

Airport Area Economic Development



Strategic Planning
Session 2

Challenges and
Opportunities

February 25, 2014


CITY OF **PRESCOTT**
ARIZONA

Summary Review of Strategic Planning Session 1

- Session 1 provided a contextual overview of the Airport and Airport Area including:
 - Delineation of the study area (Exhibit 1)
 - Prescott infrastructure investment (airport and non-airport)
 - The role of economic development in the Airport Area
 - Identification of key stakeholders
 - A review of key Airport Master Plan 2010 recommendations
 - Airport-induced and other limitations on development
 - A summary of Airport financial indicators
 - The value of scheduled passenger air service to economic development

Airport Area Map

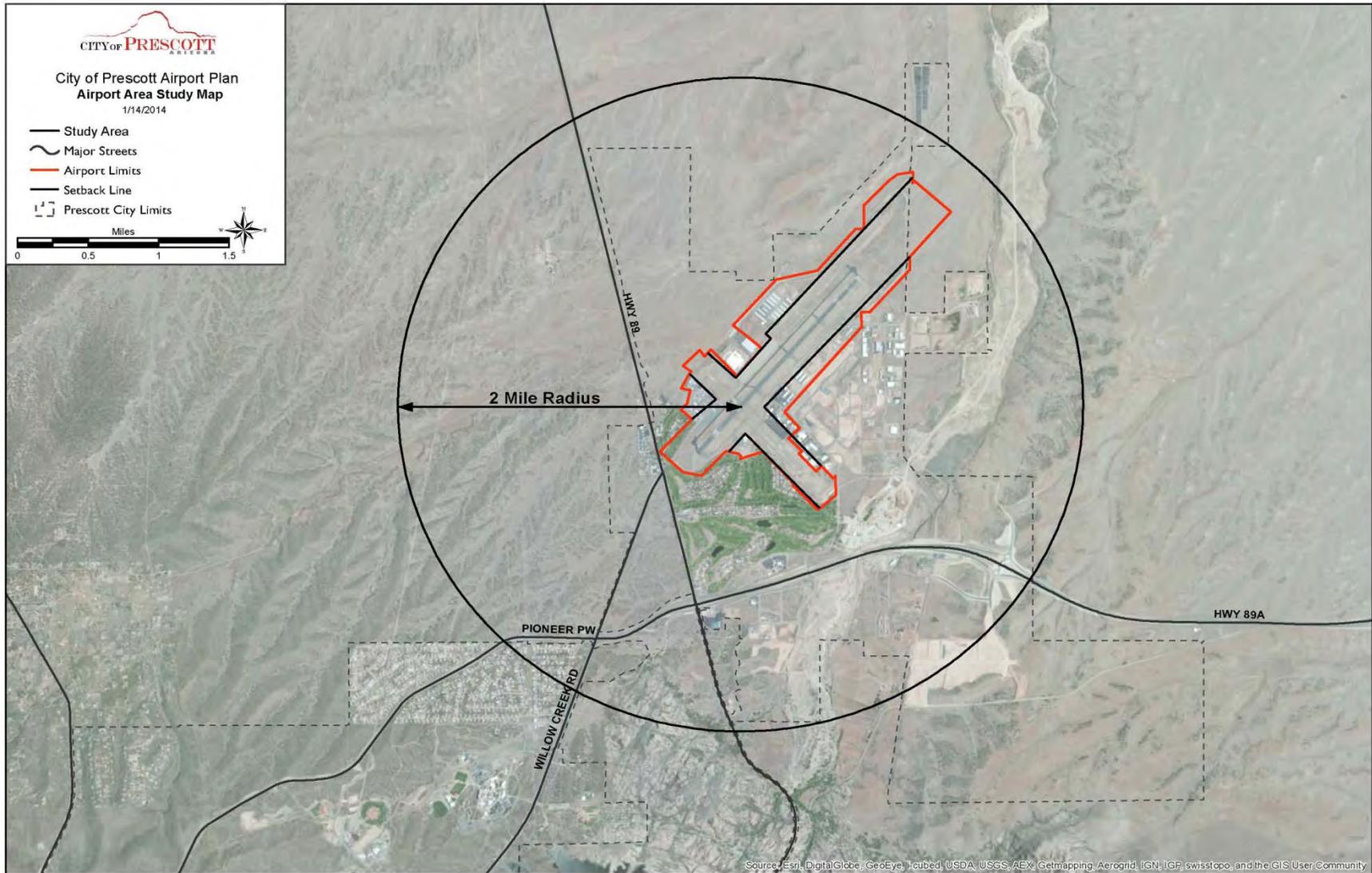


Exhibit 1

Economic Development Objectives of the Airport Area

- Additional development “inside the fence” to realize the Airport’s potential with the aerospace industry
- Protection of the Airport for long-term viability
- An effective relationship with FAA and ADOT (Aeronautics Group) to coordinate Airport improvements, maximize funding support, and facilitate Airport Area planning and development
- Large developable parcels (25+ acres) zoned for light manufacturing uses, with all necessary utilities
- More light manufacturing and warehousing facilities
- Available light industrial buildings of 25,000 sq. ft. or more (virtually nonexistent in the Airport Area and Prescott).
- **Demonstration of the value proposition and potential for non-subsidized scheduled airline service at PRC with jet aircraft (70-90+ seats)**

- Continuation of the City's commitment to infrastructure investment
- The availability, capacity, speed, and redundancy of broadband fiber in the Airport Area
- Development of
 - Hotels/meeting space
 - Restaurants
 - Recreation/entertainment centers
 - Retail centers
 - Public safety
 - Healthcare facilities
- A business retention/expansion program focused on existing light manufacturers in the Airport Area (*underway*)

Going Forward

- Create and confirm a vision for the Airport Area
- Develop and adopt a strategic plan to guide ED efforts
