CONFIRMATION AND RECEIPT OF MINUTES

5.1 Airport Advisory Committee 7 August 2024

RECOMMENDATION

That the minutes of the Airport Advisory Committee 7 August 2024 be confirmed as a true and correct record (as published at 16 August 2024 on the [City of Busselton's website](#), inclusive of any confidential material published on the restricted internal Docs on Tap application).

6 REPORTS

6.1 Busselton Margaret River Airport General Aviation Precinct Lease

Strategic Theme:	Key Theme 3: Opportunity 3.4 Develop aviation opportunities at the Busselton Margaret River Airport.
Directorate:	Economic and Business Development
Reporting Officer:	Manager Airport - Jennifer May
Authorised By:	Director Economic and Business Development - Maxine Palmer
Nature of Decision:	Contractual: To enter into a contract e.g. a lease or the award of a tender etc.
Voting Requirements:	Simple Majority
Disclosures of Interest:	No officers preparing this item have an interest to declare.
Attachments:	1. Design option - layout 1 [6.1.1 - 1 page] 2. Design option - layout 2 [6.1.2 - 1 page]

OFFICER RECOMMENDATION

That the Council not enter into the head lease arrangements proposed by the Busselton Aero Club for the occupation of a portion of Lot 1974, Deposited Plan 411016, Volume 2931, Folio 507, 86 Neville Hyder Drive Yalyalup as referred to as B6, B7 and B8 on Attachment 1

EXECUTIVE SUMMARY

The City has been in discussions over the past two years with the Busselton Aero Club (Aero Club) regarding a proposal for the Aero Club to lease an area within the General Aviation precinct, including hangar lots B6, B7 and B8 at the Busselton Margaret River Airport (BMRA). This report makes a recommendation not to enter into a lease arrangement with the Busselton Aero Club for a portion of Lot 1974, 86 Neville Hyder Drive being approximately 1,296m² for the purposes of subleasing to private pilots / aircraft owners for aircraft storage and aviation uses.

STRATEGIC CONTEXT

The Busselton Margaret River Airport has been identified in the City of Busselton's Strategic Community Plan (2021-2031) as one of the top five strategic priorities.

BACKGROUND

As part of the Busselton Margaret River Airport (BMRA) redevelopment project completed in 2018, a dedicated General Aviation (GA) precinct was constructed, including two apron areas, taxiway delta connecting the precinct directly to the runway and an original design incorporating up to 34 serviced hangar lots ranging in size from 180- 875m².

In 2018 the City advertised a Registration of Interest (RoI) which included the following proposed lease arrangements:

- Term – 10 years plus a further two 5 year options;
- Rent – market valuation in the range of \$9-\$11 (excl GST) per square meter per annum;
- Rent reviews – every five years with all other years subject to CPI (Perth All Groups) rent reviews; and

- Outgoings – the Lessee to pay City of Busselton rates, water consumption (individually metered), electricity (individually metered), communications/NBN and insurances (including Property, Public Liability and Hangar Keepers).

The RoI was advertised widely in October 2018 including all West Australian aero clubs and aviation businesses located in Perth and Jandakot Airport precincts. Three RoI submissions were received however no leases were entered into. There were a number of reasons that contributed towards the lack of submissions received, including:

- Capital funding for hangar construction was difficult to achieve;
- The majority of the hangar lot sizes were considered too small with limited larger sized hangar lots available;
- Lease term was considered too short (minimum of 30 years was preferred); and
- There was no 'buy back' clause of hangar infrastructure available in the lease.

The GA precinct continued to remain vacant and in 2021 officers revisited the layout of the precinct including feedback received during the last RoI. Officers prepared a new Expressing of Interest (EOI) for hangar ground leases to be advertised and requested a budget allocation from Council for the construction of up to three smaller hangars (150 m²) to facilitate aircraft owners that did not want to build their own hangars. The EOI advertised the availability of hangar ground leases where lessees would construct their own hangars and leases for constructed hangars whereby the City would construct hangars based on demand and secured interest from aircraft owners. The EOI was advertised in late 2021 and while officers received interest in leases, the cost of hangar construction had more than doubled following the COVID pandemic and associated supply chain impacts and no leases were executed.

In parallel, officers applied to the WA Planning Commission to extend the lease term from 21 years, to 21 years plus an option for a further 21 years, totalling up to 42 years. The WA planning Commission approved the lease term extension in March 2022.

With the cost of hangar construction having significantly increased and aircraft owners requesting a range of hangar lot sizes to facilitate hangar construction that would allow multiple aircraft storage and shared costs amongst several owners, officers revisited and redesigned the GA hangar precinct. Consultation and feedback was sought from the Aero Club and local private pilots and a design review resulted in two different design options with a range in number of hangars and hangar sizes from approximately 400m² to 1,485 m² (Attachment 1 and 2). The second design option was seen as the preferred option as it provides for a higher number of hangars optimizing the use of the GA precinct with 39 hangars ranging in size from 216m²-1485m². Noting that the design requires additional 2,095m² in apron (pavement) areas to be constructed, it is not proposed that the total apron area be constructed at one time but as the hangar lots are leased and the relevant hangars are constructed.

Following consultation of the design options, the Aero Club expressed its interest in a proposal with design option 2 to lease a large portion of the GA precinct from the City and then to enter into subleases directly with interested pilots/aircraft owners. The Aero Club would 'act' as a management agent in advertising and securing tenants and assume responsibility for the sublease arrangements. The City would deal directly with one entity, being the Aero Club through a head lease and the Aero Club would manage the individual subleases.

