

Airport Area Economic Development



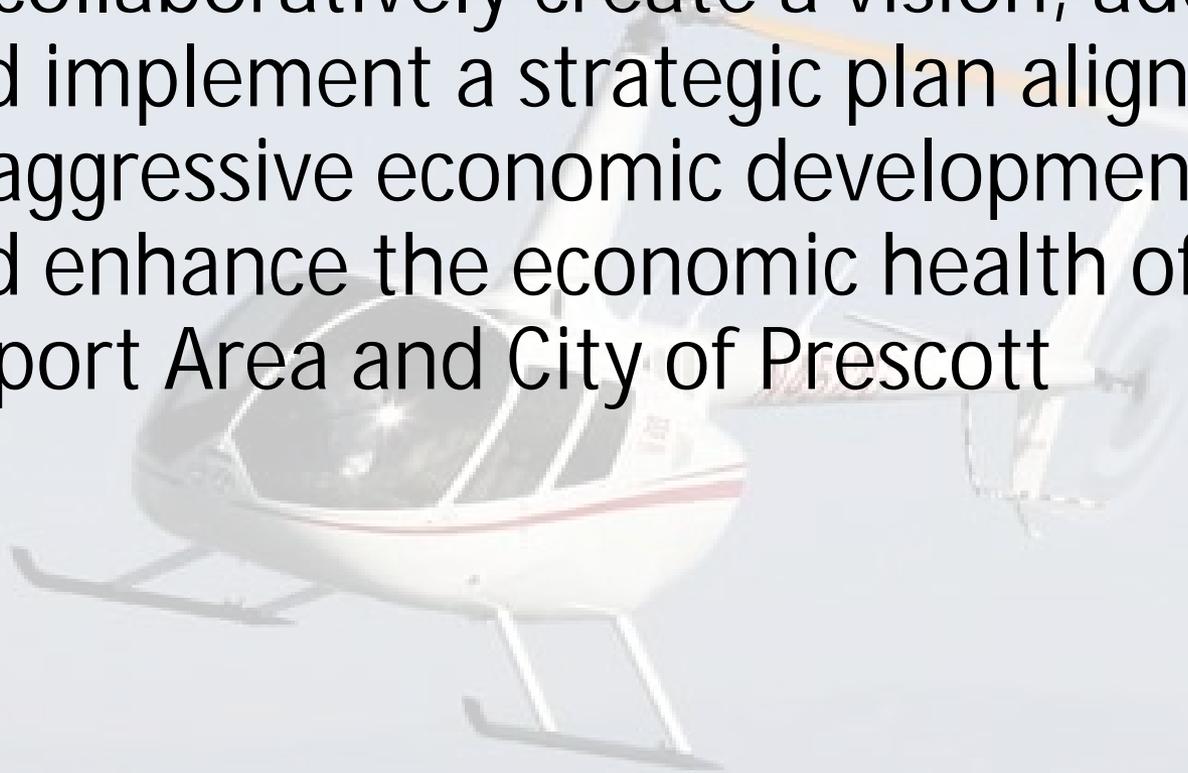
Strategic Planning
Session 1
Setting The Stage

January 14, 2014



Goal

To collaboratively create a vision, adopt and implement a strategic plan aligned to aggressive economic development, and enhance the economic health of the Airport Area and City of Prescott



Airport Area Visioning

- Committing to an efficient, structured approach to create, define, and achieve realistic, beneficial outcomes
- Focused on strengthening the basis for economic development
- Municipal economic development requires active entrepreneurship, actively seeking partnerships to successfully compete for jobs and new capital investment
- Competition for job creation (and retention) and capital investment in the region, state, and nation, is fierce

Elements of an Effective Visioning Process	
Create visioning team	Research, develop, and deliver useful information
Build partnerships w/ key stakeholders	Establish realistic benchmarks
Define roles and responsibilities	Share, validate, and refine visioning deliverables
Identify and assemble resources	Implement and achieve

Beneficial Economic Development in the Airport Area

What does it take?

- A well-conceived vision that is understood and accepted by the community and its leadership
- A credible and achievable strategic business development plan anchored by astute public policies which balances enthusiasm and commitment with economic realities.
- Provision of energy, leadership, and talent related to the promotion of the City and its Airport Area as a destination for businesses, residents, and tourists
- Efficient utilization of resources through focused investments, strategies, and economic development tools
- Communicating results in order to earn and maintain public trust in pursuit of the overall vision

The Airport Area

- This area of over 8,000 acres (Exhibit 1) is the focal point of Prescott's development momentum
- The Airport Area boasts the essentials to create the region's premier live, work, and play environment
 - Well-located in the region and proximate to key highways
 - A proven location for residents and businesses
 - Available water (with responsible use) and lots of land to grow
 - Land zoned for residential, commercial/industrial businesses, and institutional uses
 - Existing recreational facilities and open space (Antelope Hills, Pioneer Park)
- Established and expanding infrastructure
 - Roadway capacity (SR 89/89A and Willow Creek Rd.)
 - Availability of City water and wastewater treatment
 - Continuing investments in water production storage, and reclamation
- A variety of opportunities to better serve residents, business, and advance the area's economic health

Airport Area Map

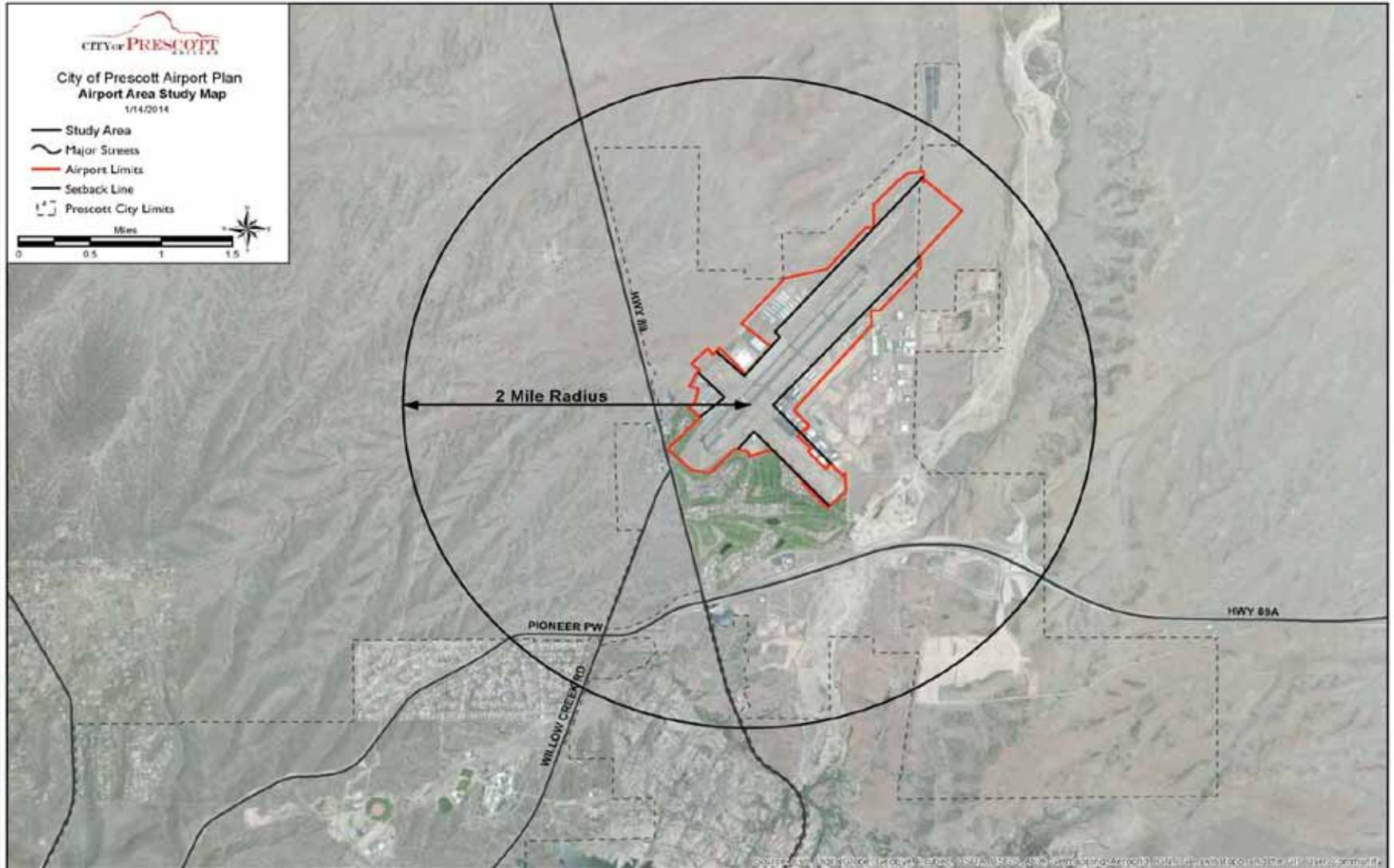


Exhibit 1

- Total planning area comprises about 12.5 sq. mi.

Key Land Owners in Planning Area - Exhibit 2	
State of Arizona	James Deep Well Ranch
- State Land Department	Granite Dells Ranch
- Department of Transportation	Arizona Economic Development, LLC
City of Prescott	Granite Dells Estates
Chino Valley Irrigation District	Yavapai Regional Medical Center

- An estimated 2,100 employees currently work at the Airport and adjacent business parks (Exhibit 3 – Employer Map)
 - Prescott Regional Airpark & Commerce Center (125 acres)
 - Prescott Airpark (155 acres)

Highlighted Airport Area Employers			
Company	Employment	Company	Employment
Ruger Sturm	A	Carescape	E
Cobham	B	ERAU Flightline	E
Davidson's	C	CDS Global	E
Pure Wafer	C	Prescott Design Center	E
European Techniques	D	Delta Diversified Electrical Contractors	E
Sapphire Scientific	D	Midway Industries Centerforce Clutch	E
Unisource	D	Universal Helicopters	E
Guidance Avation	D	North-Aire LLC	E
Hanson Aggregates	E	Prescott Traffic Control Tower	F
Ruger Airpark Industries	E	Fann Environmental	F
Employment Categories	A	Over 500	
	B	200 to 499	
	C	100 to 199	
	D	50 to 99	
	E	25 to 49	
	F	Less than 25	

Airport Area Property Ownership

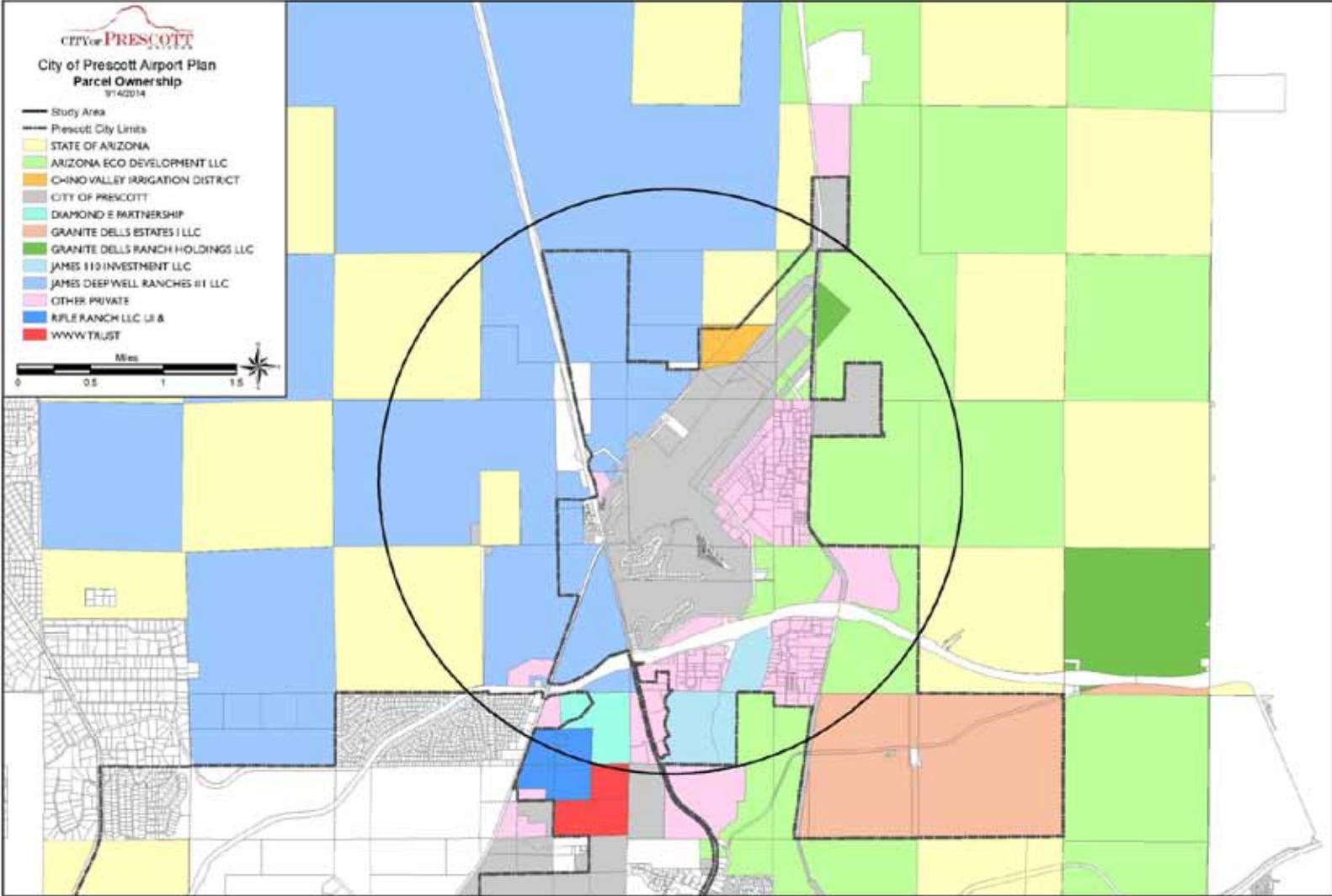
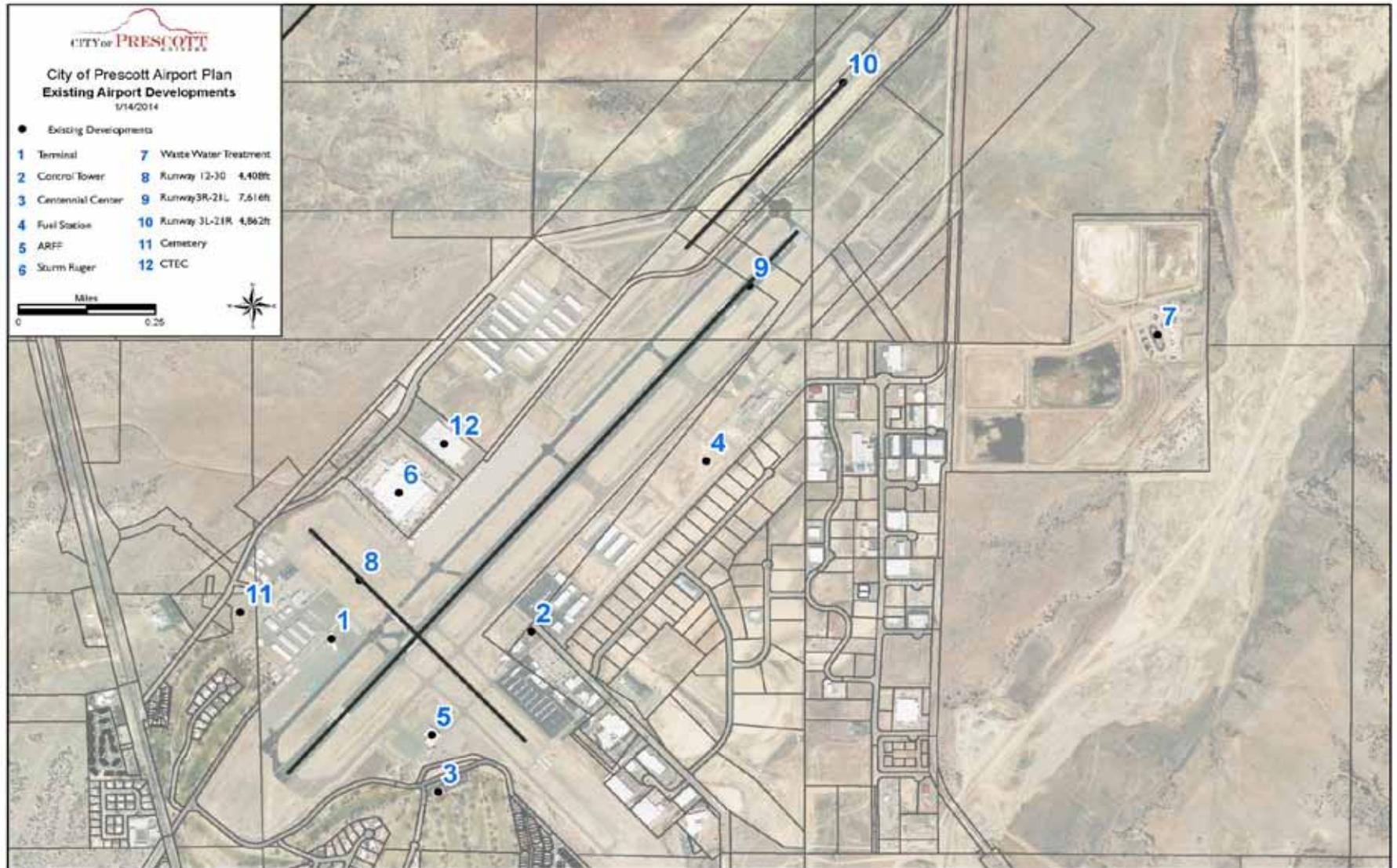