- Create a business and investment plan to guide implementation
- Establish an action plan with priorities to include funding mechanisms
- Recognize the need for continuous updating and refinement

Session 2: Key Information, Challenges, and Opportunities

- The Airport
 - Finances
 - Current & future trends in the Airline industry
 - Runway length & strength
 - Terminal and Tower
 - Airport Rescue and Firefighting Facility (ARFF)
 - Roadway access
- Airport Area Infrastructure
- Airport Area Focus
- Economic Development practices, policies, and programs

Key Information

The Airport

- 2013 Airport Finances
 - \$1.369 million (FY 14 revenues, exclusive of capital grants and transfers)
 - \$1.363 million (Projected FY 14 expenditures including debt service)
 - Airport is implementing cost-center accounting to better manage/monitor revenues and expenses
 - Hangar expenditure reduction debt instrument retired December 2013 with an annual savings of \$148,000
 - The Airport is looking at financing options to undertake site improvements for two parcels “inside the fence”
- Four primary funding sources for PRC
 - Airport revenues
 - City General Fund transfers (to provide local match for grants)
 - Federal grants (via the Airport Improvement Program – “AIP”)
 - ADOT State Aviation Fund (competitive grants for infrastructure and improvements to public airports in Arizona)

The Airport As An Economic Engine

- Airports are natural contributors/agents of economic growth
- Land availability is a key element for businesses needing runway access (aircraft maintenance/repair, aircraft hardware, and packaging/shipping services)
- There is limited land availability (less than 40 acres) “inside the fence”
- When parcels targeted for hangar development, institutional use, or Airport infrastructure are included, there are less than 10 acres available for economic development
- The Airport is evaluating funding options to improve an 18-acre parcel (north of Bottleneck Hangars) and a 14-acre parcel (east of CTEC) as locations for new hangars or other development (Exhibit 2)
- Market demand could make storage and/or commercial hangars viable for either site