Since late 2022, officers have met numerous times with the Aero Club to discuss their proposal and sought market valuations in January 2023 and January 2024 as the basis for negotiations and have reached a point where a proposal is ready for final consideration. The valuation reports have valued the hangar lots at the following:

Site	2023	2024
A1-A4	\$14-\$16 m2	\$20-\$22 m2
B1-B8	\$16-\$18 m2	\$20-\$22 m2
C1-C3	\$17-\$19 m2	\$18-\$20 m2
C4-C6	\$15-\$17 m2	\$17-\$19 m2
D1-D4	\$13-\$15 m2	\$14-\$16 m2
H1	\$15-\$17 m2	\$16-\$18 m2
H2	\$15-\$17 m2	\$16-\$18 m2

OFFICER COMMENT

The Aero Club's proposal is to lease GA hangar lots (A1-A4, B1-B8) adjacent to the GA southern apron through a head lease with the City, with the intent of subleasing to private pilots/aircraft owners. The Aero Club will source tenants, including where tenants will partner to share construction and subleasing costs for their hangars.

Initial discussions with the Aero Club in 2023 started with head lease arrangements including all hangar lots located adjacent to the GA southern apron (A1- A4, B1, B6-B8), the base rental rate being \$13-\$17 per square metre, a 20% discount to be applied to the base rent, a term of 21 years plus an option for 21 years, inclusion of rates and utilities, a rent free period during construction and the City constructing the apron areas.

As negotiations have progressed and to facilitate affordable head lease costs, the Aero Club are now proposing to enter into multiple head leases over time, each for a specified grouping of hangar lots per lease, with the initial head lease including hangar lots B6, B7 and B8. The head lease would be for a term of 21 years plus an option for 21 years, a base rental value of \$9.60 per square metre, a 20% discount on the base rental value for the term of the lease and a rent-free period of up to 2 years. Notably the proposed rental value of \$9.60 per square metre is considerably below the market valuation of \$20 per square metre, received in January 2024 for these sites.

The Aero Club's proposal includes a set rateable value of \$200 per hangar per annum compared to the minimum rateable value of \$1704 (2,023/24) per property per annum.

The Aero Club's proposal includes a first right of refusal on the remaining hangar lots A1-A4, B1 and B5 for a 'restriction period' of three years. If during the restriction period the City wishes to lease the lots, the City will first offer the lots to the Aero Club who shall have the first right of refusal to take up a lease, which is to be exercised within 60 days.

The Aero Club are also requesting that lot H1 be reserved for the Aero Club hangar and clubrooms that would be built adjacent to the club hangar. That lot H1 be reserved at no cost to the Aero Club and when ready to execute a lease this would be at a peppercorn rent. The Aero Club are further requesting the City contribute \$300k towards the construction of the Aero Club hangar with the

Aero Club contributing towards the design of the hangar/clubrooms and \$100k towards construction. Once constructed, the Aero Club would vacate the existing built hangars within 60 days and vacate the Aero Club clubrooms within 24 months of completion of the new hangar.

The perceived benefits to the City of the Aero Club's proposal can be summarised as follows;

- The Aero Club have existing networks and access to general aviation pilots/aircraft owners and likely to secure hangar tenants, particularly where 2 or more hangar owners are needed to secure the construction of one hangar building;
- Potentially reduces the City's resourcing needs with liaising with a single lessee (the Aero Club) versus multiple tenants and allows for focus in other airport areas;
- Aligns with Aero Club's objectives to grow their membership and create a vibrant GA community;
- Provides the Aero Club with a revenue stream to fund the hangar and clubrooms;
- Facilitates the Aero Club transitioning to the GA precinct, freeing up the existing clubrooms and hangar for future master planned objectives.

The identified risks to the City of the Aero Club's proposal can be summarised as follows;

- The Aero Club are not able to secure tenants and 'hold up' other potential leasing opportunities for a minimum of 2 -3 years;
- The Aero Club are unable to meet the terms and conditions of the head lease and assign the subleases to the City within the term of the lease;
- The Aero Club's sub-lessees do not pay their rent leaving the Aero Club exposed to head lease costs;
- The Aero Club do not manage the subleases effectively resulting in non-compliance;
- The Aero Club do not achieve the funding required to relocate to the GA precinct and want to remain at the existing clubrooms and hangar;
- The Aero Club's hanger rents negatively influence the City's rents in the broader GA precinct resulting in a reduced commercial income to BMRA;
- The Aero Club becomes a competitor to BMRA for tenancy arrangements; and
- The Aero Club proposal does not provide the City with sufficient revenue to cover future apron maintenance costs.

The Aero Club's proposal includes the following lease arrangements:

	Head lease (City)	Sublease (private owner)
Permitted use	Aircraft storage / aviation use	Aircraft storage / aviation use
Term	21 years	21 years
Further Term	option of 21 years	option of 21 years
Lease premises (lots)	Initial head lease B6, B7, B8	
Base Rent	\$9.60 m ² (\$8.00 sqm after discount)	\$15 m ²
Rent discount	20% duration of lease	-
Rent Free period	First 2 years	Allowed 3 months for construction

Exclusive option on premises	A1 –A4, B1, B5 - 5 years + 5 year option	NA
Rates	\$200 per hangar	\$200 per hangar
Utilities	Metered	\$150 per hangar

The proposal also requests that the City contribute \$300k towards the construction of the club hangar, this is in addition to the City constructing the new apron areas required for the GA precinct design option 2. The City's total contribution could be in excess of \$500k.

One of the key drivers for the Aero Club's proposal is to relocate to the GA precinct is due to the existing lease for the Aero Club building expiring 31 March 2028 and the hangar lease on 31 March 2028. The City entered into 4 year leases for both the Aero Club building and hangar in April 2024 to facilitate the Aero Club as they do not have the funds currently to relocate to the GA precinct, allowing extra time for the Club to secure funding. The Aero Club's proposal has the potential to generate income for the Club, along with other revenue streams such as flight training to facilitate funding the construction of the new club hangar and club house within the next 4 years and enable the relocation.

