

## **Open Letter: Tax payers and Citizens of the City of Franklin**

There has been some speculation about my interest and/or motive in pursuing a contract with the Navy for use of the Franklin Municipal Airport. The following is an attempt to lay out all the facts that are available to me.

**First,** The Navy contacted Franklin about the use of the airfield because of their need for training turboprop aircraft pilots and aircrews in the local area rather than Florida. The Navy also knew two things: One, they knew of the closure of International Paper and the subsequent major loss of revenue to the City, along with the associated impacts on the local economy. Two, they discovered a “real estate interest” in the Franklin Field that allowed for direct negotiations for a service contract, rather than a lease. The service contract would be a cost-plus contract with possible generous net gain in revenue to the City to help address the economic impacts we are facing. All these benefits were to be investigated and negotiated to determine the actual value and provisions of a contract with the Navy before any final decision would be made. A process was agreed upon for information input, evaluation, negotiation, and public hearing before any contract signing or obligation could occur. Unfortunately, a hasty decision to terminate the process was emotionally made and arbitrarily ended negotiation before accurate data and economic values could be gathered for evaluation. This violated our agreed upon process.

The Navy has now sent out a Request for Proposals for the lease of a municipal field within a reasonable operating area for their training needs. The only way for us to be considered at all is to respond by April 29<sup>th</sup> to the formal RFP request.

**Second,** the big issue that faces the City is the tough economic times we are experiencing which will only get worse in 2012. Currently our budget process is working to close a budget gap for this year. The worst is yet to come. In 2012-2013 \$1,200,000 from revenue sharing with Isle of Wight County will go down to almost “0”. We will have a \$1,200,000, or more, hole in our budget, that must be plugged (replaced) in order to “just stay even”. That is my biggest concern. The Navy contract may help replace most and maybe all of that lost revenue each year for 10 years.

If we do not replace the revenue loss from Isle of Wight County with new income (2012-2013) the City will be forced to look at cuts in personnel, or real estate rate increases. The \$1,200,000 lost revenue equates to 20 cents on the real estate tax rate, pushing the 77 cents to 97 cents per \$100 in value. On a \$100,000 home that means \$770 in taxes goes to \$970/year, a \$200 increase. On a \$200,000 home \$1,540 tax goes to \$1,940, a \$400 increase. A \$300,000 home goes from \$2,310 to \$2,910, a \$600 increase. This just keeps us even by plugging the hole with no extra money. The Navy contract might generate enough net income to plug much of that revenue hole, but we must respond to the RFP proposal in order to be given a chance to compete.

Not only could financial benefits be derived but the flight pattern would be adjusted to address and eliminate the concerns of our overflying the City, the Village, the hospital or the Beechwood neighborhood.

**Third**, through the years, improvements to the Franklin Municipal Airport were paid for by the U.S. Government (95%), State (3%) and local (2%). The \$2,000,000 runway upgrade done last year cost the City \$40,000. The Terminal Building was \$300,000 and cost the City \$6,000. The airport is costing \$309,000 a year to operate. The City subsidizes the operations at about \$92,000 per year. All this could be saved with a contract with the Navy. The U.S. Government has paid for almost all of our airport, not the City of Franklin. It is a nice place for private airplane owners and transient aircraft. And we pay \$92,000 to have that. What if we could offset that cost by contract with the Navy? This is a terribly underutilized airfield. Should we not at least explore the potential benefit from this economic engine?

In talking with a consultant who was packaging a plan for possible bid and use of another municipal field, he told me that the "lease" value without a service contract could be as much as \$750,000 per year for 10 years. Then there would be a services contract option on top of that which could generate even more net revenue. Using his numbers, one could project the possible impact of \$1,000,000-\$1,500,000 net revenue gain in the total contract. This is **Net** revenue after service provided expenses are reimbursed. So I ask, can we ignore the possibility of new revenue stream of perhaps \$750,000-\$1,500,000 of net in come after expenses to plug a \$1,200,000 revenue hole created in 2012 by the loss of our share of the International Paper tax revenue.