Locations of Potential Improvement Projects

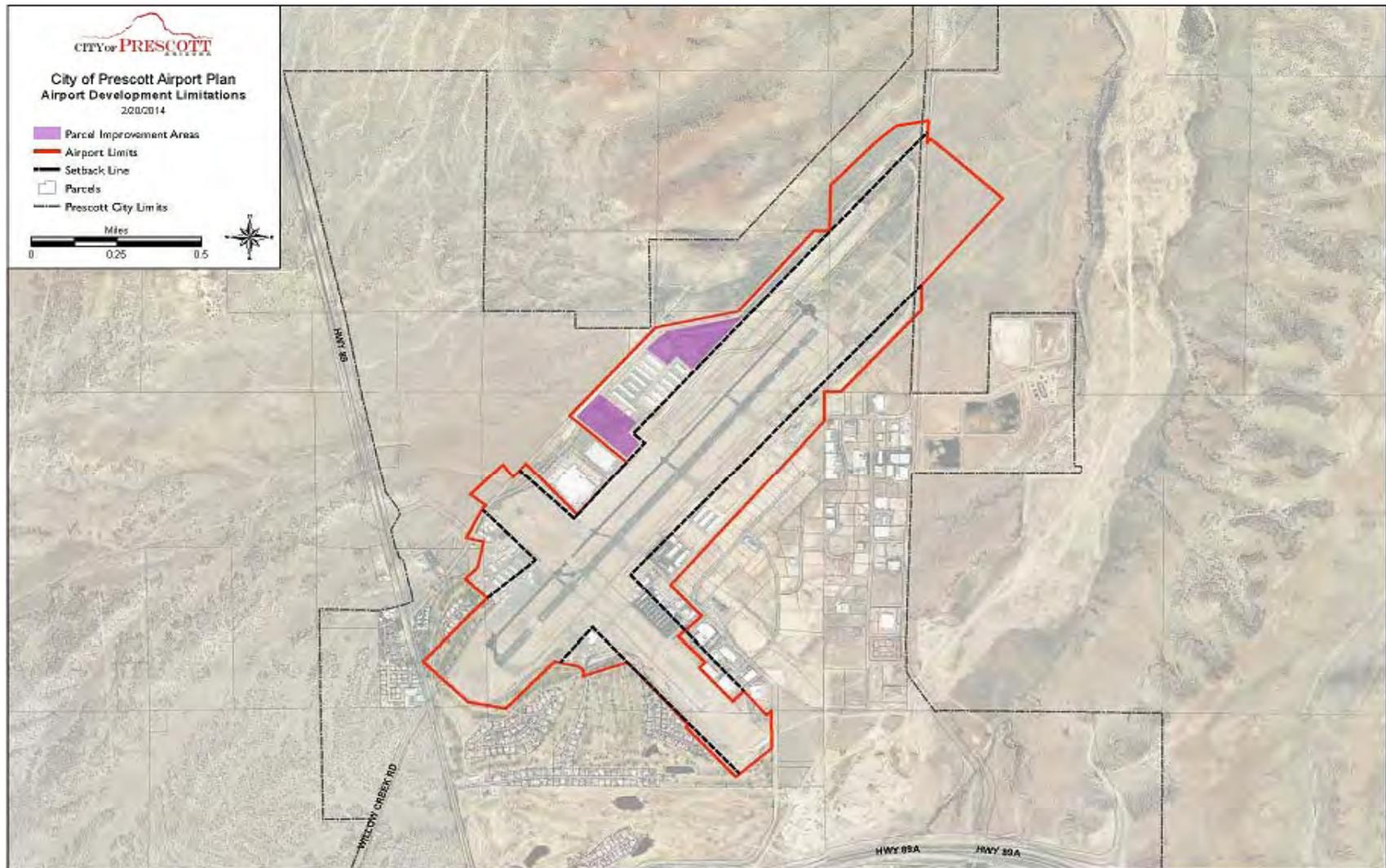


Exhibit 2

- Economic development opportunities “outside the fence” are plentiful due to
 - Land availability and ownership that has an interest in high quality economic development
 - More than 750 acres are currently zoned IL or BR
 - Water is available to serve responsible development
 - Infrastructure is in-place from which to expand into non-served areas
 - Water
 - Sewer
 - Sanitation
 - Roadways
 - Police/Fire
 - Economic anchors have established the area as a proven business location

Sturm Ruger		Davidson's
Cobham		Future YRMC facility
Pure Wafer		Prescott Municipal Airport

Airport and Airport Area Challenges

Airport and Runway Protection

- The Airport is an important economic development anchor for Prescott
- The relationship between an airports and its neighbors is always a balancing act
- Prescott must continue to plan and monitor appropriate land uses in and around the Airport
- Building Restriction Line must be enforced (5 buildings exceed the BRL)
- The Airport must acquire lands to extend, protect, and improve the three runways
- More than 290 acres have been identified in the Master Plan for potential acquisition (Exhibit 3)
- Approximately 138 acres are identified to protect and extend Runway 3R – 21L to the Master Plan recommended 10,500' while an additional 20 acres are for protecting the other two runways
- Regardless of whether 3R-21L is lengthened, land needs to be acquired to protect the operational future of the Airport
- Potential land acquisition also includes over 130 acres for economic development-related activity