The Aero Club's proposal does have the potential to provide the Aero Club with a modest income stream over the term of the head lease (21 Years) as detailed in the financial implications section. However, the Aero Club's income is not significant over the term (in the region of \$600k) and reduces the City's revenue compared to the City leasing the hangar lots directly. The proposal is also dependent on the City agreeing to a head lease rate of \$8 per square meter, with the proposal being unviable for the Aero Club at higher rental rates or market valuation rates.

With officers considering the risk profile of the proposal to be high, sensitive to rate changes and the overall returns to both the City and Aero Club not resulting in the highest revenue streams possible for either party, Officers are not recommending the proposal.

Officers have considered the following alternatives to the proposal:

1. The Aero Club's Leases are extended for an additional 5 year term, expiring in 2033.

As part of this option, the City does not provide any funding contributions to the Aero Club for the construction of the new hangar and club rooms located in the GA precinct. The Aero Club are given an extended lease term that will enable them to continue their club activities including flight training with the additional lease term enabling the club to accumulate the funding required to relocate in 2033 or before if there is sufficient funding.

The main disadvantage of this option for the City is that the existing Aero Club building remains unavailable for repurposing for other uses, including the use of the existing hangars. The Master Plan "Ultimate" development shows the area where the Aero Club building and existing hangars are redeveloped for other aviation servicing, maintenance and storage facilities and while this is beyond the 2033 timeframe, the Aero Club building and central apron have been reserved for emergency services (DFES, DBCA) firefighting areas once the new terminal is constructed and operational.

Assuming, the new terminal is operating from 2028, DFES firefighting operations will be relocated to the central apron with the existing Aero Club building used as a shared use emergency services base and the existing terminal repurposed for Fixed Based Operators (FBO). With the Aero Club building under lease the existing terminal building will need to be used as the emergency services base. This will result in underutilisation of the existing terminal and potentially limit other FBO opportunities.

2. The City negotiate a funding contribution to be aligned with the expiry of the lease in 2028.

The City could reserve the H1 lot and apron areas in the GA precinct at no cost to the Aero Club and negotiate a fixed funding contribution to coincide with the expiry of the Aero Club building lease in 2028. This would provide the Aero Club with four years to build up reserves for the relocation to the GA precinct with the added confidence that they have a known contribution towards the relocation. The key risk with this option is that the Aero Club are unable to build up sufficient reserves in the four years, even with a City funding contribution and are unable to relocate to the GA precinct.

Statutory Environment

Local Government Act 1995

Should the Council wish to support the proposed lease arrangement with the Aero Club, the grant of a lease will constitute a disposal requiring advertising in accordance with section 3.58 of the *Local Government Act 1995*. Once the terms of the lease have been finalised, local public notice of the lessee, the rent paid and the lease term will be given inviting submissions to be made within a certain period. Council are required to consider any submissions received. If no submissions are received the Officer recommendation seeks approval for the CEO to enter into the lease.

Relevant Plans and Policies

The officer recommendation aligns to the following adopted plan or policy:

Plan:

Airport Master Plan Busselton Margaret River Airport 2023-2043

Policy:

Not applicable.

Financial Implications

The financial implications associated with the Aero Club's proposal can be separated into the following categories;

1. The City enters into a headlease with the Aero club based on their proposal:

The following financials are based on the below assumptions:

Head lease - City/Aero club

- Rent at \$8.00 sqm (inclusive 20% discount)
- First 2 years free
- Rates charged at \$200 per hangar pa
- Utilities at cost

Sublease - Aero club/tenant

- Rent at \$15 sqm
- Rates at \$200 per hangar pa
- Utilities \$150 per hangar pa
- Administration fee \$250 per hangar pa
- Assumes 4 months construction free rent period

Aero Club financial forecast:

Period	1	2	3	4	5	6	7	8	9	10-21	Total
Hangars leased	4	6	10	14	18	22	25	27	27	27	27
City rent income	0	0	\$6912	\$10368	\$17280	\$24192	\$31104	\$38016	\$43200	\$46656	\$730,944
Rates income	\$800	\$1200	\$2000	\$2800	\$3600	\$4400	\$5000	\$5400	\$5400	\$5400	
City Total income	\$800	\$1200	\$8912	\$13168	\$20880	\$28592	\$36104	\$43416	\$48600	\$52056	\$826,344
BAC rent income	\$9072	\$17496	\$28512	\$41472	\$54432	\$67392	\$78084	\$85536	\$87480	\$87480	
BAC admin fee/rates income	\$1800	\$2700	\$4500	\$6300	\$8100	\$9900	\$11250	\$12150	\$12150	\$12150	
BAC admin costs	\$14300	\$14300	\$14300	\$14300	\$14300	\$14300	\$14300	\$14300	\$14300	\$14300	
BAC net position	-\$4228	\$4696	\$9800	\$20304	\$27352	\$34400	\$38930	\$39970	\$36730	\$33274	\$607,242

The above table does not include utilities or inclusive of CPI annual increases or rent review increases.

Based on the above assumptions of rent, outgoings, rates, construction costs estimated at \$120k per hangar (area 216sqm), each sublessee would be paying on a principle plus interest loan approximately \$18,000 per annum and \$13,600 per annum on an interest only loan over a 21 year period.

The Aero Club have assumed in their analysis that rates would be discounted, if rates were to be charged on the rateable value of the lease sites, then based on the existing hangars rating assessments, it is considered that the minimum rates would apply for both the vacant and improved stages (once hangars have been constructed).