Other benefits to the City:

1. Make ready costs to upgrade the existing airport to meet mission requirements. Paid for by the Navy. **\$1,000,000 - \$2,000,000**
2. Fire & Rescue personnel. To meet mission needs, 9 new personnel (3 each on 3 shifts) used 200 days per year maximum - 165 days left. Used 4-10 hrs per day leaving 14-20 hours left for City use across the schedule. Increased EMS and Fire Protection. Paid for by the Navy. **\$650,000**  
Permanent staff increase of 9. Cost reimbursed, plus equipment as needed.
3. Isle of Wight County agreement to pay for added personnel to provide better EMS coverage for lower Isle of Wight County area. **\$200,000**  
This could easily be refunded back to Isle of Wight County if we pick up added personnel.
4. Airport has two employees now; add 2-4 more personnel, plus equipment. **\$600,000**
5. The Citizens need to know that the contract that was to be negotiated with the Navy was a cost-plus contract for services to be provided with a Net Gain over expenses available to the City. The City would never be out of pocket on any of these costs.

If and when repurposing of the mill, or new industries come to Franklin, there could be some increase in revenue in the future. That would then allow us to catch up on things deferred for 2+ years such as salary increases for deserving City employees and school teachers. Projects put off like ditch and sidewalk maintenance, water and sewer projects and flood mitigation could then be addressed. This possible future money will not get here in time to plug a 2012 hole, or be enough to replace the lost revenue of \$1,200,000.

All I want is for the Citizens – tax payers – to know the financial challenges facing the City: A \$1,200,000 (or more) expected revenue loss in 2012, and the possible solution of a revenue stream from the Navy contract to fill much of that huge hole in our projected lost revenue.

Bids to respond to the RFP are due on April 29<sup>th</sup> and we must respond by that date in order to be considered among the other applicants for the right to negotiate with the Navy for use of our field and a services contract. The Navy is going somewhere and will spend \$1,500,000 – \$2,000,000 in upgrades to someone's field, plus the lease of a field which could be up to \$750,000, plus a services contract to be negotiated which would net additional revenue and several more jobs for the City (maybe 15 or so). Most of the contracting work will be done locally where qualified contractors exist.

The flight pattern concerns have and will continue to be addressed and mitigated. So, why would we as the governing body not feel compelled to submit a bid for the use of the airfield and a services contract, so as to negotiate an agreeable contractual relationship with the Navy that could reduce or eliminate our projected revenue short fall for up to 10 years? In these austere times and slow economic growth how can we not explore a possible net \$1,000,000+ revenue stream for up to 10 years? Surely by good governance, we should be compelled to explore, negotiate (if chosen) and evaluate the contract possibilities for economic benefits to our City. You and we deserve to at least know all the facts before making a decision to walk away from a possible \$1,000,000 per year net for 10 years. If the City does not participate in the RFP process and negotiation of terms, the Council can not make an informed decision.

At this late date, since the Council vote on Feb. 14<sup>th</sup> blocked the City Staff from pursuing this opportunity, our only recourse now is to enter the RFP process and hope to be considered. If you agree that you do not want a 26% increase in property taxes in 2012 as the way to close a \$1,200,000+ revenue short fall then you need to let your Council Representative know. The Council would have to rescind the original Feb. 14<sup>th</sup> motion and authorize immediate response and submittal of the bid just to be considered.

I must in good conscience ask you to support this opportunity and process to provide for the loss of \$1,200,000+ of revenue that we otherwise will have to make up through layoffs of people we can not afford to do without or raising real estate taxes by 26%.

Please call your Council Representative and me to encourage this option if you agree. If not, we will have to deal with tax increases in a major way in 2012.

I am extremely concerned.

Thank you.

Jim Councill, Mayor

Council Members:

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