Exhibit 2

Prescott Municipal Airport

- 2010 Airport Master Plan Update
 - Adopted by Prescott City Council in 2011
 - This planning document is the source material and starting point for initiating a new strategic visioning/planning process
- The Airport covers 760 acres and is central to the area
- The Airport has 3 paved runways (3L – 21R, 3R – 21L, 12 – 30) with 3R – 21L being the primary runway (Exhibit 4)
- The Master Plan recommends that runway 3R – 21L be extended 2,950' to accommodate future air service
- 4th busiest airport in Arizona based on 2013 flight operations
- The Airport terminal was built in 1948, expanded in 1957, and expanded/renovated in 2008.
- The Air Traffic Control Tower was constructed in the early 1980s
- Leading on-airport businesses are Guidance Aviation, North-Aire, Embry-Riddle, Legend Aviation, and FAA Air Traffic Control Tower

Existing On-Airport Developments



- Although the City has 42 acres of vacant property that is available for development
 - The 18 acres near the Bottleneck Hangars is proposed for future T-hangars (2010 Airport Master Plan) and have topographical/drainage issues
 - One 4-acre cemetery site (Ruger Rd and Janine Dr) has limited reuse by regulation
 - 10 acres (near the fuel farm) are well-located for development, however, 5 acres are not usable (building setback line). A portion of the remaining 5 acres is a possible location for the construction of a new joint-use Aircraft Rescue Firefighting (ARFF) and Airport Operations Maintenance Facility
 - An Airport tenant has developed a plan proposing their use of the remaining 8 to 10 acres
- Potential Airport Land Acquisition (Exhibit 5)
 - Runway protection and extension
 - Airport/economic development opportunity
 - 9 parcels totaling approximately 279 acres

Potential Land Acquisition



Exhibit 5

Airport Area Development Constraints

Airports have operational factors that limit proximate development and impact economic development in the Airport Area including

- Airport Property Line and Building Restriction Line (Exhibit 6)
 - The Airport Property Line is the defining point for properties that are on-airport versus those outside the Airport's official boundary line.
 - The Building Restriction Line demarcates those parcels that have or do not have development limitations inside the Property Line.
- Airport Impact Zones (Exhibit 7)
 - Represents the greatest geographic impact of airport-related operations and resulting limitations
 - Exhibit 7 presents the Airport Impact Zones (1 thru 6) with Zone 1 being the runway protection zone where aircraft are most vulnerable and the risk of accident is highest among the zones.

Airport Property and Building Lines

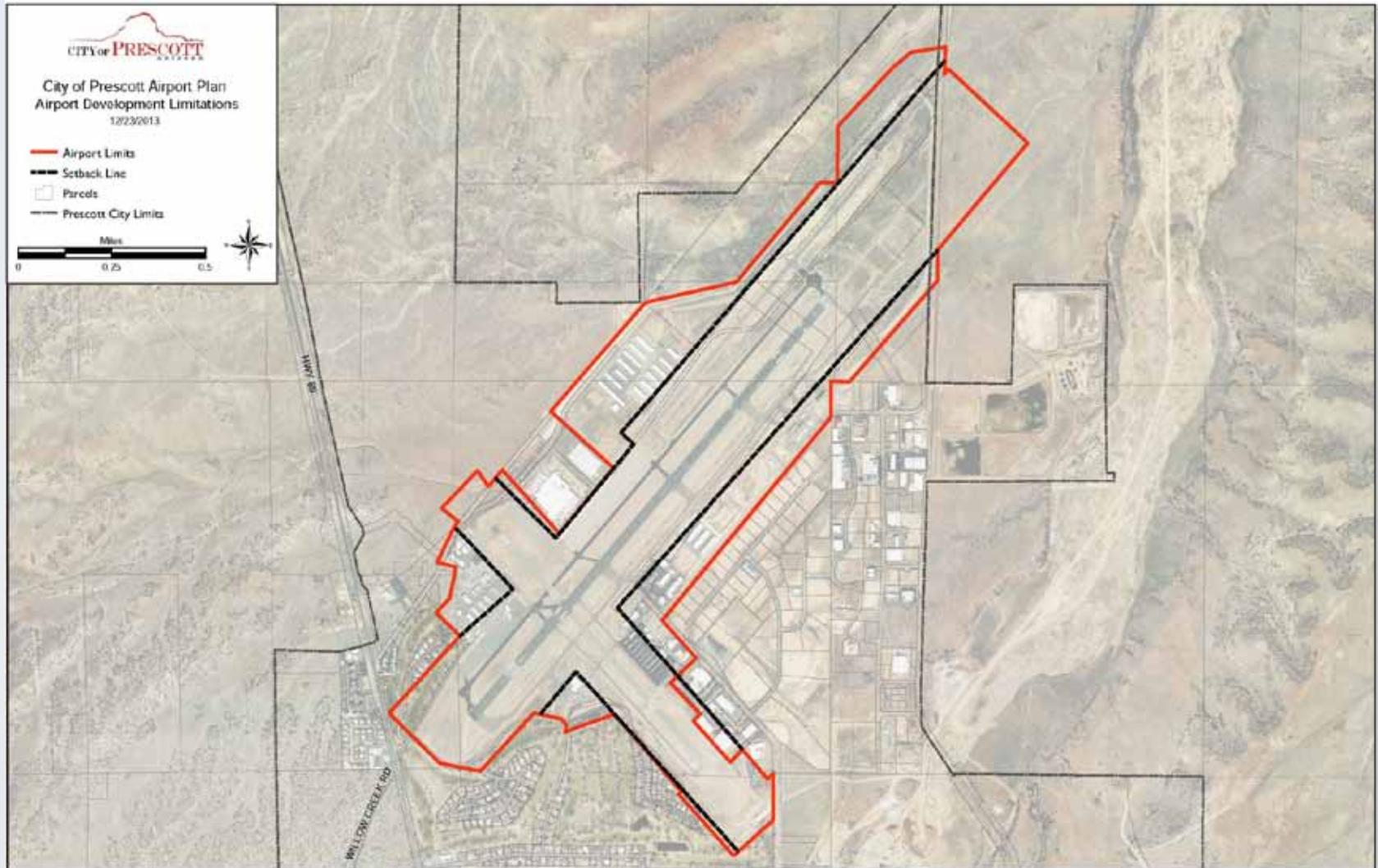


Exhibit 6

Airport Impact Zones

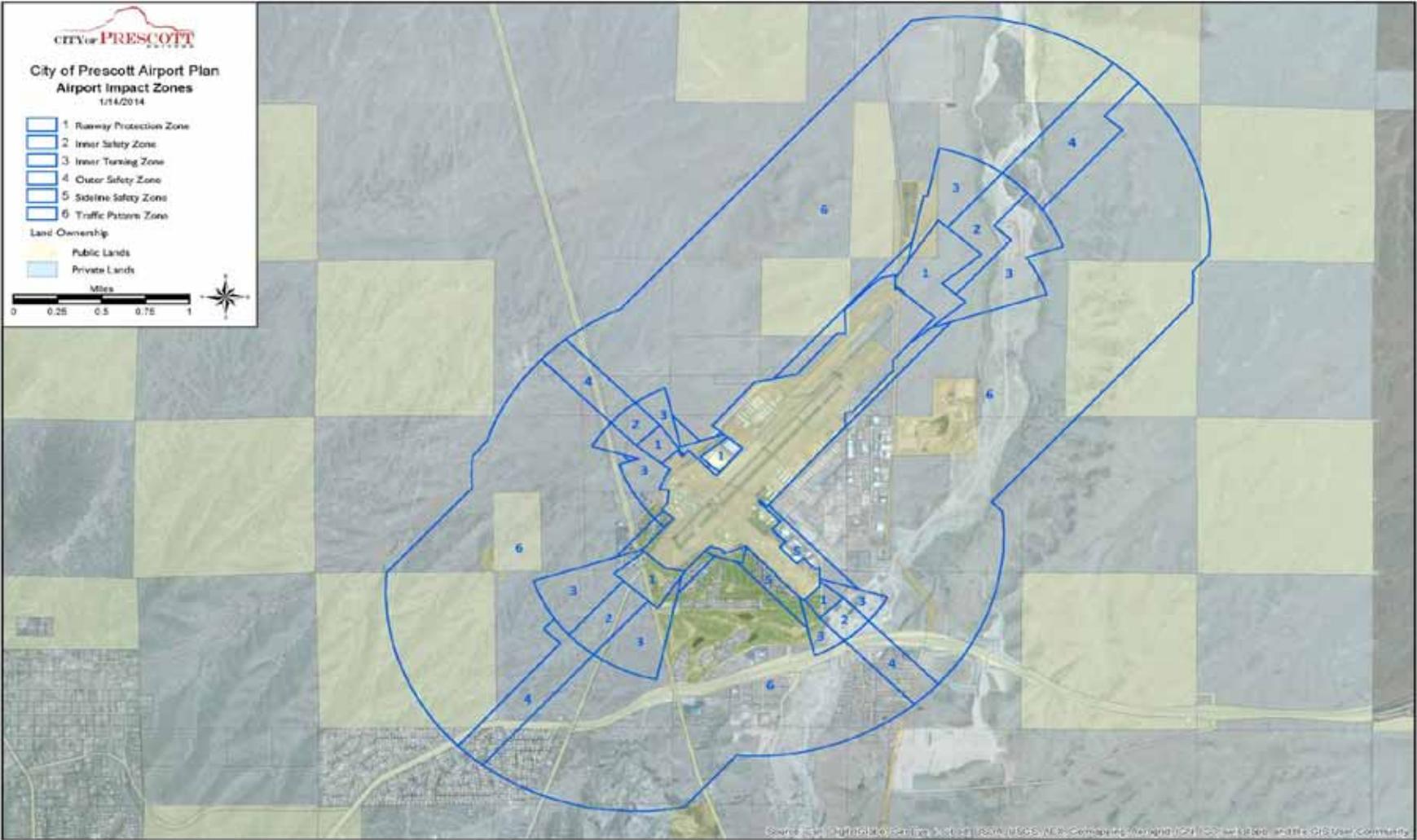
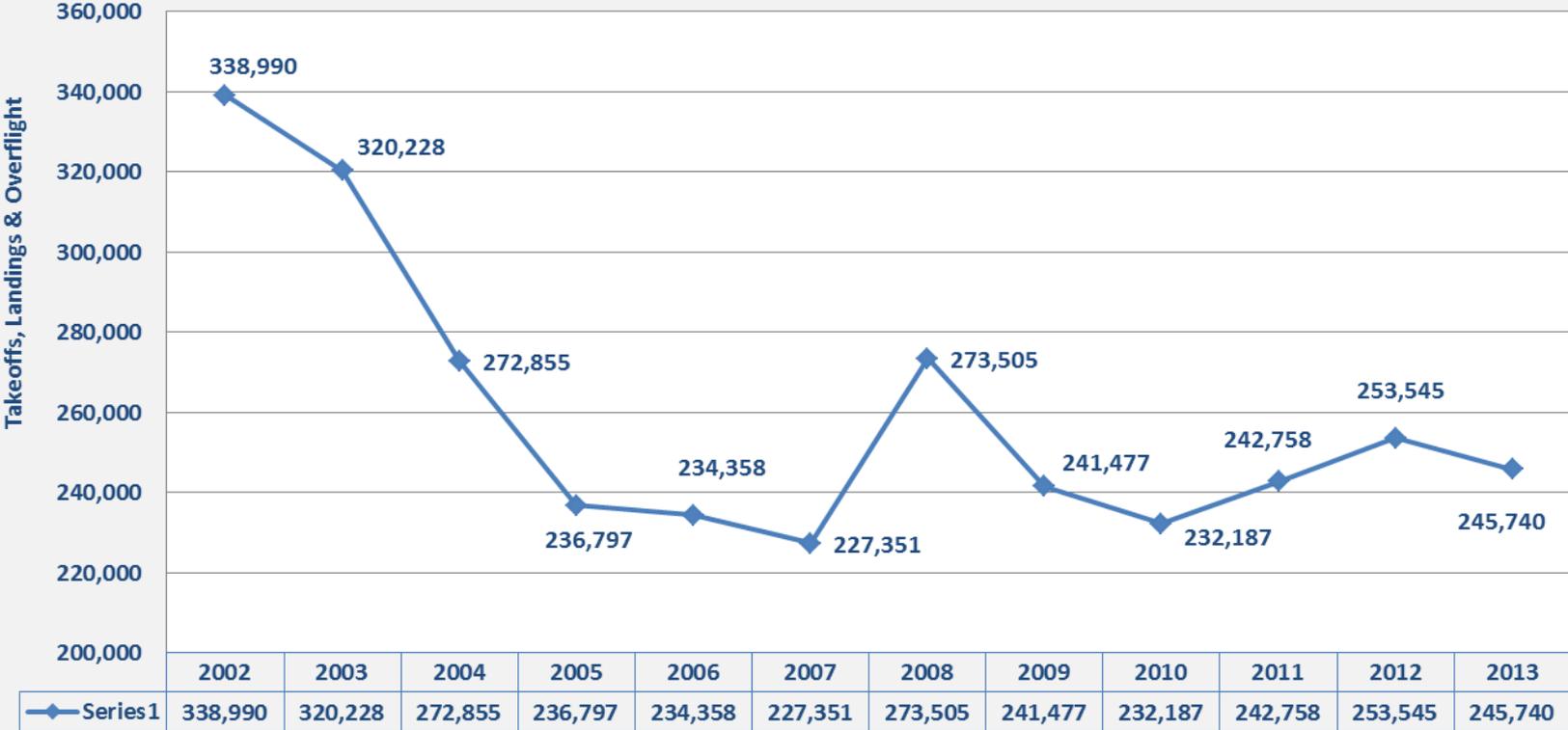