Each site, in addition to rates be subject to an Emergency Services Levy and the City's Waste Infrastructure charge. Based on the 2023/24 financial year, the following would have applied to each site:

- Rates \$1,517.00
- Emergency Services Levy \$98.00
- Waste Infrastructure charge \$87.50

Hence the total charges for rates, waste and ESL would be \$1,702 per lease. The number of subleases per head lease on average is likely to be 4 which would increase the rates by greater than twice the value the Aero Club have allowed for in their projections. While this will be passed onto the tenant, this may impact the affordability of the subleases.

From the figures above it can be seen that the City's revenue from the Aero Club proposal is estimated to be around \$730k over the first 21 years. The capital costs of the apron area is estimated to be in the range of \$160k – \$190k. If the City were also to contribute \$300k towards the Aero Club hangar this would result in the total net income from the GA precinct over 21 years to be in the region of \$240k. Within the first 21 year term, the maintenance costs of maintaining the GA precinct are unlikely to be covered by the net income received over the period, particularly if another apron reseal or rejuvenation is required.

There is the opportunity to repurpose and lease the Aero Club club house which is currently on a peppercorn lease of \$245 pa and re-lease the two existing hangars for which the current rental income is \$7,115 pa each which would offset some of the lost revenue to the City.

2. The second option is for the City to decline the Aero Clubs proposal and to lease directly to private pilots and aircraft owners.

The City would enter into ground leases with individuals where they would build their own hangars. With the current design option 2, this involves building hangars of a minimum size of 432sqm or 864 sqm and potentially subdividing into smaller hangars. There are several options whereby tenants could invest in the capital cost of a larger hangar (864 sqm hangar estimated at \$500k - \$550k) or for aircraft owners to partner and build shared hangars.

The table below shows the approximate rental return if the City were to lease two or four hangar lot sizes, based on the market valuation.

	2 x hangar - 432 m ²	4 x hangars - 864 m ²
Market rent \$20/ m²	Rent - \$8640 pa Apron cost \$20,000-\$25,000 Total City income pa \$11,440 Utilities at costs Income 21 years \$168,480	Rent - \$17,280 pa Apron cost \$20,000-\$25,000 Total City income pa \$22,880 Utilities at costs Income 21 years \$336,960
Discounted rent at \$15/ m²	Rent - \$6480 pa Apron cost \$20,000-\$25,000 Total income pa \$9280 Utilities at costs Income 21 years \$126,360	Rent - \$12,960 pa Apron cost \$20,000-\$25,000 Total income pa \$18,560 Utilities at costs Income 21 years \$252,720

Based on the above two examples the income over the 21 years to the City (not including rates and allowing for a 2 year rent free period), would be as follows:

Period	1	2	3	4	5	6	7	8	9	10-21	Total
Hangars leased	4	6	10	14	18	22	25	27	27	27	27
Lease at \$20 sqm	0	0	17,280	25,920	43,200	60,480	77,760	95,040	108,000	116,640	2,060,640
Lease at \$15 sqm	0	0	12,960	19,440	32,400	45,360	58,320	71,280	81,000	87,480	1,370,520

*The above table does not include any CPI or rent increases.

Another alternative is for the City to construct the blocks of hangars and then lease individual hangar space. This option requires the City to fully fund the capital investment needed with a block of four hangars with construction costs being estimated at \$500k - \$550k. Current rental values for the existing hangars at the BMRA start from \$35 per square meter and previous rental valuations have indicated a rate of \$40-45 per square meter for constructed hangars could be applied. This results in rental income of approximately \$35,000 - \$39,000 per annum for a block of 4 hangars and a return on capital investment within 14- 15 years. With this option the total capital investment needed by the City to build all hangars is estimated to be in the range of \$2.5 - \$3million. If the capital costs of \$3million are to be loan funded at 4.5% over 15 years and the starting rent is at \$40m², then the return on investment including interest is closer to 23 years.

External Stakeholder Consultation

City officers have consulted with the Busselton Aero Club and private pilots interested in ground leases and hangar lease over the past two years.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place.

Risk The Aero Club are unable to raise the funds required to relocate to the GA Precinct and rely on the City financial support to achieve this outcome.			
Category	Consequence	Likelihood	Rating
Financial Operational	Moderate	Unlikely	Medium
Context			
The Aero Club's proposal is not endorsed by the Council and reduces the Aero Club's ability for revenue streams to fund their relocation to the GA precinct and they continue to occupy the existing club house and hangars. The City are then required to provide financial support to relocate the club to the GA precinct.			

Risk The City funds the construction of the hangars through reserve funds or loans and does not achieve the rental returns projected.			
Category	Consequence	Likelihood	Rating
Financial	Moderate	Possible	Medium

Context

The City loans or uses Airport Reserve funds for the construction of the GA hangars and is unable to lease out the hangars or does not achieve the rental rates to ensure a return on the investment within an acceptable timeframe.

Risk The City takes out loans to fund the construction of the hangars which then impacts the City's lending capacity to raise loans for other significant City projects.

Category	Consequence	Likelihood	Rating
Financial Reputation	Moderate	Possible	Medium

Context

Other City projects are as yet fully costed, however the City has a healthy borrowing capacity and substantial reserve funds.

Options

As an alternative to the proposed recommendation the Council could:

1. Choose to enter into a head lease/sublease arrangement in line with the Aero Club's proposal; noting the reasons outlined in this report as to why officers are not recommending this option.
2. Choose to enter into a head lease/sublease arrangement based on alternate terms and conditions; noting that the Aero Club have expressly said they are unable to pay a higher rent to the City.
3. Make an alternate recommendation with regards to varying the existing lease arrangements with the Aero Club for the club house and / or hangars to provide the Club with the opportunity to save up for their relocation. The Aero Club President has indicated a preference for a further ten years.
4. Support a budget amendment to reallocate the \$300k from the BMRA 2024/25 budget for hanger construction to the Aero Club to support them to move from their existing leases for the club house and hangars to a new hanger/club room in the GA Precinct. This would require a further report to the Council for the budget amendment and the proposed lease terms and conditions and timeframes for the new arrangements to occur.

