

STAFF REPORT

TO: Enterprises Subcommittee

FROM: Bob Askew

DATE: 25 March 2007

SUBJECT: Motueka Aerodrome Report - March 2007 to May 2007

FINANCIAL STATUS

Attached to my report are the balance sheets for the Aerodrome for 31 March 2007.

As can be seen, income received is just about matching budget expectations for the financial year. Notably landing fees are down and we are currently engaged on an analysis of where we may be missing income as part of a comprehensive review of fees and charges. At this time I am not pursuing the installation of cameras until we have explored alternative charging options.

On the expenditure side, we have expenditure of \$36,589, with a budget forecast for the year of \$56,237. That means we are tracking at 65% of expenditure for the 75% year period.

Overall we currently have a net surplus of \$25,746 compared with a budget prediction of \$6,688.

The matter of removing the Council rates income of \$22,925 has been discussed with the Acting Corporate Services Manager and the advice is that this income stream should be removed gradually over a five year period so as to avoid any cash-flow problems. Consequently I will be making a staff submission as authorised by resolution **FN07/03/05** to reduce the general rate income to the airport by \$4,500 per annum until a zero contribution is achieved.

At a meeting with the airport tenants held on 4 April the matter of a charging review was discussed as was the matter of removing all Council financial support for the airport operations. The tenants were in agreement with striving to achieve a completely financial independent regime which would include matters of capital expenditure as well as operating costs. I have also undertaken to achieve a very transparent and equitable charging regime with accounts being more detailed. As a precursor to a truly closed account, the tenants requested that loan debt be considered for full payment so that they could start with a clean sheet. I note however that the loan interest at \$1,691 is not significant.

UNBUDGETTED REPAIR

Work will be required to repair the run-up to sealed runway 02. This area shows considerable wear with grass growth very sparse and stones coming to the surface. (See pictures attached). This poses some risk to aircraft where stones may be picked up into air intakes. Rather than undertake re-turfing (which would require decommissioning of the runway for several weeks) I intend to replace the worn area with a concrete patch of about 10m*11m. This will provide a better run-up area and will allow aircraft to enter at numerous areas along the side of the pad thus reducing grass wear. This arrangement has already proved successful for runway 20 which has the concrete drag burnout pad. I already have a quote for a smaller area of 7m*11m which came in at \$4,000 so I would anticipate the additional 3m*11m area would increase the price to around \$6,000. Whilst I have \$3,000 in this year's budget for runway maintenance (which remains unspent) the expenditure of the proposed repair mean a doubling of expenditure in this area. However with the improvements in income and reduction in overall expenditure this should not create any problems but I am presenting this information as an item requiring this Subcommittees approval.

DRAG RACING

Easter Saturday (7 April) was the last event date for the 2006/7 season. Again the event proceeded without major incident and the airfield was left clean and tidy. I approved one early morning landing at 8.15 am and also we had a helicopter make a safety landing during the day (to check for unusual rotor noise). In each case I monitored the aircraft movements with assistance of the aircraft and drag racing operators so safety was assured.

The Nelson Drag Racing Association are required to provide a schedule of their next seasons events by 1 July 2007 under Clause 2.2 of their licence. I will therefore present these dates to this Sub-Committee at the 11 July meeting to further meet a condition of their Resource Consent. Note that approval from this Subcommittee is required one month before the first race (which is usually November).

Bob Askew
Service Centres Manager

Motueka Aerodrome
As at 31 March 2007

	YTD Actual 06/07	Budget 06/07
Income		
Landing Fees	(\$ 11,849)	(\$ 20,000)
Rentals	(\$ 24,559)	(\$ 20,000)
Shell Aviation	(\$ 2,288)	\$ -
Nelson Drag Racing Club - Capital Repayment	(\$ 4,444)	
Nelson Drag Racing Club - Hire	(\$ 2,001)	\$ -
General Rate	(\$ 17,194)	(\$ 22,925)
Total Income	(\$ 62,335)	(\$ 62,925)
Expenditure		
Salaries & Wages	\$ 4,936	\$ 5,160
Professional Fees	\$ 5,786	\$ 10,000
Loan Interest	\$ 1,262	\$ 1,691
Maintenance Contract	\$ 22,816	\$ 33,000
Council Overhead	\$ 1,789	\$ 2,386
Runway Maintenance	\$ -	\$ 3,000
Fence Maintenance	\$ -	\$ 1,000
Total Expenditure	\$ 36,589	\$ 56,237
Net Surplus	(\$ 25,746)	(\$ 6,688)
Capital		
Motueka Security Camera	\$ -	\$ 7,500
Principal Mot Runway Reseal	\$ 938	\$ 1,250
	\$ 938	\$ 8,750
Funding		
Sundry Income	(\$ 1,546)	(\$ 2,062)
	(\$ 1,546)	(\$ 2,062)
NET COST OF SERVICE	(\$ 26,354)	\$ -