Exhibit 7

Airport Operations

Airport Calendar Year Tower Operations



Takeoffs, Landings & Overflight

Chart 1

Annual Airline Enplanements

Annual Calendar Year Airline Enplanements

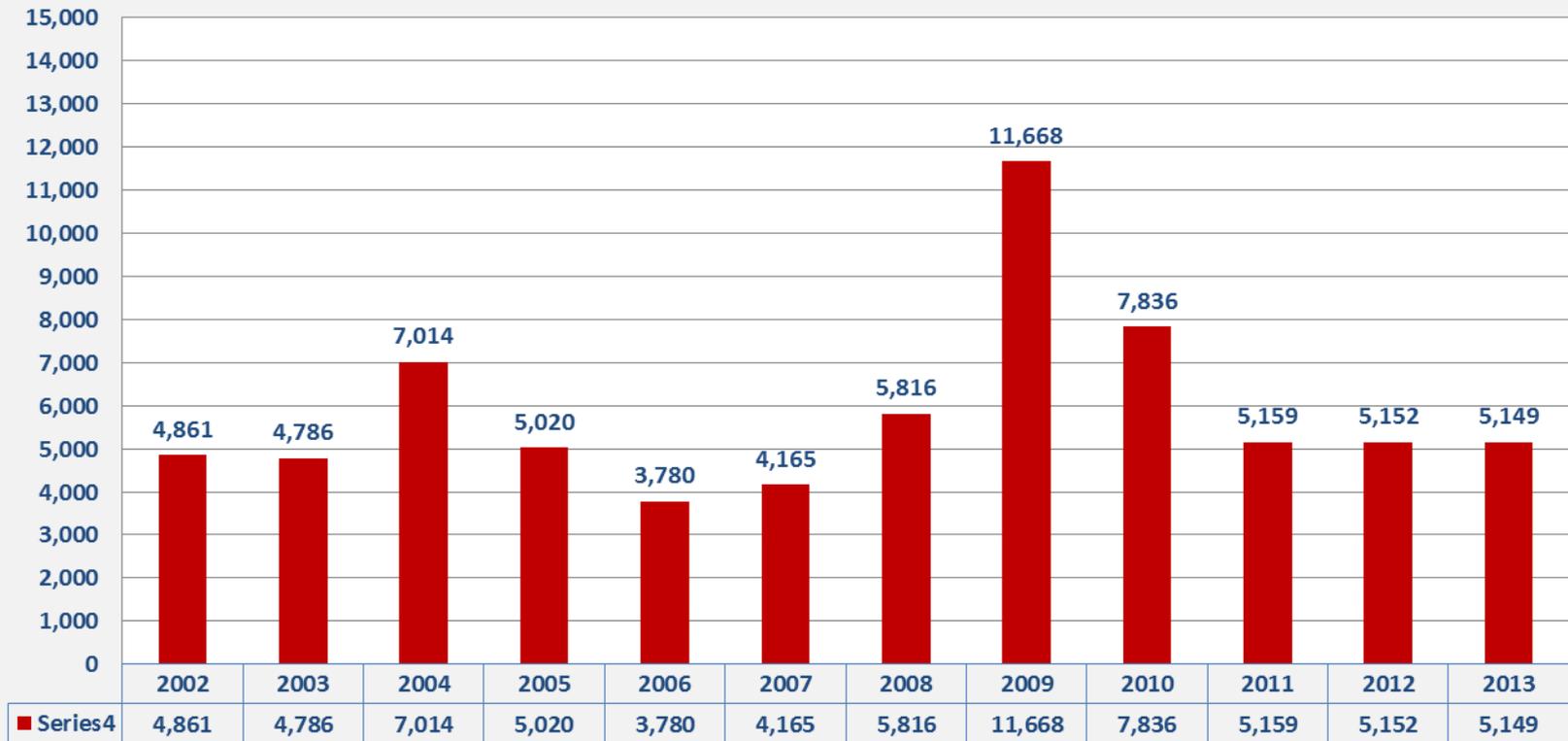
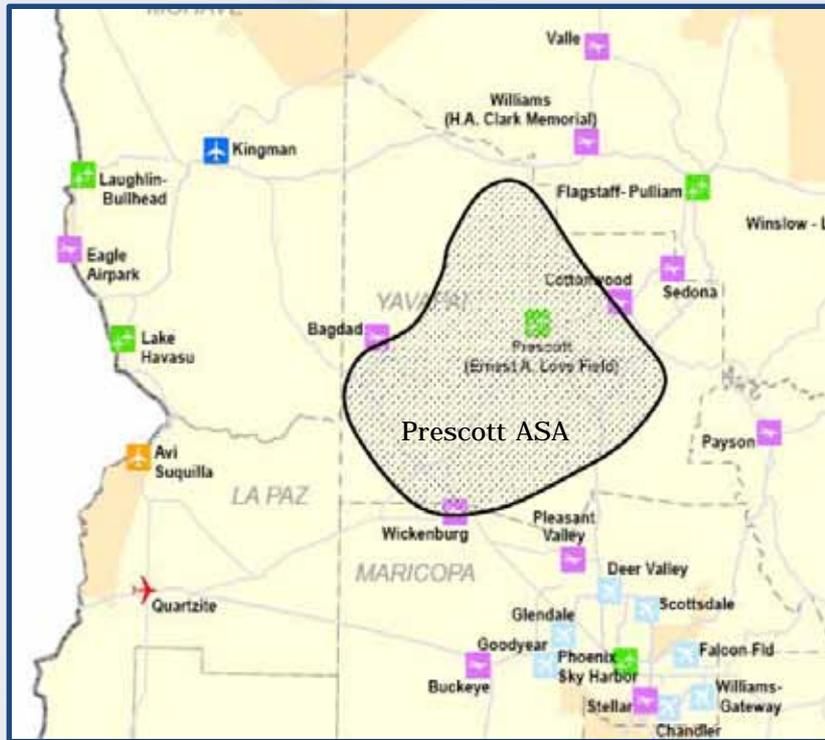


Chart 2

Estimated Commercial Aviation Demand



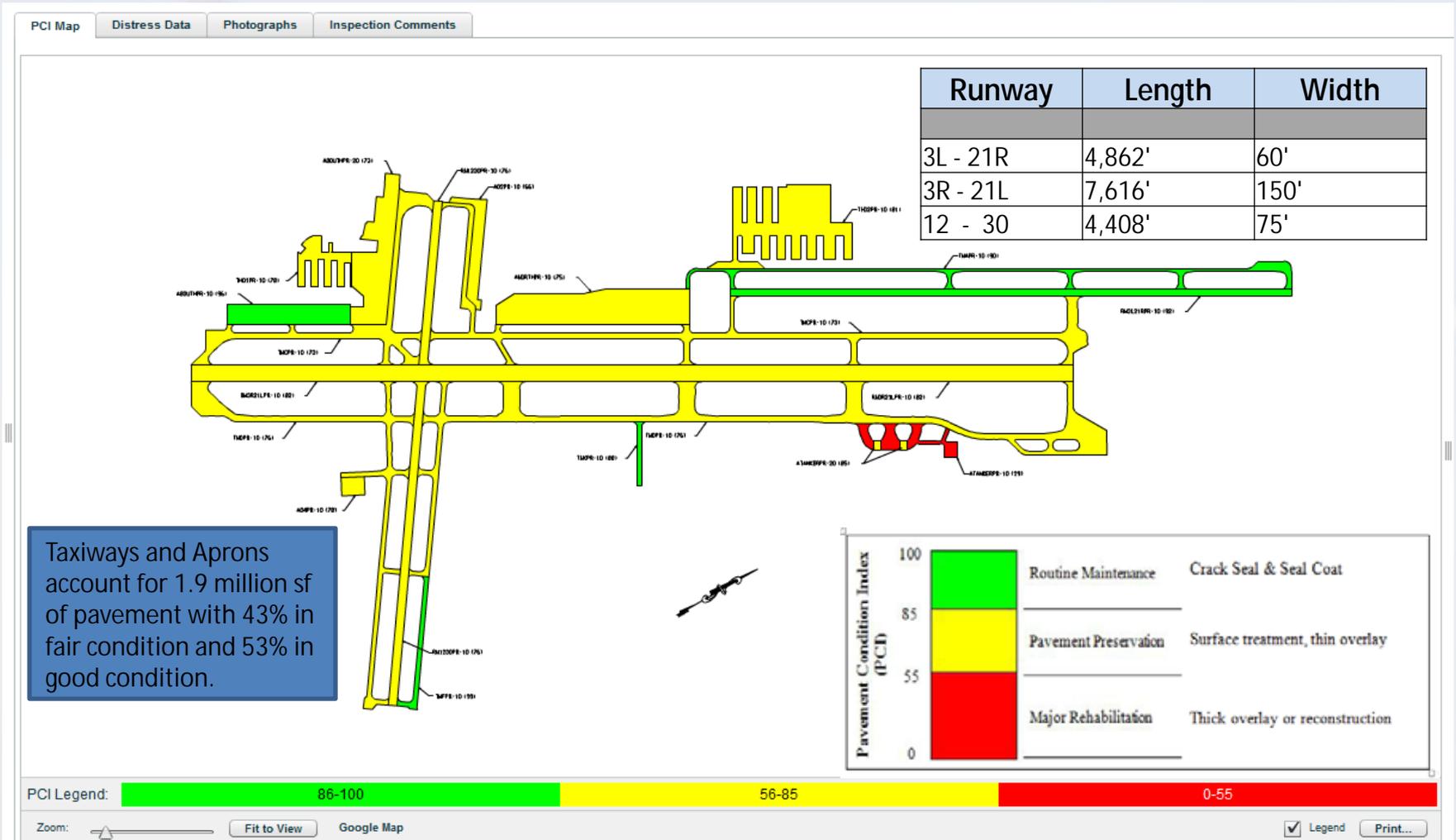
Yearly Shuttle Passenger Load Scenarios*		
Low	Likely	High
56,100 - 61,800	73,000 - 78,700	89,850 - 95,550
*Prescott ASA Shuttle Service, 2010 Airport Master Plan Update		

Airport Service Area Population Estimates*		
City/Town	2012	2030
Chino Valley	10,783	15,472
Dewey - Humboldt	3,889	4,928
Prescott	39,865	43,915
Prescott Valley	38,964	52,877
Bal. of County	117,799	140,808
Total	211,300	258,000
*Arizona Office of Employment and Population Statistics		

PRC 2013 Enplanements - 5,149

Phoenix Sky Harbor served more than 40 million passengers in 2012. Sky Harbor passenger Origin & Destination data indicate an estimated **152,000** enplanements originate from the Prescott ASA.