CONCLUSION

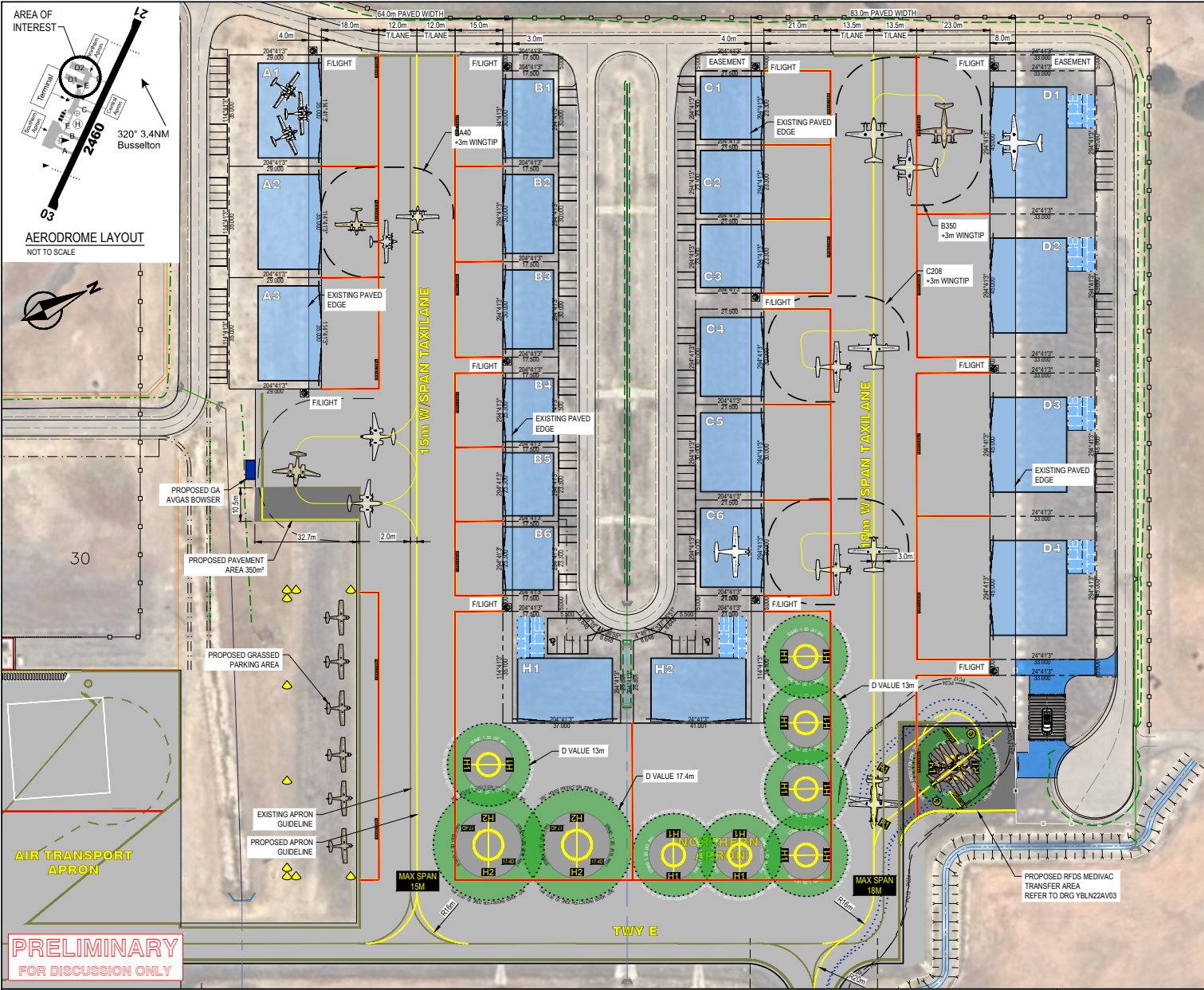
The General Aviation precinct was constructed as part of the BMRA Development project. The precinct has remained inactive for some time with one hangar lease executed and a small number of aircraft owners interested in individual hangars.

This report outlines a proposal from the Busselton Aeroclub to lease a portion of the GA precinct and then to sublease to private pilots. The proposal includes a significant discount on the headlease market rental value and discounted rates to provide a revenue stream for the Aeroclub to be more sustainable and fund their relocation to the GA precinct. The officers recommendation is not to enter into a head lease with the Busselton Aero Club as proposed and several alternative options for the Council's consideration have been provided.

TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

The officer recommendation will be implemented in full, or in stages as per the following table:

Milestone	Completion Date
Advise Aero Club of the Council's decision	Within one week of decision



- NOTES**
- DESIGN IN ACCORDANCE WITH PART 139 (AERODROMES) MANUAL OF STANDARDS 2019. ALL LINE MARKING & DESIGNATIONS IN ACCORDANCE WITH PART 139 MOS 2019 CHAPTER 8 DIVISION 5.
 - PLAN DRAWN TO GRID CO-ORDINATES MGA/SDA 94 ZONE 50 & GEOGRAPHIC CO-ORDINATES TO WGS-84.
 - LINE MARKING SHOWN PRELIMINARY ONLY AND SUBJECT TO FINAL REVIEW.
 - ALL AIRCRAFT REQUIRE A MINIMUM WINGTIP TO OBJECT = 3.0m FOR AIRCRAFT PARKING CLEARANCES:
 - HANGAR LOT DESIGN AIRCRAFT DETAILS:
 - A1, A2 & A3 - MAX 15M WSPAN, MTOW <5700KG
 - B1, B2, B3, B4, B5, B6 - MAX 12M WSPAN, MTOW <5700KG
 - C1, C2, C3, C4, C5, C6 - MAX 15/16M WSPAN, MTOW <5700KG
 - D1, D2, D4, D5 - MAX 18M WSPAN, MTOW SUBJECT TO AD APPROVAL
 - H1, H2 - ROTARY WING SITES

