



New Flying Club At Prineville Airport

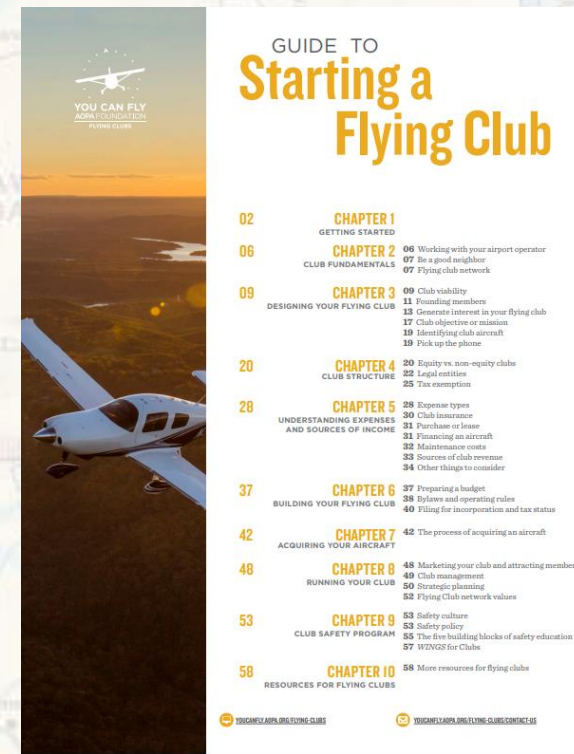
**Flying Club Discussion
July 13th 2024**

***Presented by:
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Street Creds...

- Live in Redmond. Hangar in Prineville. Chocks Away Aviation, LLC.
- April 2024: Retired from AOPA as Director, Flying Clubs in April 2024
 - Wrote “The Guide to Starting a Flying Club”
 - Co-hosted “Flying Clubs Radio”
 - Writes Question of the Month and Safety for AOPA Club Connector newsletter
 - Presenter of AOPA Rusty Pilot and Back to your Roots
- Been in several clubs and helped start many when at AOPA (>200)
- FAASTeam lead safety rep and WINGSPRO for the Portland FSDO
- Vice President, Oregon Pilots Association and is currently organizing the Annual Conference.

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A New Flying Club at Prineville

Agenda

- 1. Why a new club at Prineville?**
- 2. Club structure (Keeping the FAA & IRS happy)**
- 3. Types of flying clubs**
- 4. Club culture and objectives**
- 5. Choosing & financing club aircraft**
- 6. The money—what it will cost**
- 7. Next steps...**

Why a New Club at Prineville?

- Closest flying club is in Bend—Deschutes Flying Club
- Prineville - Excellent location and flying
- Excellent main runway 11-29, with 15-33 widening and renovation soon
- Helpful and experienced airport manager – a vital ingredient
- On-airport maintenance, fuel, facilities...
 - A room for club meetings
- Hangars with below average wait time
- Active EAA Chapter 617 with regular social programs, *WINGS*, etc.
- Prineville is the perfect location for a flying club!

Why Do People Join Flying Clubs?

- Expensive to rent aircraft if you fly enough hours to stay proficient
 - Difficult to rent for more than a few hours on the trot
 - Impossible to rent for a weekend or longer trip
 - Never quite know who flew the rental before you
 - Owners also join flying clubs to get access to different aircraft
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- Flying clubs are:
 - Economical alternatives to sole ownership
 - You share in the fixed costs of aircraft ownership and operations
 - “Ownership-lite”—a shared introduction to aircraft ownership
 - Access to “nice” aircraft...as nice as you want them
 - Built-in network and support – excellent reason for “rusty pilots” to join clubs and never be rusty again

Structure of Flying Clubs

- All *flying clubs*, as defined by the FAA and IRS, are non-profit corporations and social/hobby clubs (and not LLCs or co-ownerships)
- Clubs *may* apply for tax exemption as a 501(c)(7) social club
 - A true flying club can *never* be a 501(c)(3) entity
- Governance:
 - Elected Board of Directors (President, Treasurer, Secretary...)
 - Officers (Safety, maintenance, social, membership...)
 - Bylaws and operating rules
 - Meetings with agenda, motions and minutes
 - Safety system, including proficiency (faasafety.gov WINGS program)

Types of Flying Clubs-1

- Equity club
 - Members own equal stakes in the planes
 - Involves a “buy-in” to join the club
 - More members lower the buy-in, but more people fly the plane
 - Club (all members) are responsible for all aspects, including all aircraft maintenance
 - Club must accrue funds for things like engine overhaul/replacement, prop, annual and other inspections, avionics upgrades, and so on
 - Monthly dues cover all fixed costs (including any loan fees)
 - Per hour rate covers operational costs (wet or dry rate, reserves, etc.)

Types of Flying Clubs-2

- Non-Equity club
 - The club formally leases an airplane from a third party
 - No share buy-in as the club doesn't own the plane
 - Lower “cost of entry”
 - Must involve a formal lease agreement between actual owner and club
 - Club has full operational control and “ownership-like powers” during the lease
 - Owner responsible for “airworthiness” maintenance, including labor for the annual
 - Club responsible for “wear and tear”, including some discrepancies found during inspections
 - Monthly dues to cover fixed costs (including the lease fee)
 - Per hour rate to cover operational costs (reserves are passed-through to the owner)

Club Culture and Objectives

- What do club members want it to be? :
 - Most things to most people (C172, PA-28, etc.)?
 - Taildragger club?
 - Light sport?
 - High end airplanes...?
 - Your choice...but must be discussed!
- Objectives will determine the culture and the choice of aircraft
- Need to have an early discussion on this...every member has a dream...
 - Pure recreational fun
 - Go places
 - Low and slow...high and fast...VFR...IFR...
 - Fly for \$25 per hour...ha...ha...