Pavement Conditions



Airport Financials

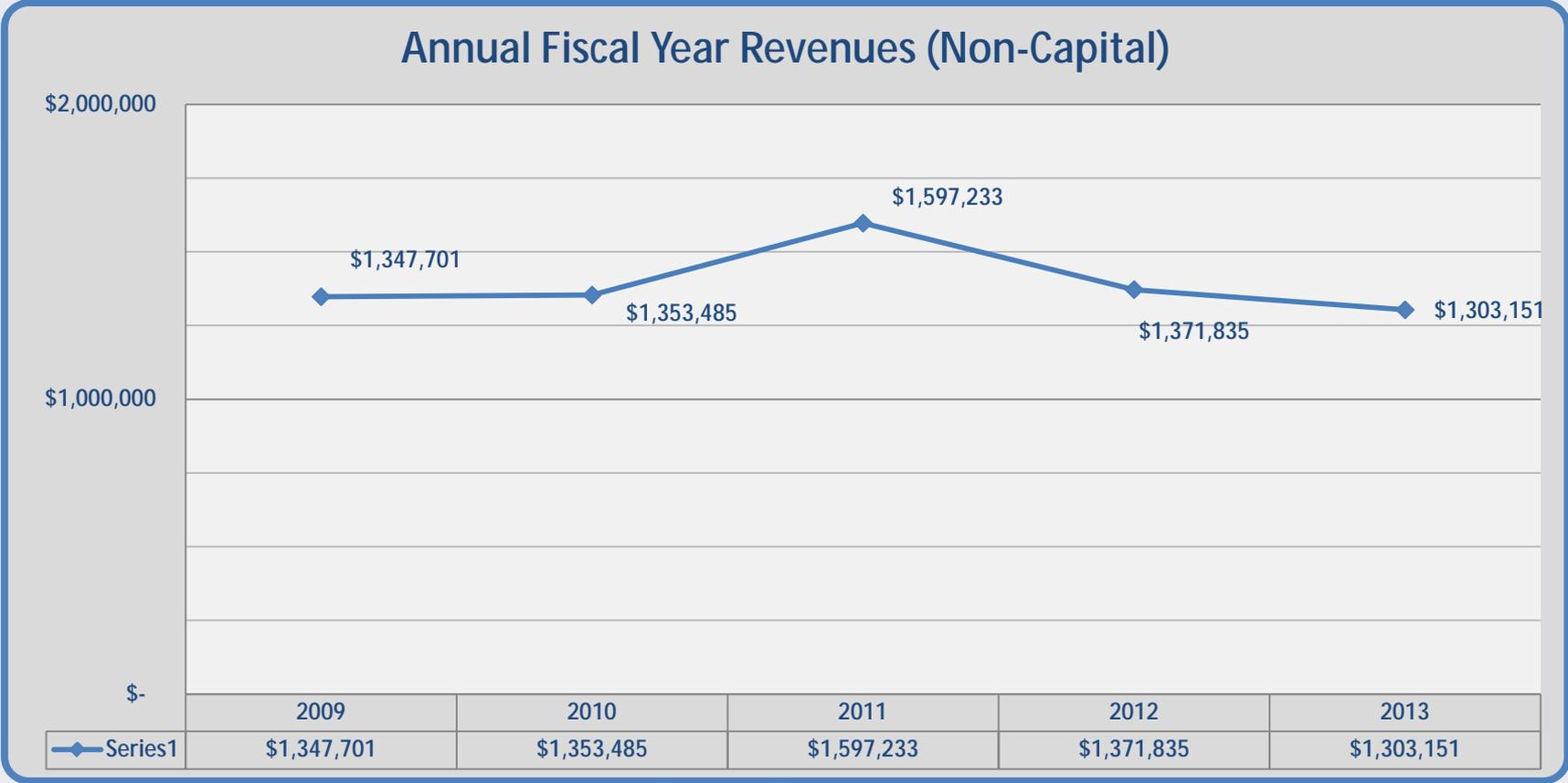
- The Airport is an enterprise fund within the City budget (a separately accounted business unit)
- Over the past 5 years, operating revenues (aviation fuel sales, hangar & tie-down rentals, sales of assets, rental/concessions, landing fees, fuel flowage fees, and interest earnings,) averaged \$1,395,000 annually
- During the same period, Airport operating and maintenance expenses (personnel, security, supplies, facility improvements, utilities, and training) averaged \$1,392,000 annually
- Airport annual expenses exceeded revenues in 2009 and 2010
- Airport revenues exceeded expenses in 2011, 2012, and 2013

Airport Financials				
FY	Revenue (\$)	O & M Exp. (\$)	Difference (\$)	Grants* (\$)
2009	1,347,701	1,497,323	(149,621)	419,622
2010	1,353,485	1,693,594	(340,109)	534,049
2011	1,597,233	1,318,286	278,947	813,649
2012	1,371,835	1,242,468	129,367	2,371,132
2013	1,303,151	1,210,185	92,966	8,774,951
	6,973,405	6,961,856		

*includes transfer-ins (use restricted to general fund support for matching grants)

- An Airport CIP (FY 2015 to FY 2019) has been developed per State and Federal requirements

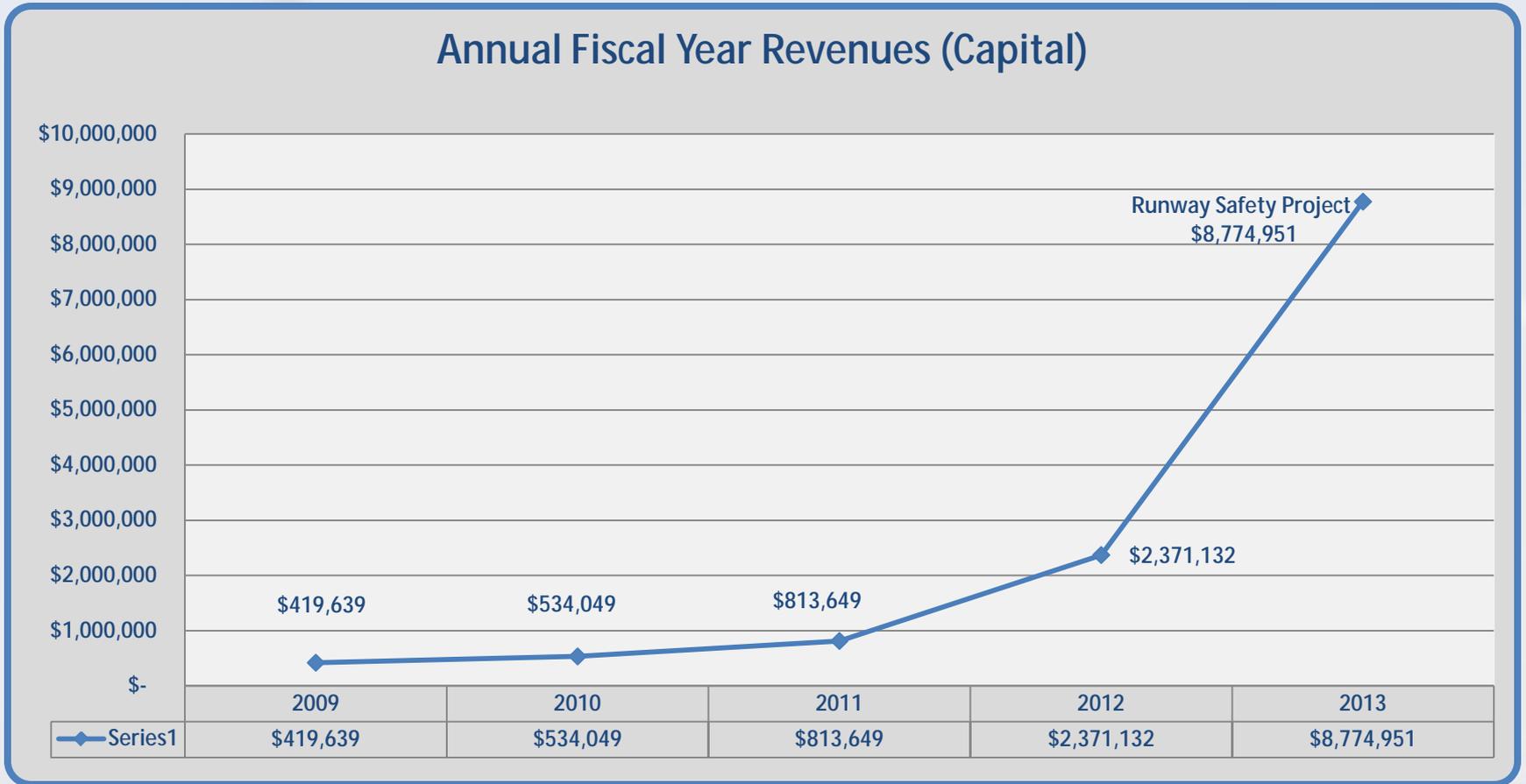
Airport Operational Revenues



- Aviation Fuel sales
- Hangar & Tie Down rental fees
- Proceeds from Sale of Assets
- Rental/Concessions
- Landing Fees
- Fuel Flowage Fees
- Interest earnings
- Miscellaneous

Chart 3

Airport Grant Revenue (Capital)



- FAA & ADOT Grants
- Transfer In/Grants Received

Chart 4

Airport Combined Annual Revenue

Annual Fiscal Year Revenues (ALL)

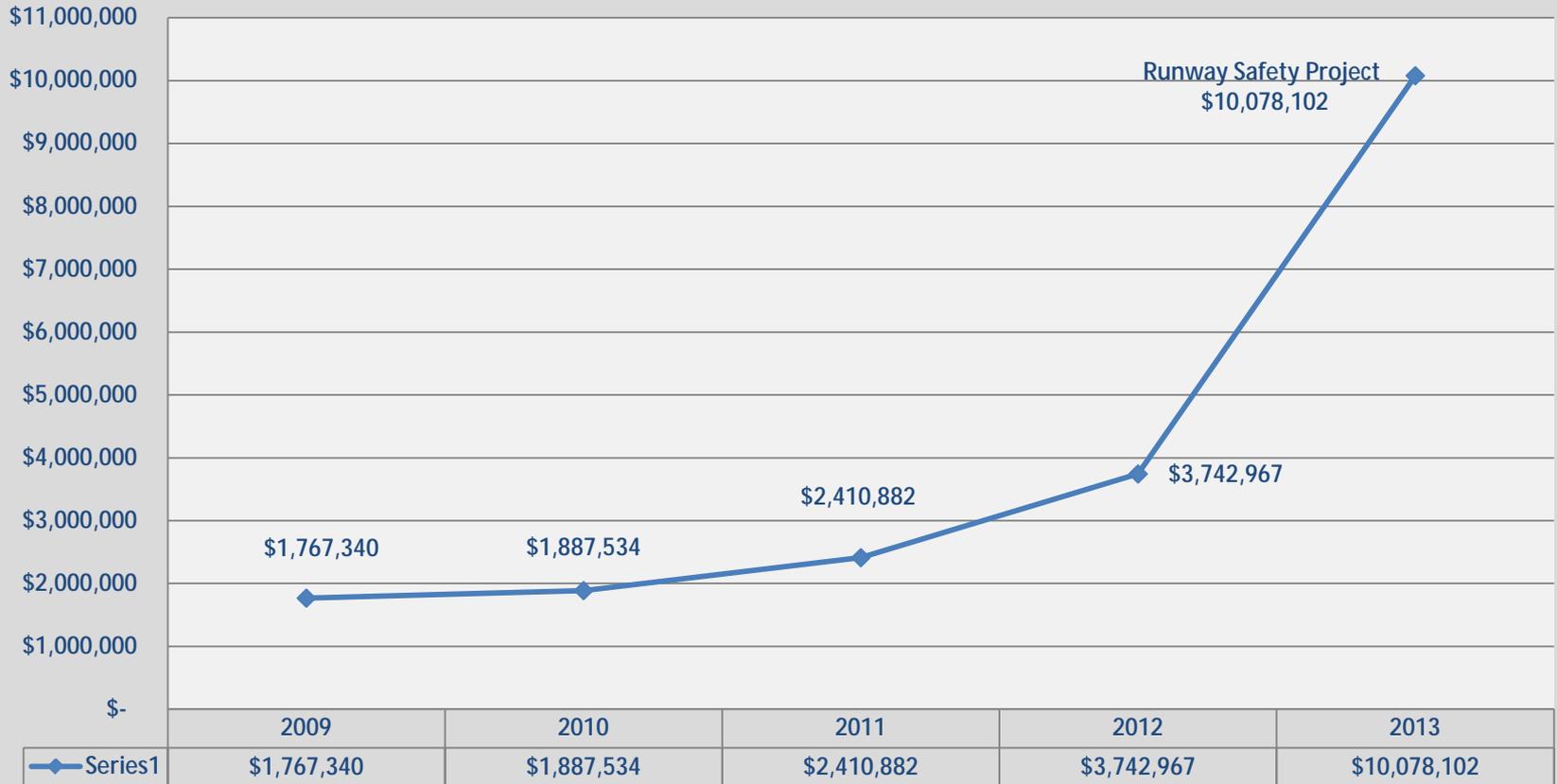


Chart 5

Airport Operation & Maintenance Expense

Annual FY Expenditures (Base Operating Budget/Non-Capital)

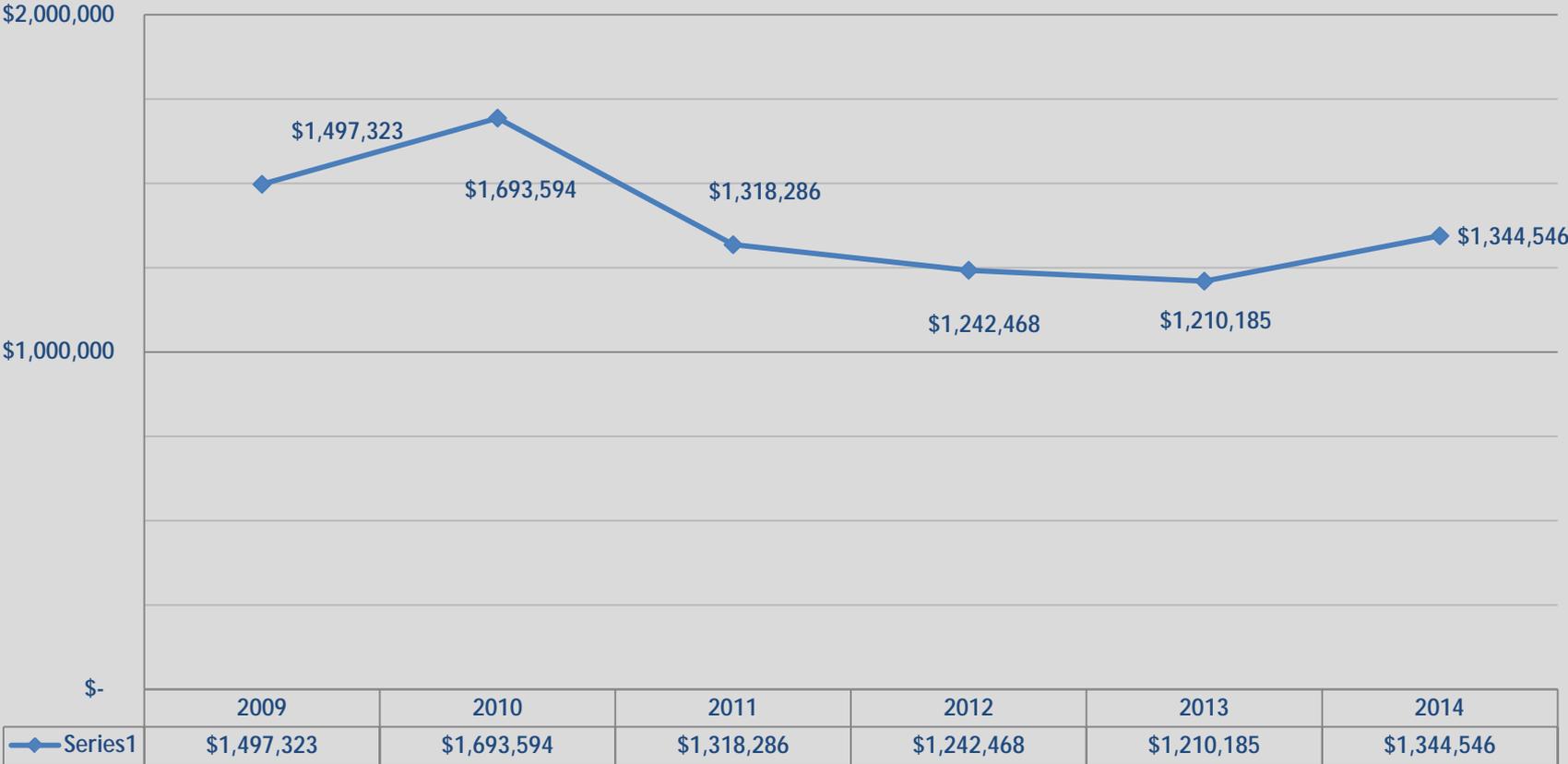


Chart 6

Airport Leases and License Agreements

- Over the past 50 years, the City has entered into various leases for land and/or buildings
 - 150+ City-operated hangars (rented on a month-to-month basis rather than through long-term leases)
 - The airport now has 23 leases
 - 15 ground leases
 - 8 buildings or other facilities
 - The ground leases currently average \$0.255 per sq. ft./yr. ranging from \$0.025 to \$0.518 per sq. ft./yr.
 - Building leases average \$6.55 per sq. ft./yr. ranging from \$0.134 to \$34.31 per sq. ft./yr.
 - Many of the leases were created decades ago
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- 2 leases expire or are up for renewal in 2014
 - Skyway Restaurant* (6/1/2014)
 - FAA (9/30/2014)
 - 1 lease expires in 2015
 - RittAire
 - Airport goals for new/renewed leases:
 - Achieve uniformity in language and terms
 - Rental rates to better reflect value and market conditions