AIRCRAFT DATA						
MAKE	MODEL	ICAO	WSPAN (m)	LENGTH (m)	MTOW (Kg)	
BEECHCRAFT	BONANZA	BE33	10.0	7.67	1418	
BEECHCRAFT	BARON 58	BE58	11.53	9.09	2495	
CESSNA	150	CT50	10.17	6.56	726	
CESSNA	SKYHAWK	CT172	11.0	8.20	1270	
CESSNA	CARDINAL	CT177	10.85	8.22	1270	
CESSNA	SKYLANE	CT182	10.97	8.84	1406	
CESSNA	CARAVAN	C208	15.88	12.67	3969	
CESSNA	210	C210	11.21	8.59	1860	
CESSNA	310	C310	11.25	9.74	2495	
CESSNA	402	C402	13.45	11.09	3107	
CESSNA	TITAN	C404	14.23	12.04	3810	
CESSNA	CONQUEST	C441	15.04	11.89	4468	
VICTA	AIRTOURER	TOUR	7.92	6.55	750	
DIAMOND	TWINSTAR	DA42	13.92	8.56	1700	
MOONEY	M20	M20P	11.0	8.15	1527	
PIPER	TWIN COMMANDER	PA30	11.22	7.67	1633	
PIPER	CHEROKEE 6	PA32	9.99	8.44	1633	
PIPER	SARATOGA	PA32	11.0	8.44	1633	
PIPER	SEMINOLE	PA44	11.77	8.41	1723	
PIPER	NAVAJO	PA31	12.40	10.52	3540	
PIPER	CHIEFTAIN	PA31	13.56	10.52	3175	
FLETCHER	FL24	FL24	12.81	11.07	3742	
ROCKWELL	AEROCOMMANDER	AC50	14.95	11.15	4082	
CITATION	BRAVO	C550	15.90	14.39	13000	
DASSAULT	FALCON 20	FA20	16.30	17.15	13000	
PILATUS	PC12	PC12	16.23	14.4	4500	
PILATUS	PC24	PC24	17.00	16.82	8150	
BEECHCRAFT	KINGAIR 200	BE20	16.6	14.22	5670	
BEECHCRAFT	KINGAIR 350	B350	17.65	14.22	6750	
BEECHCRAFT	B1900D	B190	17.64	17.62	7764	
BEECHCRAFT	HAWKER 400	BE40	13.26	14.76	7303	
BEECHCRAFT	HAWKER 800	H25B	16.50	15.6	12701	
DE HAVILLAND	TWIN OTTER	DHC6	19.8	15.77	5670	
FAIRCHILD	METRO23	SW4	17.37	18.05	7484	
AIR TRACTOR	AT-802	AT8T	18.06	10.95	7257	
BEECHCRAFT	HAWKER 800	H25B	16.50	15.6	12701	

- ROTARY WING NOTES**
- ALL DIMENSIONS IN METRES UNO.
 - DESIGN IN ACCORDANCE WITH:
 - CAAP 95-2/21
 - ANNEX 14 VOL II
 - MOS 139 - AERODROMES.
 - DESIGN HELICOPTER IS FOR 360° NON SIMULTANEOUS HOVER WITH D-VALUE AS INDICATED.

HELICOPTER DATA					
MAKE	MODEL	ICAO	ROTOR RD	MAX LENGTH D (m)	MTOW (Kg)
AUGUSTA	139	AW139	13.8	16.7	7000
BELL	206 / JETRANGER	B06	10.15	11.96	2054
BELL	206L / L RANGER	B06	11.28	12.91	1882
BELL	205	B205	14.63	17.4	4309
BELL	212	B212	14.69	17.46	5080
BELL	407	B407	10.70	12.70	2268
BELL	222	B222	12.80	15.23	2066
BELL	412	B412	14.02	17.10	5398
BELL	430	B430	12.80	15.32	4218
EUROCOPTER	AS355	AS55	10.69	12.94	2600
EUROCOPTER	EC130	EC30	10.69	10.68	2400
EUROCOPTER	EC135	EC35	10.20	12.20	2980
EUROCOPTER	EC225	EC25	16.20	19.50	11200
ROBINSON	R44 RAVEN	R44	10.1	11.65	1134
ROBINSON	R66	R66	10.0	11.65	1225
MBBKAWASAKI	BK117	BK17	11.00	13.50	3350
SIKORSKY	S92	S92	17.17	20.88	12568

REV DATE AMENDMENTS

B	20.10.22	AMENDED HANGAR LOTS, AVGAS, GRASSED PARKING AREA
A	17.07.22	FOR INFORMATION

Includes: ZSH.A1
Includes: YBLN X PLEX 220517
Includes: YBLN X BASE 220519
Includes: DRG YBLN22AV03-B

Images: Xlogo City of Busseton.PNG

This document carries Airworks Consulting Pty Ltd copyright and is reproduced here for information only. The information shown must be verified for accuracy and completeness by necessary investigation and site inspection and measurement. Users of this information hereby agree and indemnify the company against any claim from the use of the information contained herein and associated discussions.

