

Figure 6-6: Reversion and Direct Leasing Costs and Benefits

Benefits	Costs
<ul style="list-style-type: none"> Additional revenue (e.g. Cedar River Hangars estimates \$116,000 in revenues through direct leasing vs. \$38,000 now). 	<ul style="list-style-type: none"> Higher maintenance costs (Cost cannot be determined without engineering study.) Additional maintenance and management staffing required. Required staff increases may be difficult to manage due to reversion schedule—small, inconsistent portions of the airport reach the end of their leases at irregular intervals.
<ul style="list-style-type: none"> Potentially more control over who leases on the airport; what activities are carried out. 	<ul style="list-style-type: none"> More administrative and management staff required. Required staff increases may be difficult to manage due to reversion schedule—small, inconsistent portions of the airport reach the end of their leases at irregular intervals. More (time-consuming) direct interaction with all tenants on the airport (e.g. if take over Cedar River Hangars go from 1 tenant to over 70 tenants).
<ul style="list-style-type: none"> Shorter leases are possible. 	<ul style="list-style-type: none"> Will require staff that is highly customer-oriented and available outside regular business hours – may require additional staff.
<ul style="list-style-type: none"> Conformity with Washington’s constitutional prohibition of giving funds, property or credit to a private entity. 	<ul style="list-style-type: none"> Tenants who know that their buildings will revert are bound to carry out only minimal maintenance: <ul style="list-style-type: none"> Buildings may not be salvageable after they revert. Buildings may be expensive to bring to up to leasable state.
	<ul style="list-style-type: none"> Buildings may be outdated and require significant update work to make leasable.
	<ul style="list-style-type: none"> Airport revenues are unlikely to generate a revenue stream that is high and reliable enough to be sufficient guarantee for bonds. City may therefore have to use general bonding capacity to fund new development on the airport.
	<ul style="list-style-type: none"> City is responsible for demolishing building after the end of its useful life if it takes over buildings.

Source: Hanson Professional Services Inc.