**Lease renewal scheduled to go to Council on 1/21/2014*

Factors Affecting Development Potential of the Airport Area

- Infrastructure (Exhibits 9 and 10)
 - The City has a well-developed infrastructure inside the City corporate limits, including water/sewer and roadways
- Floodplains (Exhibit 11)
 - Airport lands are bordered on the northwest and east by floodways; floodplains extend through both the Airport and adjoining properties.
 - Floodplains impact the possible types and costs of development
- Zoning (Exhibit 12)
 - Adopted zoning provides development options for parcels inside the City limits
- **Market Demand and economic conditions**

Water Infrastructure

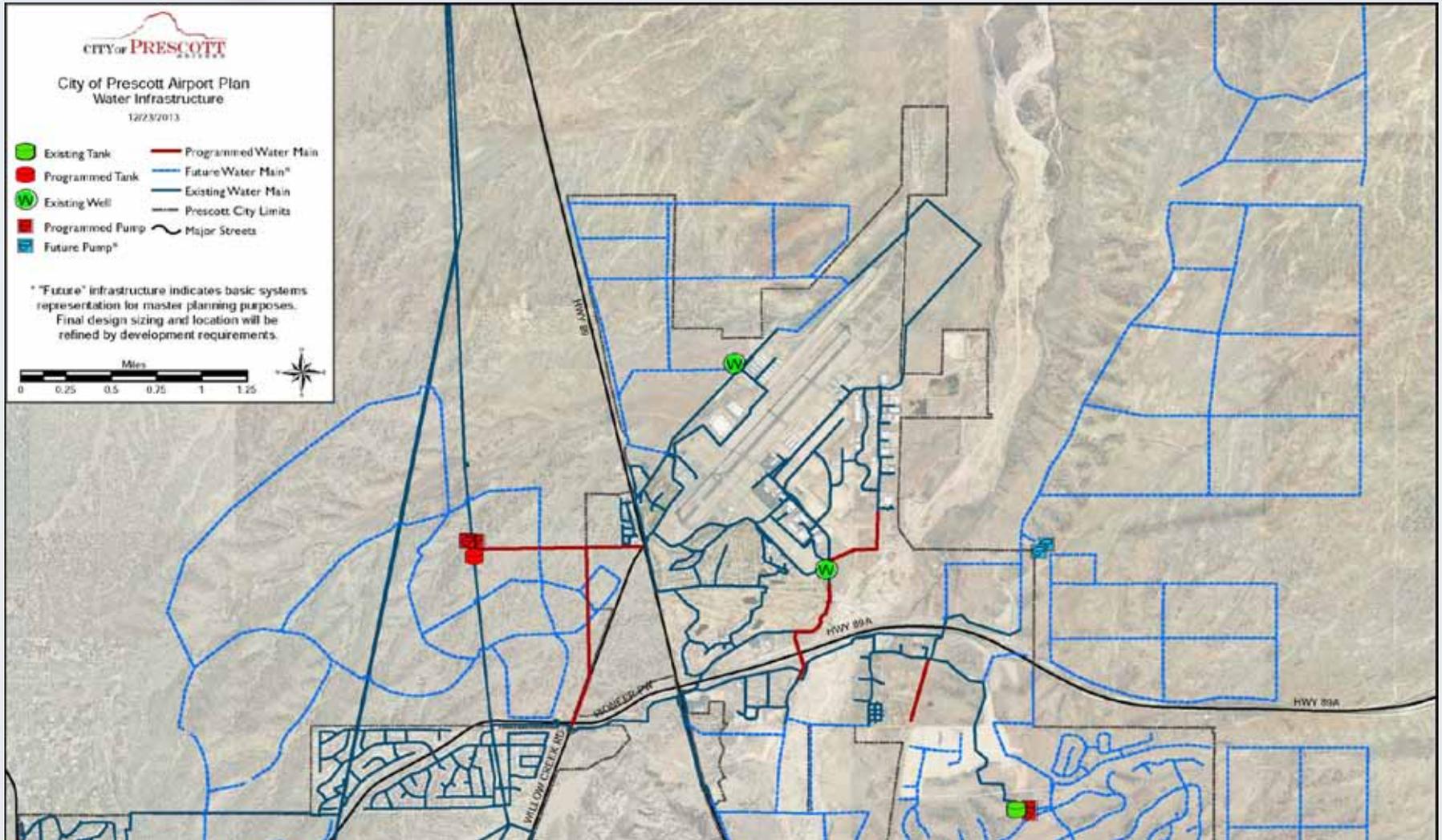


Exhibit 9

Wastewater Infrastructure

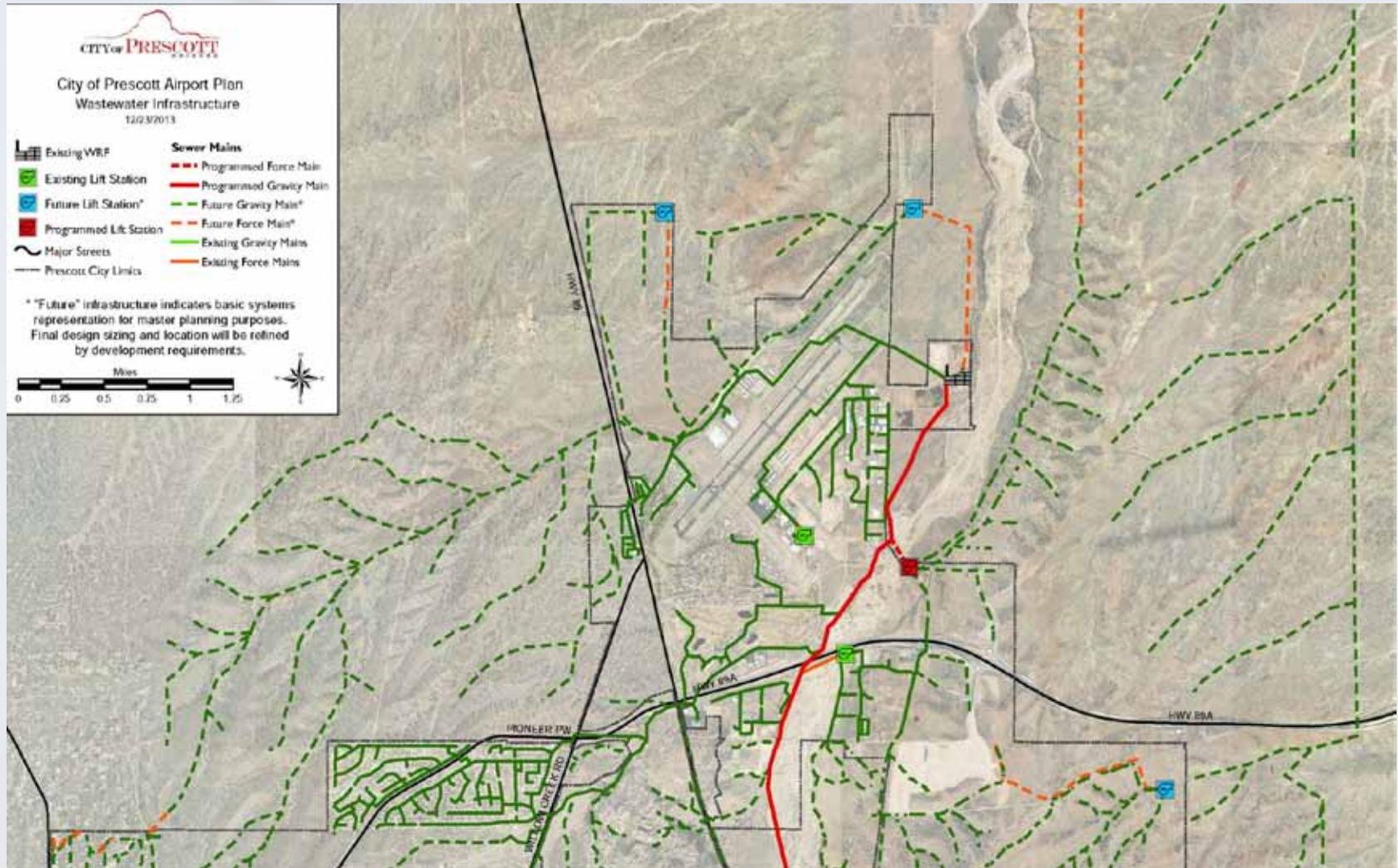


Exhibit 10

Floodplain Areas



Exhibit 11

Airport Area Zoning

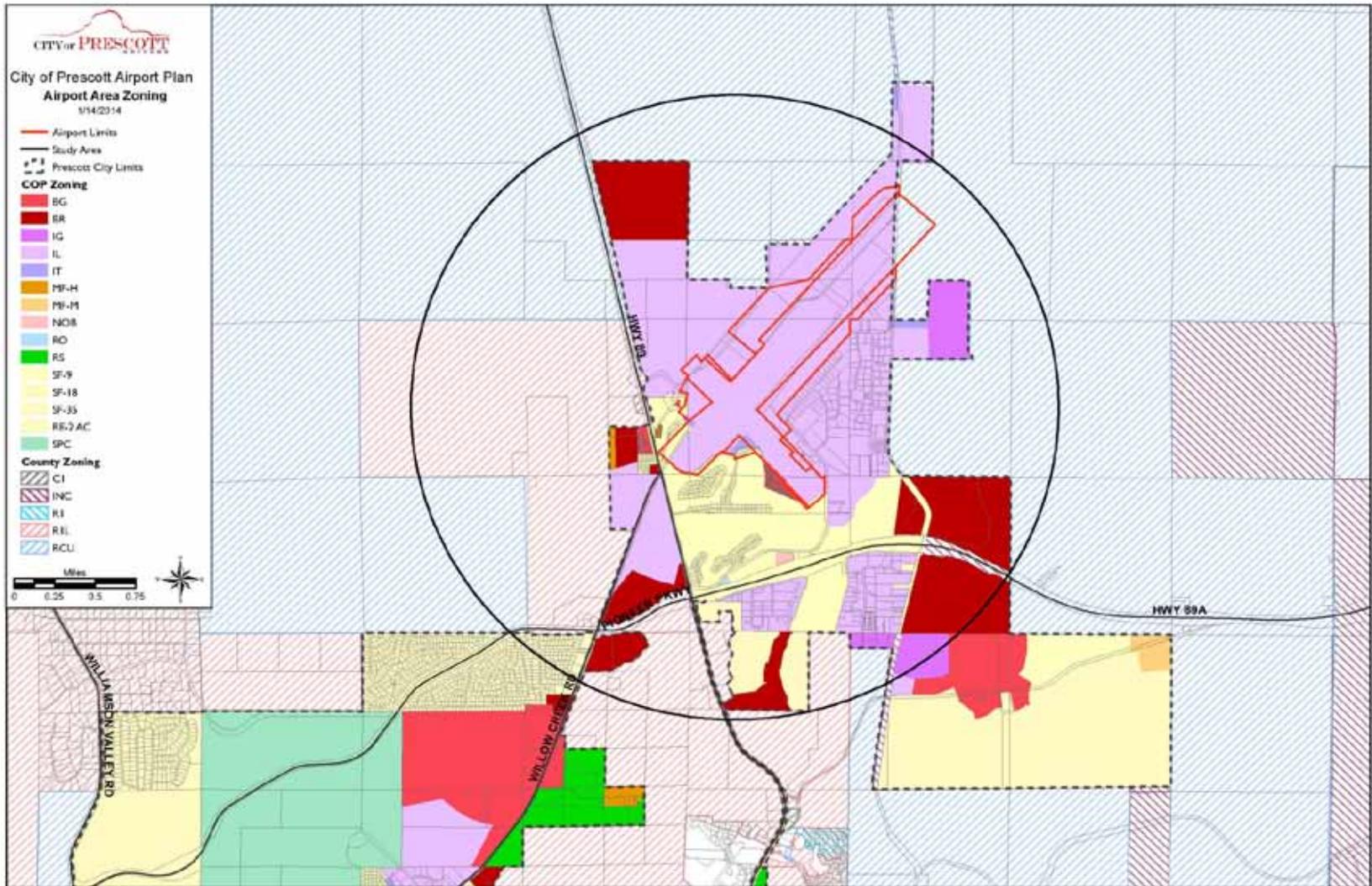


Exhibit 12

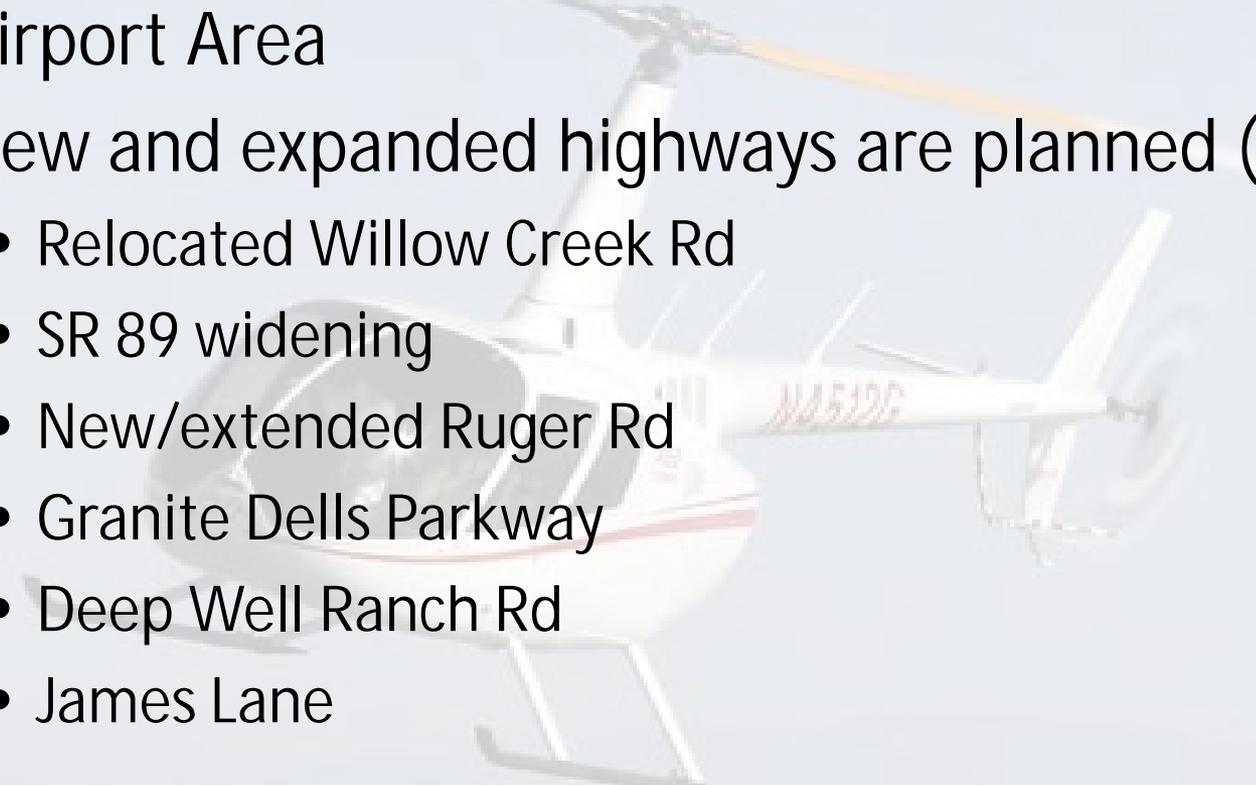
Airport Area Elements

Supporting Economic Development

- Fundamental to the ability of a community to successfully compete for economic investments is preparation.
- The City and Airport Area has an assured water supply
- The existing water and sewer infrastructure enable rapid creation of shovel-ready sites
- Programmed and future utility infrastructure investments will expand the development potential of the broader Airport Area
- Zoning is in place to help protect the Airport and promote economic development within the corporate limits

Highways – Existing and Planned

- SR 89 and SR 89A provide regional access to the Airport Area
- New and expanded highways are planned (Exhibit 13)
 - Relocated Willow Creek Rd
 - SR 89 widening
 - New/extended Ruger Rd
 - Granite Dells Parkway
 - Deep Well Ranch Rd
 - James Lane



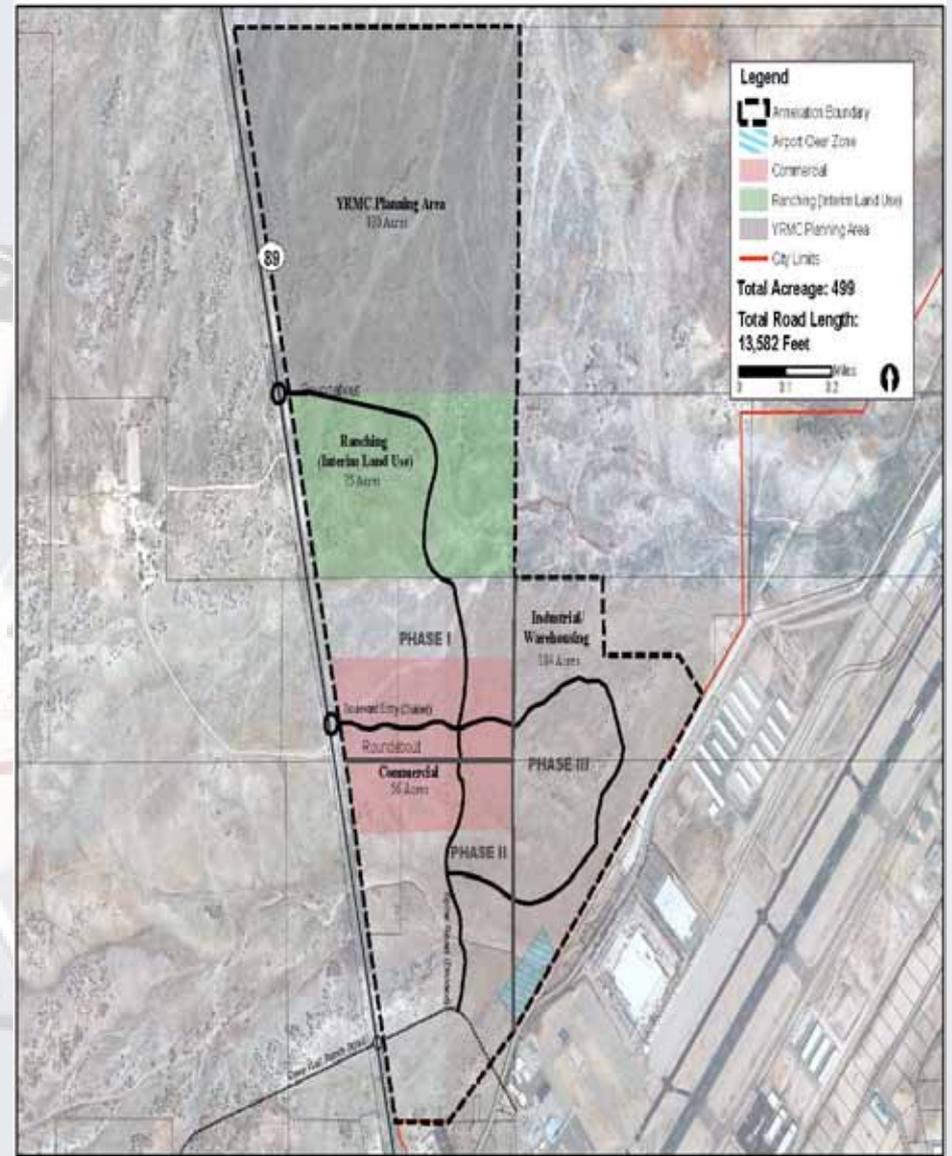
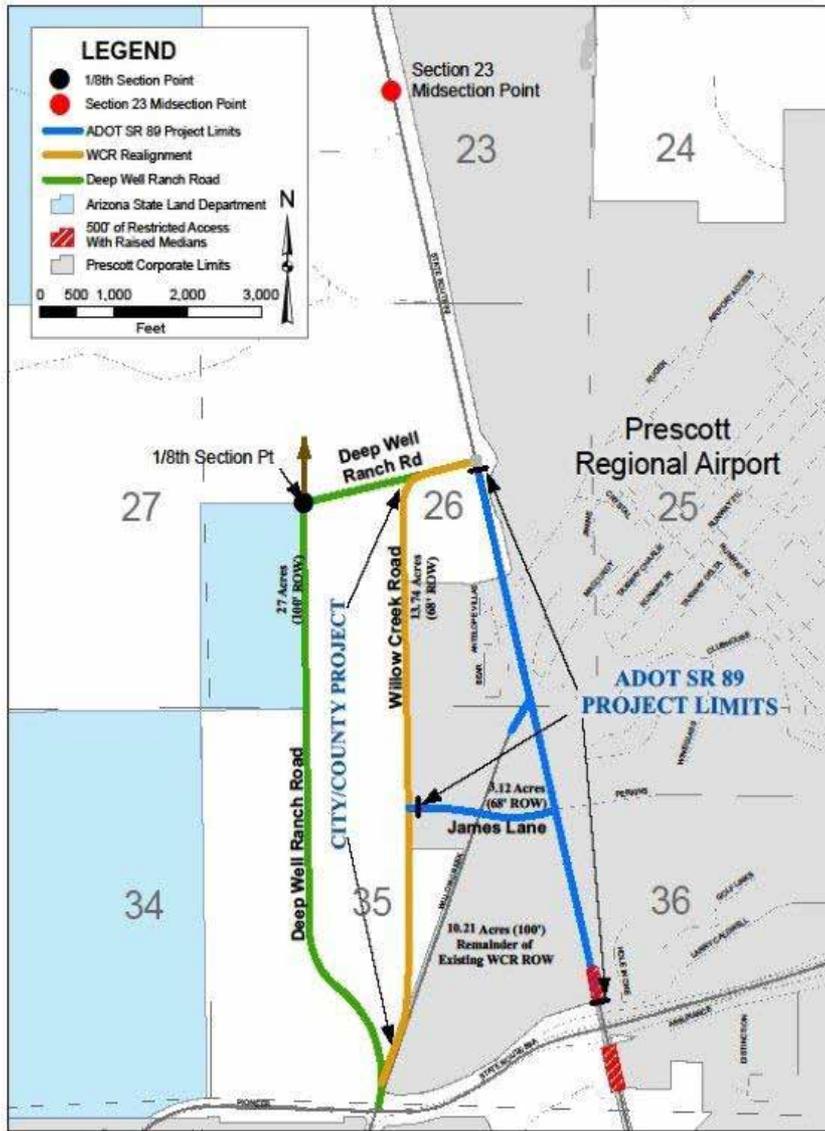


Exhibit 13

Economic Development Assets of the Airport Area

- The Airport Area is central to Prescott Metro Area
- The Airport has the potential to provide expanded passenger service for residents and businesses
- City utilities and roadways are in place
- The presence of the airport and existing business parks make this a desirable location for commerce