Airworks
simon@airworksconsulting.com.au

CLIENT

City of Busseton
Geographic Bay

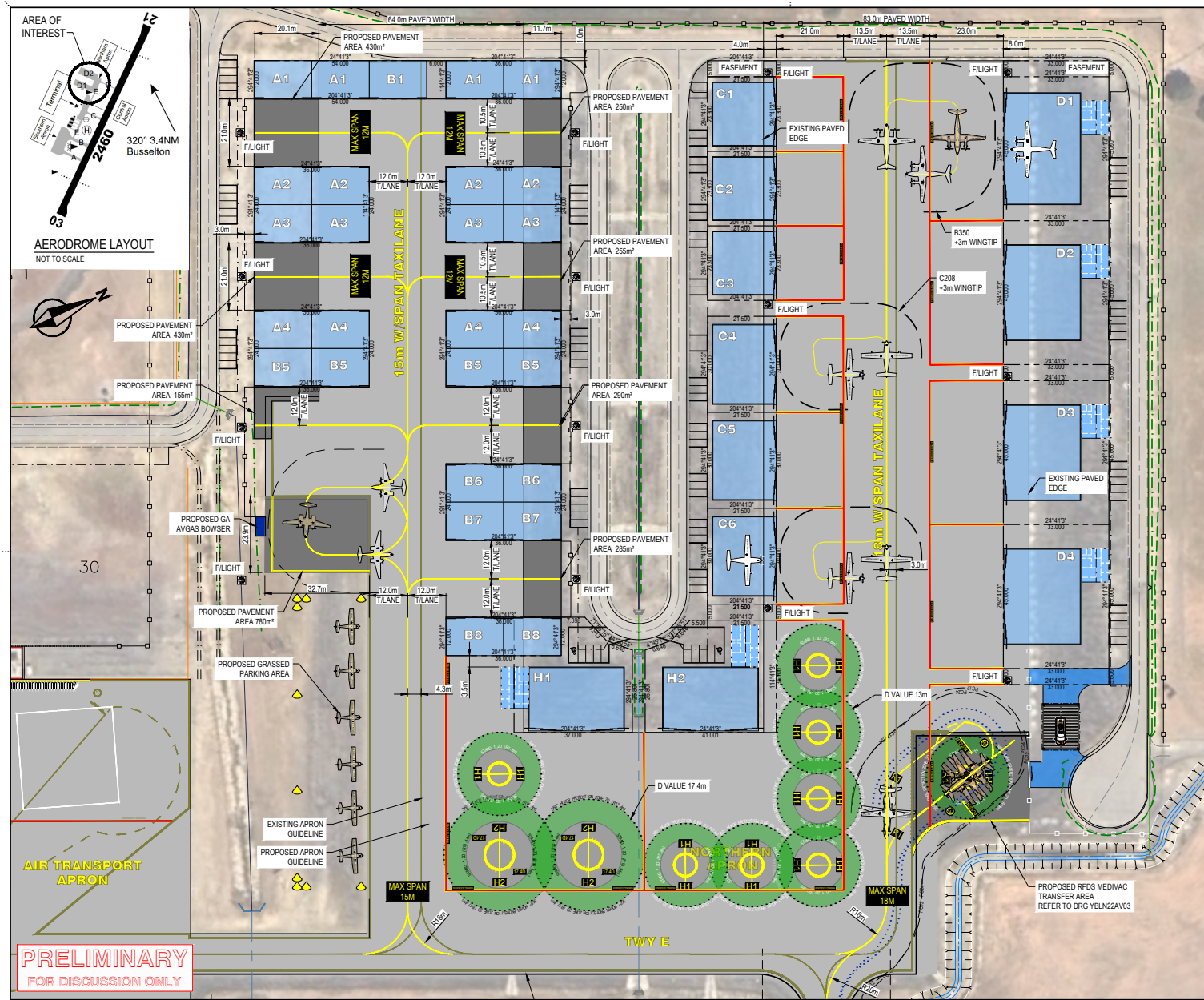
DRAWN: AIRWORKS 17.07.22
DESIGNED: AIRWORKS 17.07.22
APPROVED: N COOPER
COMPANY: AIRPORT OPERATIONS

BUSSETON, WA
NORTHERN APRON GENERAL AVIATION
PROPOSED LOT LAYOUT
GENERAL ARRANGEMENT - OPTION 1

SCALE
0 6 12 18 24m
A1 SCALE 1:600

DRAWING No.
YBLN22MP01

REV
B



NOTES

1. DESIGN IN ACCORDANCE WITH PART 139 (AERODROMES) MANUAL OF STANDARDS 2019.
ALL LINE MARKING & DESIGNATIONS IN ACCORDANCE WITH PART 139 MOS 2019 CHAPTER 8 DIVISION 5.
2. PLAN DRAWN TO GRID CO-ORDINATES MGA/DSEA ZONE 50 & GEOGRAPHIC CO-ORDINATES TO WGS-84.
3. LINE MARKING SHOWS THE MINIMUM LENGTH AND SUBJECT TO FINAL REVIEW.
4. ALL AIRCRAFT REQUIRE A MINIMUM WINGSPAN TO OBJECT = 3.0m FOR AIRCRAFT PARKING CLEARANCES:
5. HANGAR LOT DESIGN AIRCRAFT DETAILS:
- | | | |
|------------------------|---------------------------|-----------------------------|
| A1, A2 | 48 - 63.4 - MAX 12M WSPAN | MTOW <7500KG |
| B1, B5, B6, B7 & B8 | 15M WSPAN | MTOW <5700KG |
| C1, C2, C3, C4, C5, C6 | MAX 15M WSPAN | MTOW <5700KG |
| D1, D2, D4 | MAX 18M WSPAN | MTOW SUBJECT TO AD APPROVAL |
| H1, H2 | 22 - 24M WSPAN | |