Choosing & Financing Club Aircraft

- Again, what the club wants to be...
- Equity club:
 - Buy outright?
 - Costs of finding and buying...pre-buy, ferry, etc.
 - Down payment and financing?
 - Adds monthly loan repayment to the fixed costs
- Non-Equity club:
 - Adds lease payment to the fixed costs
 - Less (timely) choice of available aircraft to lease
 - Perhaps a few members form an ownership group (LLC) and purchase an a/c to lease to the club

The Money...What Will It Cost?

- **Equity:** Depends on actual aircraft
 - Equal share of aircraft = substantial buy in (Purchase outright vs. downpayment then financing)
 - Monthly dues to cover all fixed costs
 - Including loan repayment
 - Per hour to cover variable costs (things per hour)
- **Non-Equity club:**
 - Lower upfront cost of entry
 - Club will never own the asset (no upside)
 - Flying clubs are not “investments”
 - Monthly dues to cover all fixed costs
 - Including lease payment
 - Per hour to cover variable costs (things per hour)
- **For typical club plane:**
 - Buy-in: Share of the purchase price or downpayment
 - Fixed costs: Around \$130 per month for a ten-person club
 - Per hour: Around \$120 per hour (wet)

Example Start-up Costs

Start-up Costs		
	Rate	Cost
Incorporation and other filing		\$500.00
Initial year insurance		\$4,000.00
First and last month hangar rent	\$400.00	\$800.00
Pre-buy and ferry costs		\$2,000.00
Total Costs:		\$7,300.00

Members	Cost per member
5	\$1,460.00
10	\$730.00
15	\$486.67

Example Fixed Costs – Equity or Non-Equity Club

Fixed Operating Costs - Equity		
	Rate	Annually
Tax filing, etc.		\$500.00
Insurance		\$4,000.00
Annual inspection		\$1,500.00
Hangar - (per month and annually)	\$400.00	\$4,800.00
Aircraft market value		\$150,000.00
Finance 60% (40% down) at 6%. 10-years.	\$650.00	\$7,800.00
GPS database, website, etc		\$600.00
Total Costs:		\$19,200.00

Members	Down Payment (\$60k)
5	\$12,000.00
10	\$6,000.00
15	\$4,000.00

Members	Fixed Cost per month
10	\$160.00
12	\$133.33
15	\$106.67

Fixed Operating Costs - Non-Equity		
	Rate	Annually
Tax filing, etc.		\$500.00
Insurance		\$4,000.00
Annual inspection		\$1,500.00
Hangar - (per month and annually)	\$400.00	\$4,800.00
Aircraft market value		\$150,000.00
Lease fee at 5%		\$7,500.00
GPS database, website, etc		\$600.00
Total Costs:		\$18,900.00

No upfront buy-in costs

Members	Cost per month
10	\$157.50
12	\$131.25
15	\$105.00

Example Variable Costs (Per Hour)

Direct Operating Costs			
	Rate	Cost	Cost per hour
100-hr Inspection	100	\$1,500.00	\$15.00
40-hour oil change - (per change)	40	\$100.00	\$2.50
Fuel	9	\$7.00	\$63.00
	Gallon/Hr	Per gallon	
Oil consumption	0.10	\$6.00	\$0.60
	Qrt/hour	per quart	
Maintenance reserve - per hour	Per hour		\$30.00
General maintenance	Per hour		\$10.00
Total Costs			\$121.10

Do The Math For Your Flying...

If you fly y -hours per month:

$$\text{All-in cost per hour} = \$\text{MonthlyDues}/y + (\$ \text{Per-hour})$$

Cost Per Flight Hour For 12-Person Club	
Hours per Month	Effective Cost per Hour
1	\$254.43
2	\$187.77
3	\$165.54
4	\$154.43
5	\$147.77
6	\$143.32
7	\$140.15
8	\$137.77
9	\$135.91
10	\$134.43

The more you fly, the cheaper it is

Compare with rental rates, per hour

BUT...there is more to a club that “just” cheaper flying...you are part of something

Next steps

- Interested?
- Interested enough to be part of the “founders group”?
 - Need an initial president, treasurer and secretary to start the filing process
 - No sweat...I will do most of the paperwork...
- Interested enough to part with \$500 to get this going?



Summary: Flying clubs...

- **Affordable** through cost sharing
- **Access** to (nice) airplanes
- **Choice** of aircraft, CFIs, etc.
- **Support system**—mentoring, guidance
- **Camaraderie** through involvement
- **Non-profit** organization...no commercial operations at all
- **Governance**—you are part of the organization and process
- **Rules**—clearly stated and enforced
- **Equal:** Members share equally in costs, assets and liabilities
- **Equal:** All surpluses go back to the club—no distributions
- **Minimum downtime**
- **Safety in numbers**—club safety system and pilot proficiency program