- The Area has over 70 existing businesses with the potential to grow
- This is the future home of Yavapai Regional Medical Center and related healthcare uses
- The Area has more than 700 acres of vacant, light industrially-zoned property
- Over 400 acres of vacant/developable commercial land with proximate residential acreage is available
- The Airport Area has property owners who are interested in quality economic development
- Large parcels are available under single ownership

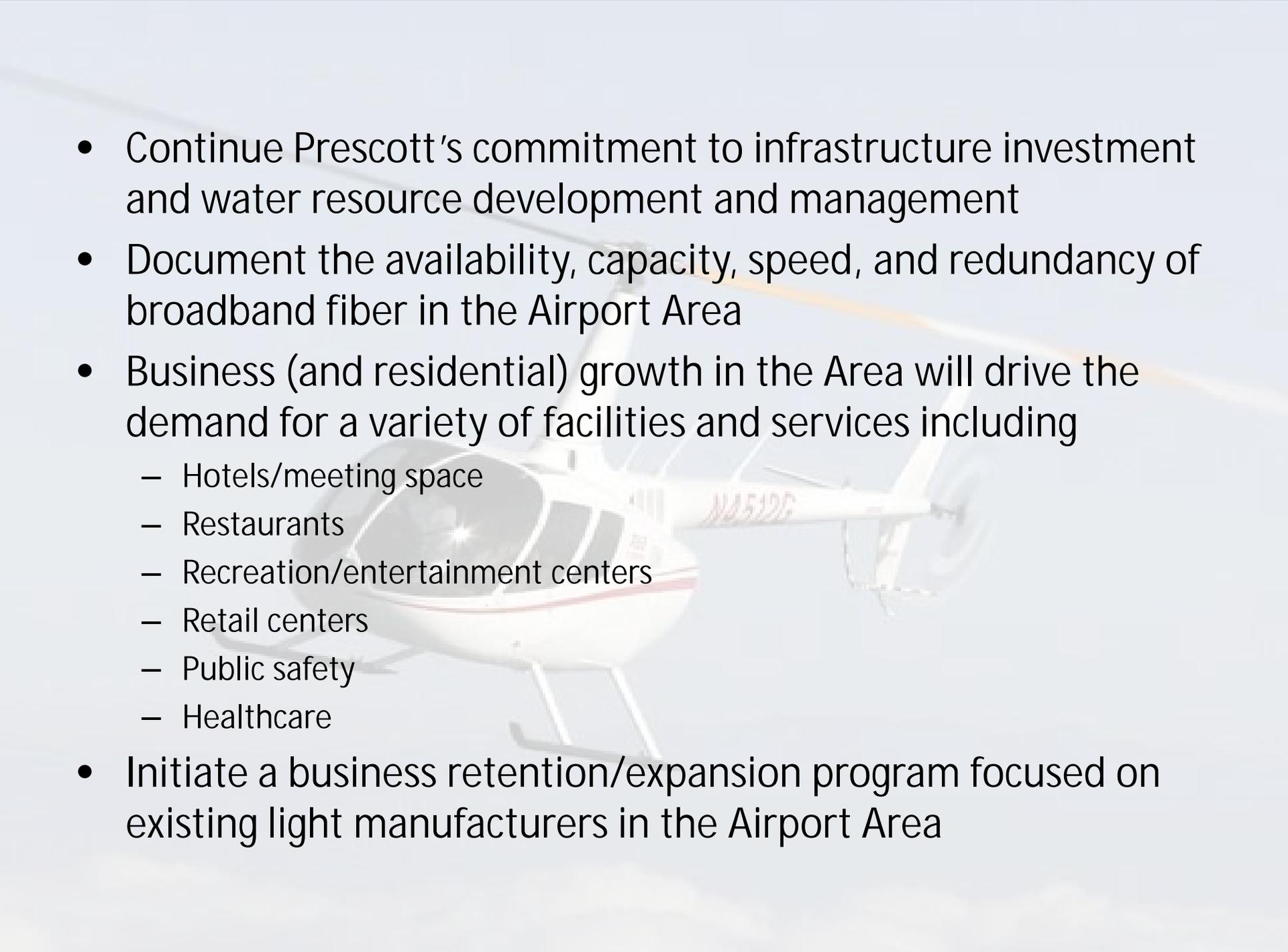
- Existing airport facilities can serve most personal and corporate aircraft
- The Area features a leading aerospace university (Embry-Riddle)
- The highway network offers good access to I-17
- Airport Area offers easy access to downtown Prescott and established residential areas
- Airport Area is a nexus of commuter corridors (SR 89, Willow Creek Rd, and Pioneer Parkway/East SR 89A) to attract workers

Key Highway Segments	2012 Avg. Daily Traffic Counts*
SR 89 (North of SR 89 & Willow Creek)	26,000
East SR 89A (East of SR 89)	21,600
Willow Creek Rd (W SR 89 & Pioneer Pkwy)	13,000
Pioneer Parkway (West of Willow Creek)	5,900
<i>*Close approximation to the actual number of vehicles passing through a given location on an average weekday.</i>	

- Yavapai College's Career and Technical Education Center (CTEC) is adjacent to the Airport

Economic Development Needs of the Airport Area

- The Airport needs additional acreage “inside the fence” to realize its potential with the aerospace industry
- Protect the long-term viability of the Prescott Airport
- Work with the FAA and ADOT (Aeronautics Group) to coordinate airport improvements, maximize funding support, and facilitate Airport Area planning and development
- Airport Area (and City) lacks large parcels (25+ acres) that are zoned for light manufacturing uses, have all necessary utilities, are available, and developable
- The Area has a very limited supply of light manufacturing and warehousing buildings available
- Available light industrial buildings of 20,000 sq. ft. or more are virtually nonexistent in the Airport Area and Prescott.