AIRCRAFT DATA

MAKE	MODEL	ICAO	WSPAN (m)	LENGTH (m)	MTOW (Kg)
BEECHCRAFT	BONANZA	BE33	10.0	7.67	1418
BEECHCRAFT	BARON 58	BE58	11.53	9.09	2495
CESSNA	150	C150	10.17	6.56	726
CESSNA	SKYHAWK	C172	11.0	8.20	1270
CESSNA	SKYLINE	C177	10.85	8.22	1270
CESSNA	CARDINAL	C182	10.97	8.84	1406
CESSNA	CARAVAN	C208	15.88	12.67	3969
CESSNA	210	C210	11.21	8.60	1860
CESSNA	310	C310	11.25	9.74	2495
CESSNA	440Q2	C402	13.25	11.09	3107
CESSNA	TITAN	C404	14.23	12.04	3810
CESSNA	CONQUEST	C441	15.04	11.89	4468
VICTA	ARTOURER	TOUR	7.92	5.56	1700
DIAMOND	TWINSTAR	DO42	13.92	5.56	1700
MOONEY	M20	M20P	11.0	8.15	1527
PIPER	TWIN COMMANDER	PA30	11.22	7.67	1633
PIPER	CHEROKEE 6	PA32	9.99	8.44	1633
PIPER	SARATOGA	PA32	11.0	8.44	1633
PIPER	SEMINOLE	PA44	11.77	8.41	1723
PIPER	CHIEFTAN	PA31	12.40	10.52	3540
PIPER	PIEVEJO	PA31	13.56	10.52	3175
FLEETCHER	FU24	FU24	12.81	11.07	3742
ROCKWELL	ARCCOMMANDER	AC50	14.95	11.15	4082
CITATION	BRAVO	C550	15.90	14.39	13000
DASSAULT	FALCON 20	FA20	16.30	17.15	13000
PILATUS	PC12	PC12	16.23	14.4	4500
PILATUS	PC24	PC24	16.00	16.82	8150
BEECHCRAFT	KINGAIR 500	BK50	16.6	14.22	6670
BEECHCRAFT	KINGAIR 350	BK350	17.65	14.22	5970
BEECHCRAFT	B1900D	B190	16.4	17.62	7764
BEECHCRAFT	HAWKER 400	BE40	13.26	14.76	7303
BEECHCRAFT	HAWKER 800	H258	16.50	15.6	12.701
DE HAVILLAND	TWIN OTTER	DHC6	19.8	15.77	5670
FAIRCHILD	METRO23	SW4	17.37	18.09	7484
AIR TRACTOR	AT-802	AT8T	18.06	10.95	7257
BEECHCRAFT	HAWKER 800	H258	16.50	15.6	12.701

ROTARY WING NOTES

1. ALL DIMENSIONS IN METRES UNO.
2. DESIGN IN ACCORDANCE WITH
- CAAP 92-2(2)
 - ANNEX 14 VOL II
 - MOS 139 - AERODROMES.
3. DESIGN HELICOPTER IS FOR 360° NON SIMULTANEOUS HOVER WITH D-VALUE AS INDICATED.
- APRON/TAXIWAY
- AREA OF PROPOSED SEALED APRON/TAXIWAY

HELICOPTER DATA

MAKE	MODEL	ICAO	ROTOR RD	MAX LENGTH (D in)	MTOW (Kg)
AUGUSTA	139	AW139	13.8	16.7	7000
BELL	206 / JETRANGER	B06	10.15	11.96	2064
BELL	206L / L RANGER	B06	11.28	12.91	1825
BELL	205	B205	14.63	17.4	4309
BELL	212	B212	14.69	17.46	5080
BELL	407	B407	10.70	12.70	2268
BELL	222	B222	12.80	15.23	2066
BELL	412	B412	14.02	17.10	5398
BELL	430	B430	12.80	15.32	4218
EUROCOPTER	AS355	AS55	10.69	12.94	2600
EUROCOPTER	EC135	EC30	10.69	10.88	2400
EUROCOPTER	EC135	EC35	10.69	12.30	2280
EUROCOPTER	EC225	EC25	16.20	19.50	2100
ROBINSON	R44 RAVEN	R44	10.1	11.65	1134
ROBINSON	R66	R66	10.0	11.65	1225
MBBKAWASAKI	BK117	BK17	11.00	13.00	3350
SIKORSKY	S92	S92	17.17	20.88	12568

LEGEND

- AREA OF EXISTING SEALED APRON/TAXIWAY
- AREA OF PROPOSED SEALED APRON/TAXIWAY

REV	DATE	AMENDMENTS	XREF LIST
			Includes: ZSH, A1 Includes: YBLN X HAT Includes: YBLN X PLEX 220517 Includes: YBLN X BASE 220519 Includes: DRG YBLN2ANV03B
A	21 12 22	FOR INFORMATION	Images: Xingo City of Busseton PNG

[Go File](#) | [Upload](#) | [Work](#) | [ADAD 2205 - YBLN - Busseton](#) | [Master Plans](#) | [DRG YBLN2NPR2-A](#) | [GA 0121206 - 22-Dec-22 - 10:36:39 AM](#) | [Printed By: AIRWORKS](#)

This document carries Airworks Consulting Pty Ltd copyright and is reproduced here for information only. The information shown must be verified for accuracy and completeness by necessary investigation and site inspection and measurement. Users of this information hereby agree and indemnify the company against any claim from the use of the information contained herein and associated discussions.

CLIENT



City of Busselton
Geographic Bay

DRAWN :	AIRWORKS	21.12.20
DESIGNED :	AIRWORKS	21.12.20
APPROVED:	J MAY	
COMPANY :	MGR ECO & BDS	

BUSSELTON, WA	
NORTHERN APRON GENERAL AVIATION PROPOSED LOT LAYOUT	
TITLE	GENERAL ARRANGEMENT - OPTION 2

SCALE

6 0 6 12 18 24m

A1 Scale 1:600

DRAWING No.

YBLN22MP02

REV

A

A1 Border

7 CONFIDENTIAL MATTERS

Nil

8 NEXT MEETING DATE

Wednesday 2 October 2024

9 CLOSURE