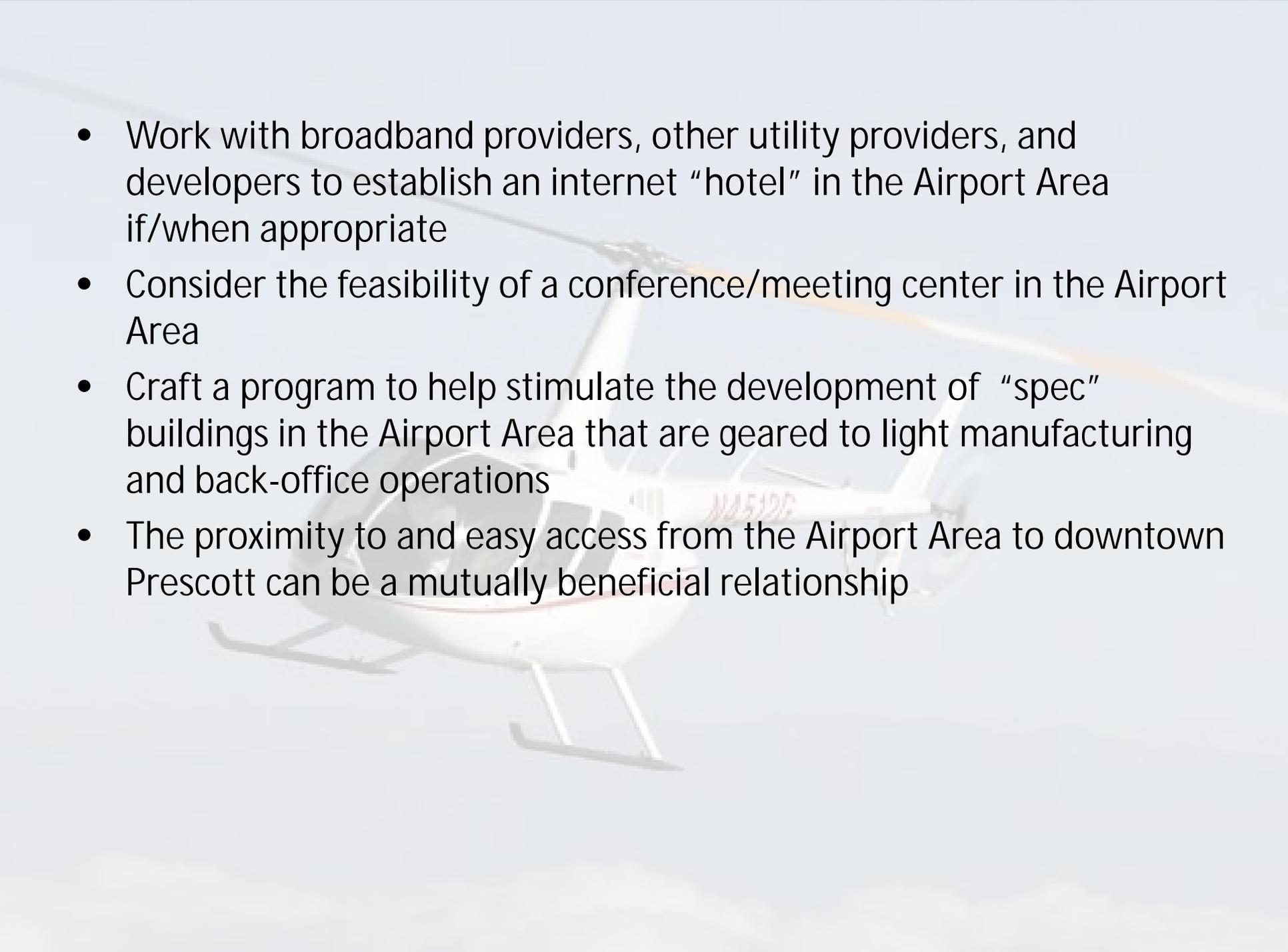
- 
- A light aircraft, possibly a Cessna, is shown in flight against a blue sky with light clouds. The aircraft is white with a red stripe and has the registration number N2512G visible on the fuselage. The aircraft is positioned in the lower right quadrant of the slide, flying towards the left.
- Continue Prescott's commitment to infrastructure investment and water resource development and management
 - Document the availability, capacity, speed, and redundancy of broadband fiber in the Airport Area
 - Business (and residential) growth in the Area will drive the demand for a variety of facilities and services including
 - Hotels/meeting space
 - Restaurants
 - Recreation/entertainment centers
 - Retail centers
 - Public safety
 - Healthcare
 - Initiate a business retention/expansion program focused on existing light manufacturers in the Airport Area

Economic Development Opportunity and the Airport Area

- All the elements needed to create an integrated live, work, and play environment in the Airport Area are available to Prescott
- The Airport Area can and should become the center for the creation of quality jobs in Greater Prescott and North Central Arizona
- The Airport is an existing economic engine that can be greatly enhanced
- Develop partnerships that can help plan, coordinate, cost-share, and prioritize new infrastructure and development in the Airport Area

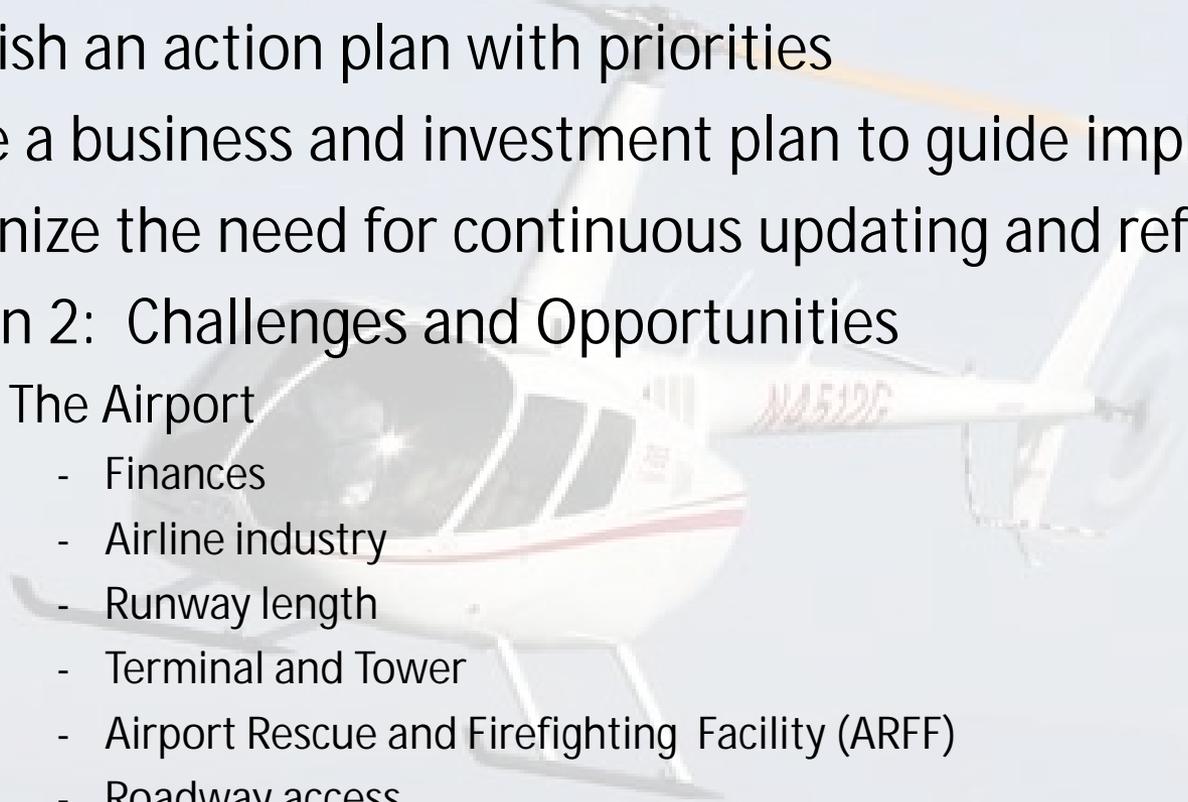
Partnership Opportunities	
Property Owners	Yavapai County Government
Arizona Dept. of Transportation	Federal Aviation Administration
Homebuilders & Developers	AZ Department of Lands
Airport Area Businesses	Utility Providers

- Encourage the availability of “large lot” development in new master-planned business parks
- Plan for the potential of a mega-site (500+ acres)

- 
- Work with broadband providers, other utility providers, and developers to establish an internet “hotel” in the Airport Area if/when appropriate
 - Consider the feasibility of a conference/meeting center in the Airport Area
 - Craft a program to help stimulate the development of “spec” buildings in the Airport Area that are geared to light manufacturing and back-office operations
 - The proximity to and easy access from the Airport Area to downtown Prescott can be a mutually beneficial relationship

Going Forward

- Create and confirm a vision for the Airport Area
- Develop and adopt a strategic plan
- Establish an action plan with priorities
- Create a business and investment plan to guide implementation
- Recognize the need for continuous updating and refinement
- Session 2: Challenges and Opportunities
 - The Airport
 - Finances
 - Airline industry
 - Runway length
 - Terminal and Tower
 - Airport Rescue and Firefighting Facility (ARFF)
 - Roadway access
 - Extension of water/sewer service and roadways areas not now served
 - Economic Development practices, policies, and programs



Council Comments/Discussion

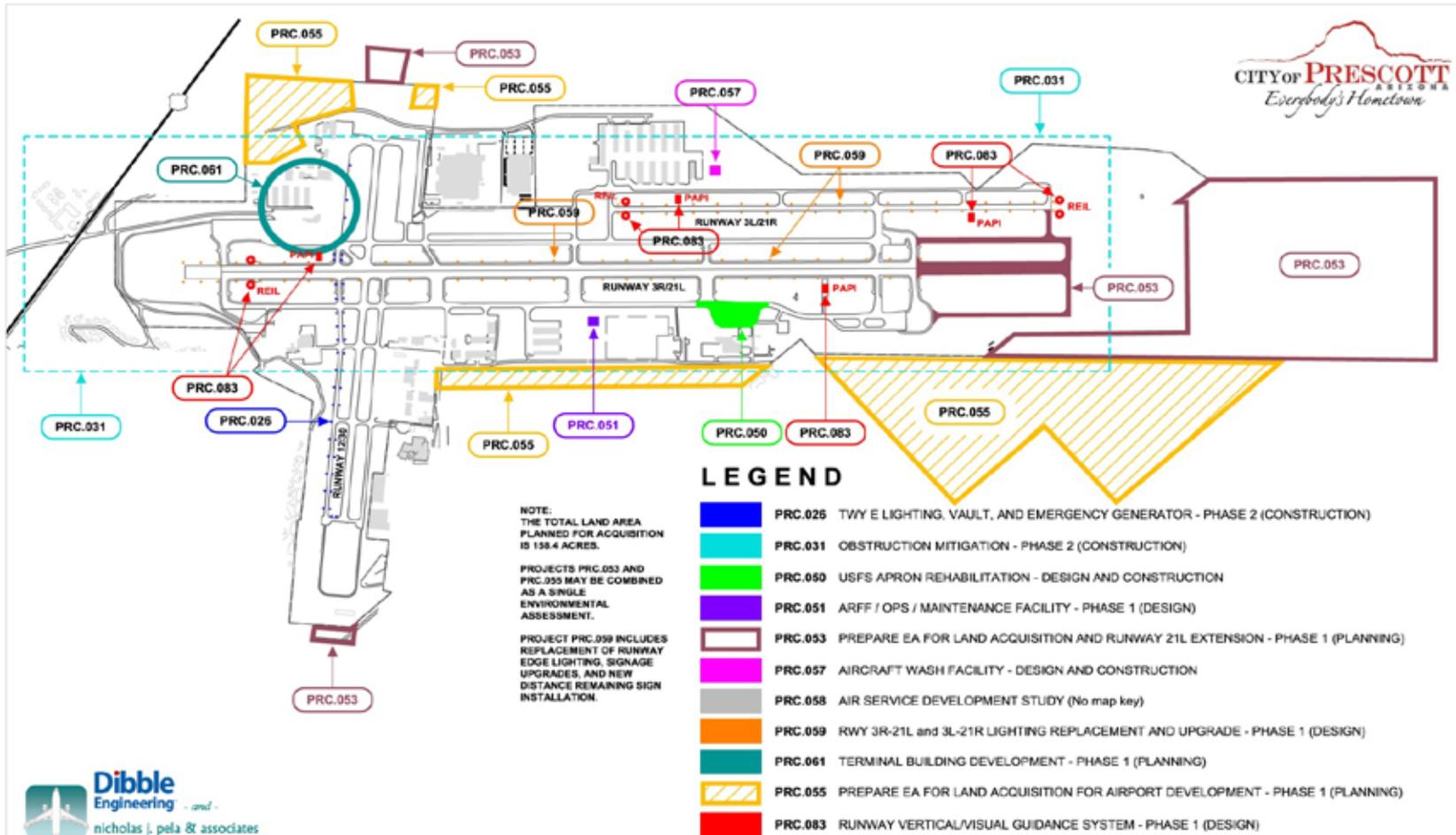




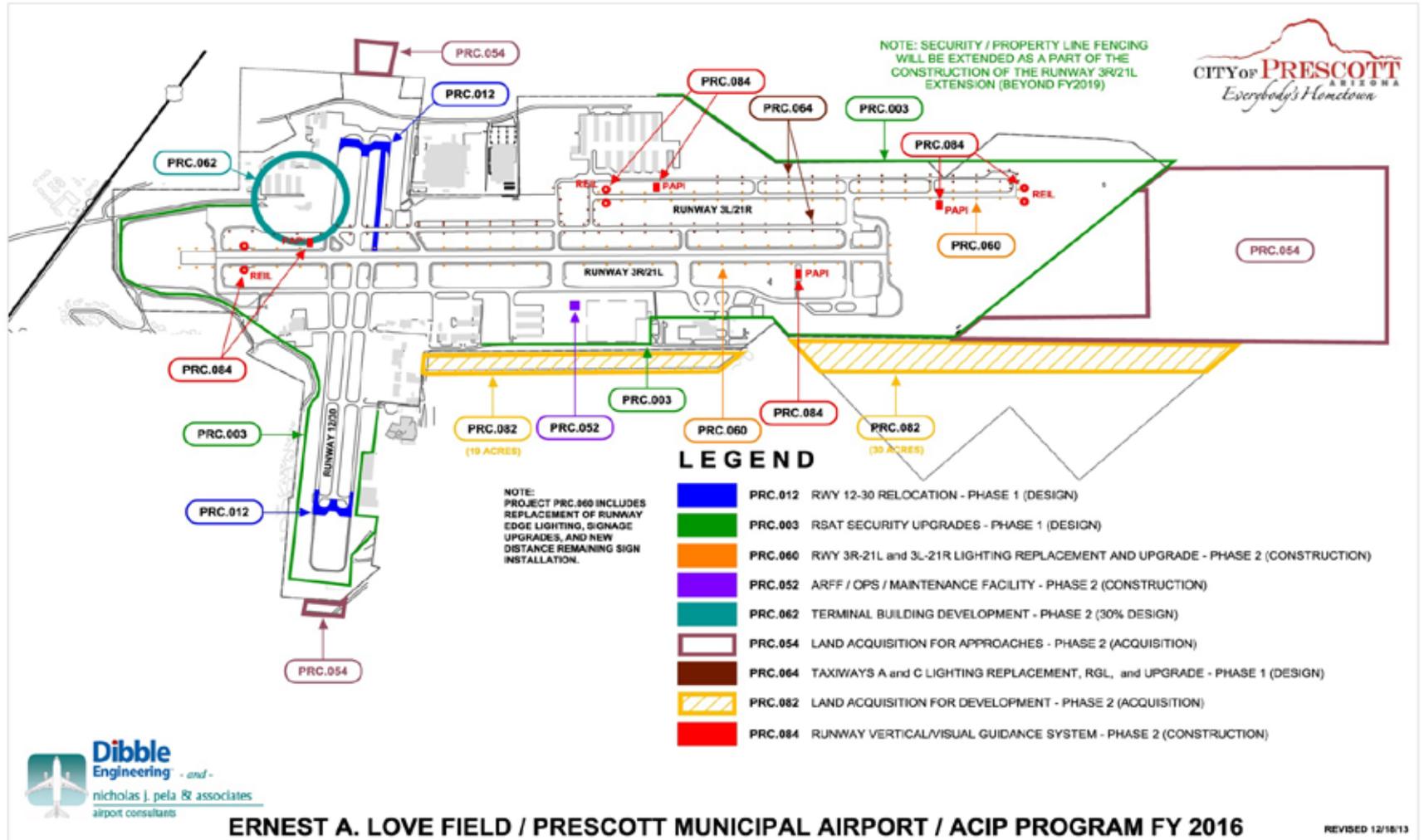
A white helicopter with red and black stripes is shown in flight, suspended from a cable. The helicopter is viewed from a low angle, and the background is a clear, light blue sky. The text "Appendix - A" and "Airport CIP FY 2015 to FY 2019" is overlaid on the image.

Appendix - A
Airport CIP FY 2015 to FY 2019

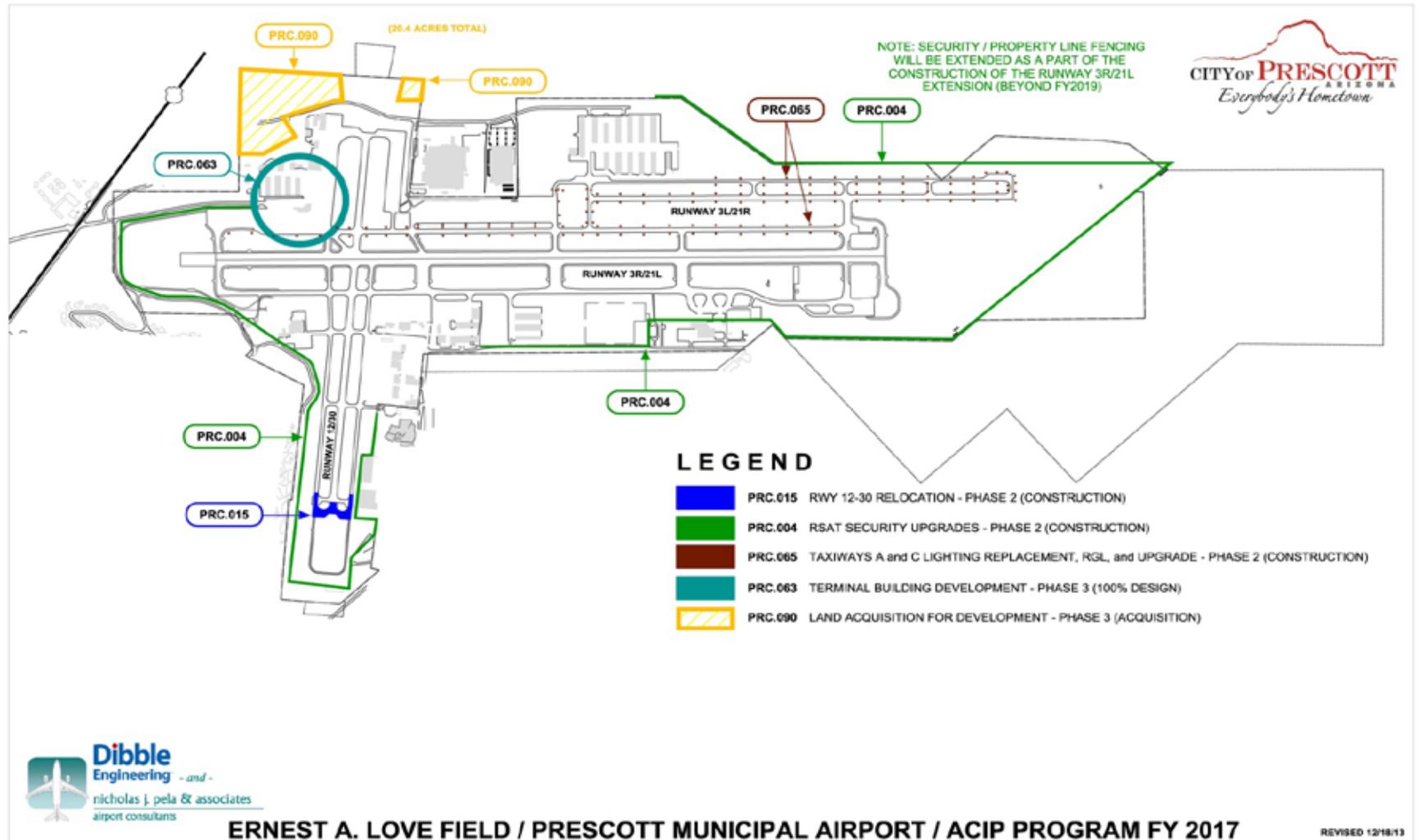
Airport Capital Improvement Program – FY15



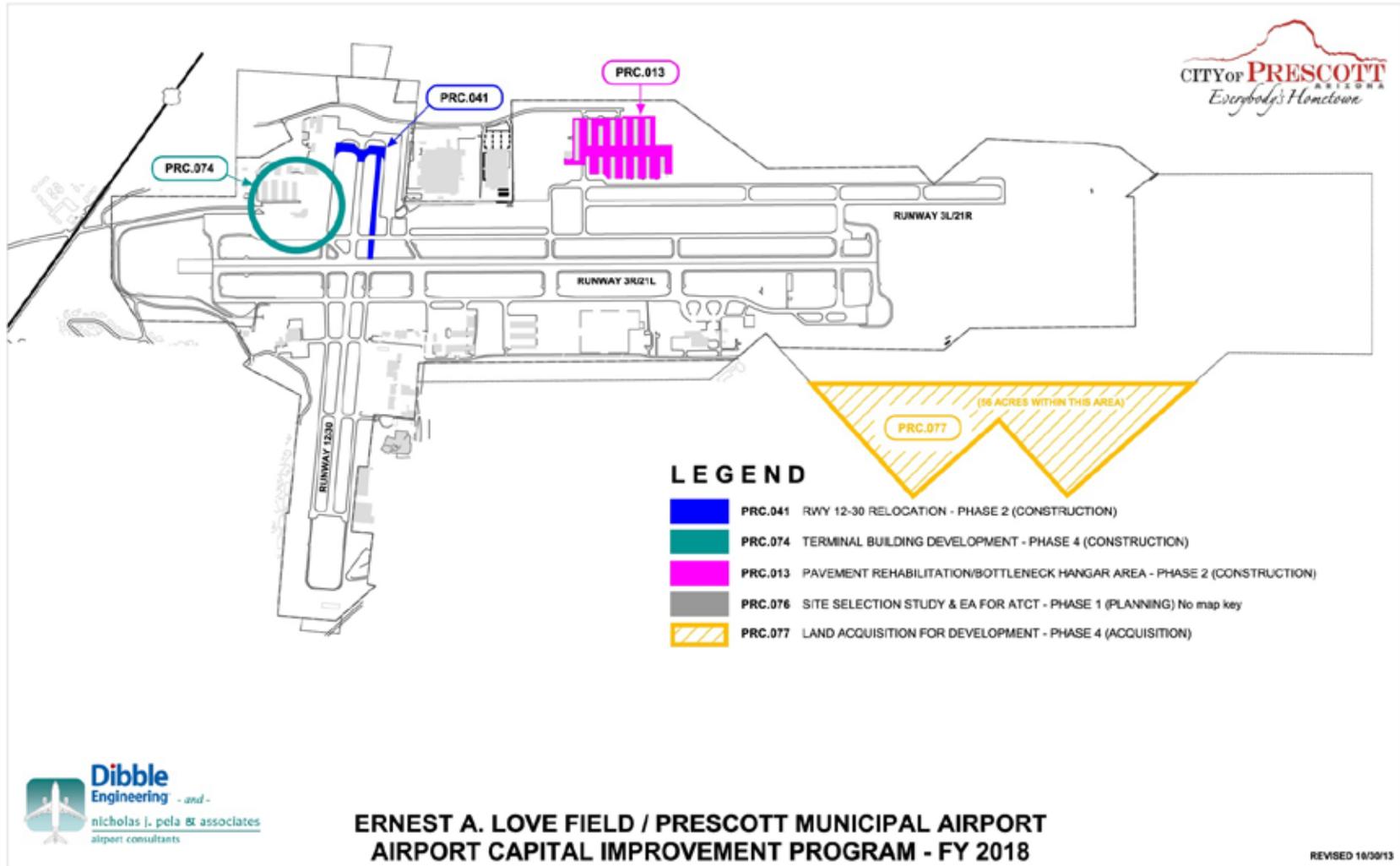
Airport Capital Improvement Program – FY16



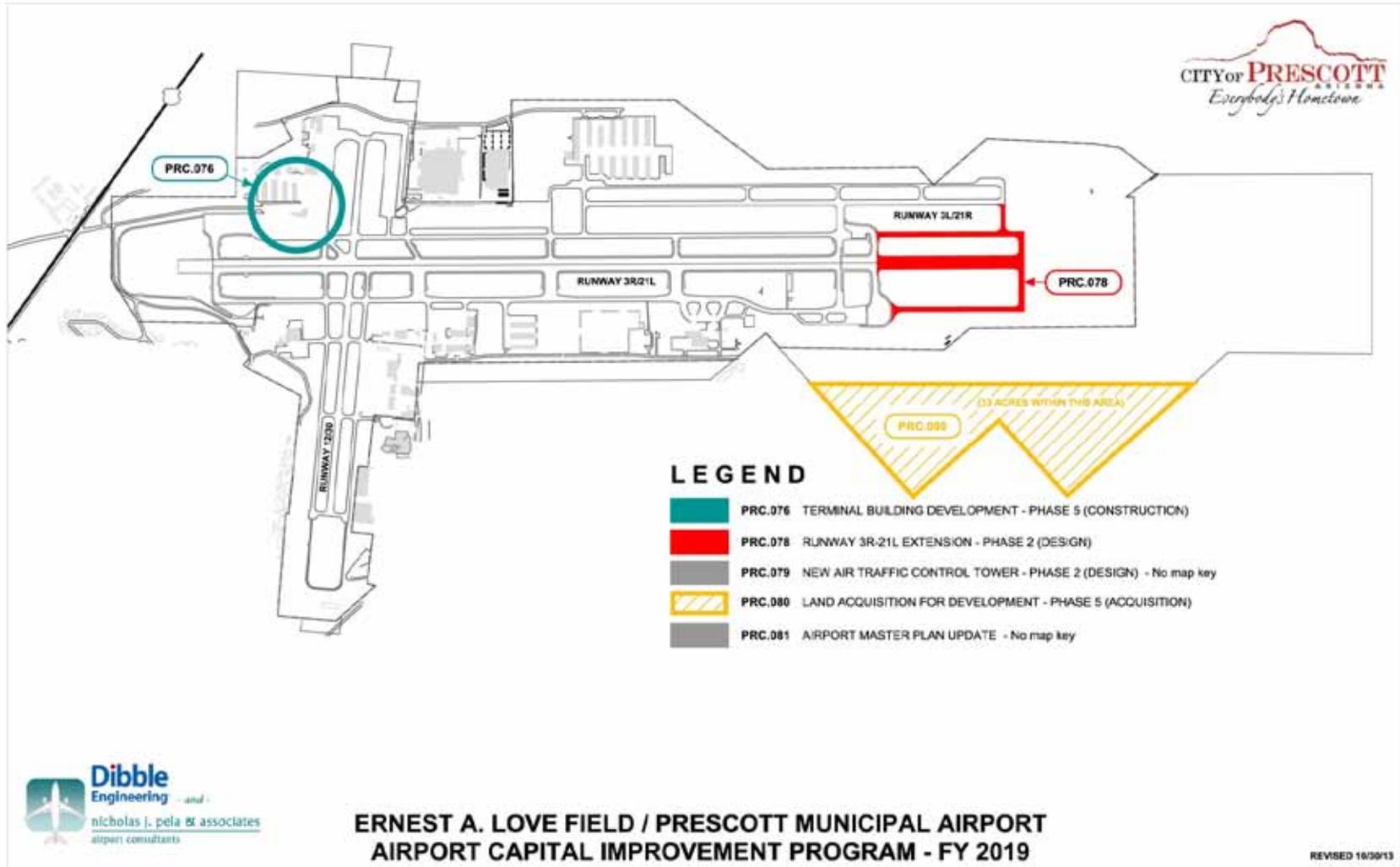
Airport Capital Improvement Program – FY17



Airport Capital Improvement Program – FY18



Airport Capital Improvement Program – FY19



Fixed Base Operator (FBO) Contract

Annual Gallons Fuel Sold