Potential Land Acquisition

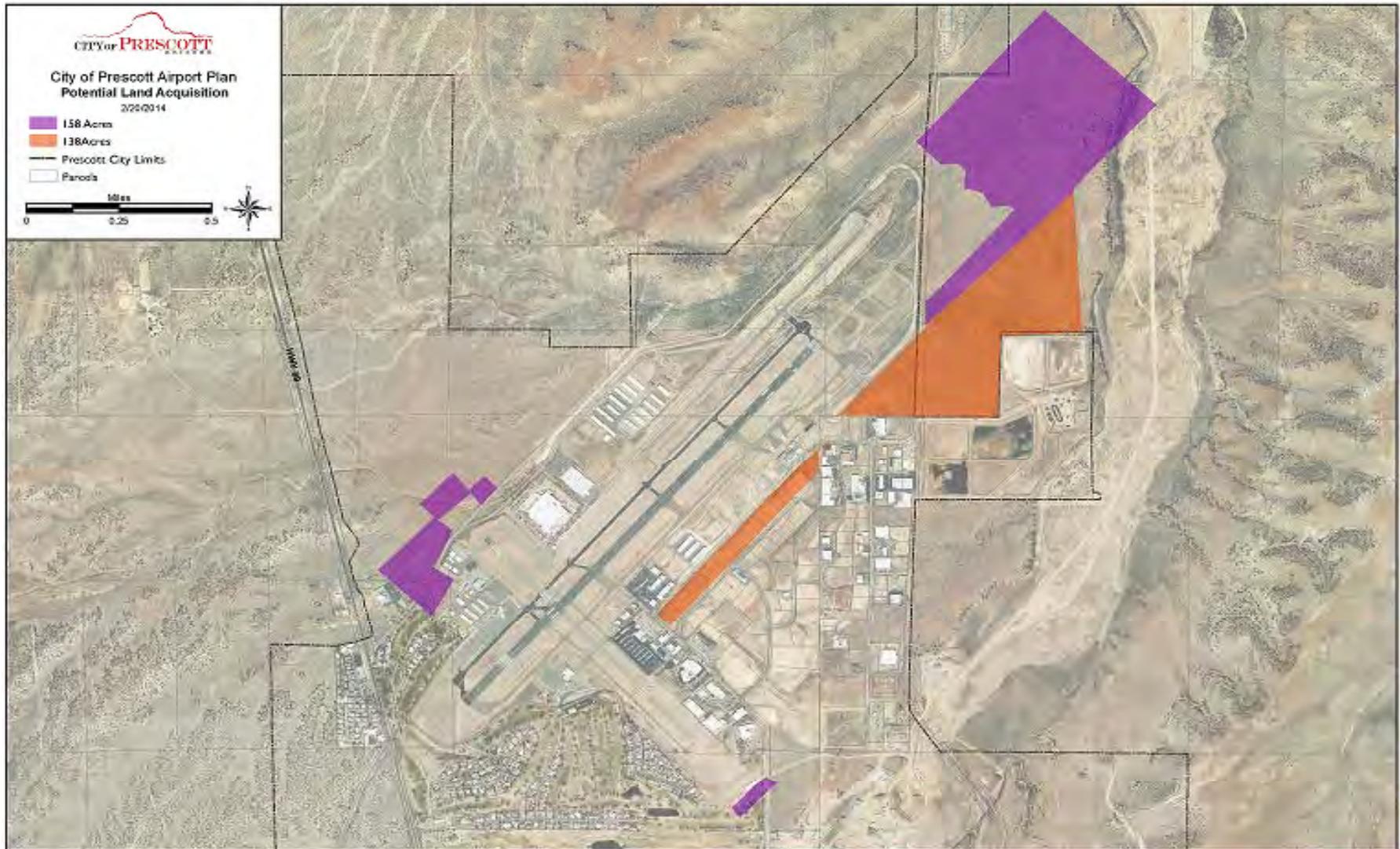


Exhibit 3

Airport and Airport Area Access

- The Airport currently has a single access point via Mac Curdy Drive
- A new terminal (near the current location) will require upgrading Mac Curdy Drive or a new entrance road
- Relocating the terminal to the south side (as referenced in the Airport Master Plan) would require new access.
- Granite Creek could present an access challenge
- The Airport business parks also have a single separate point of access via Larry Caldwell Drive
- A south side terminal would have the added benefit of bringing improved access to current and future businesses in the Airport Area

Airport and Airport Area Facility Needs

- New support facilities will be needed if the PRC main runway is extended
 - The Airport Rescue and Firefighting (ARFF) facility currently meets FAA response time requirement (3 minutes) but is at its maximum reach and will need to be relocated if the main runway is extended (Exhibit 4)
 - A new Fire Station/EMS facility is being evaluated for the Airport Area (separate from ARFF station)
 - A new terminal is needed, possibly independent of the decision to extend the main runway (Exhibit 4)
 - Meet the challenge of a second Airport and Airport Area access road in order to achieve the area's economic potential (Exhibit 4)

Proposed Facilities Development

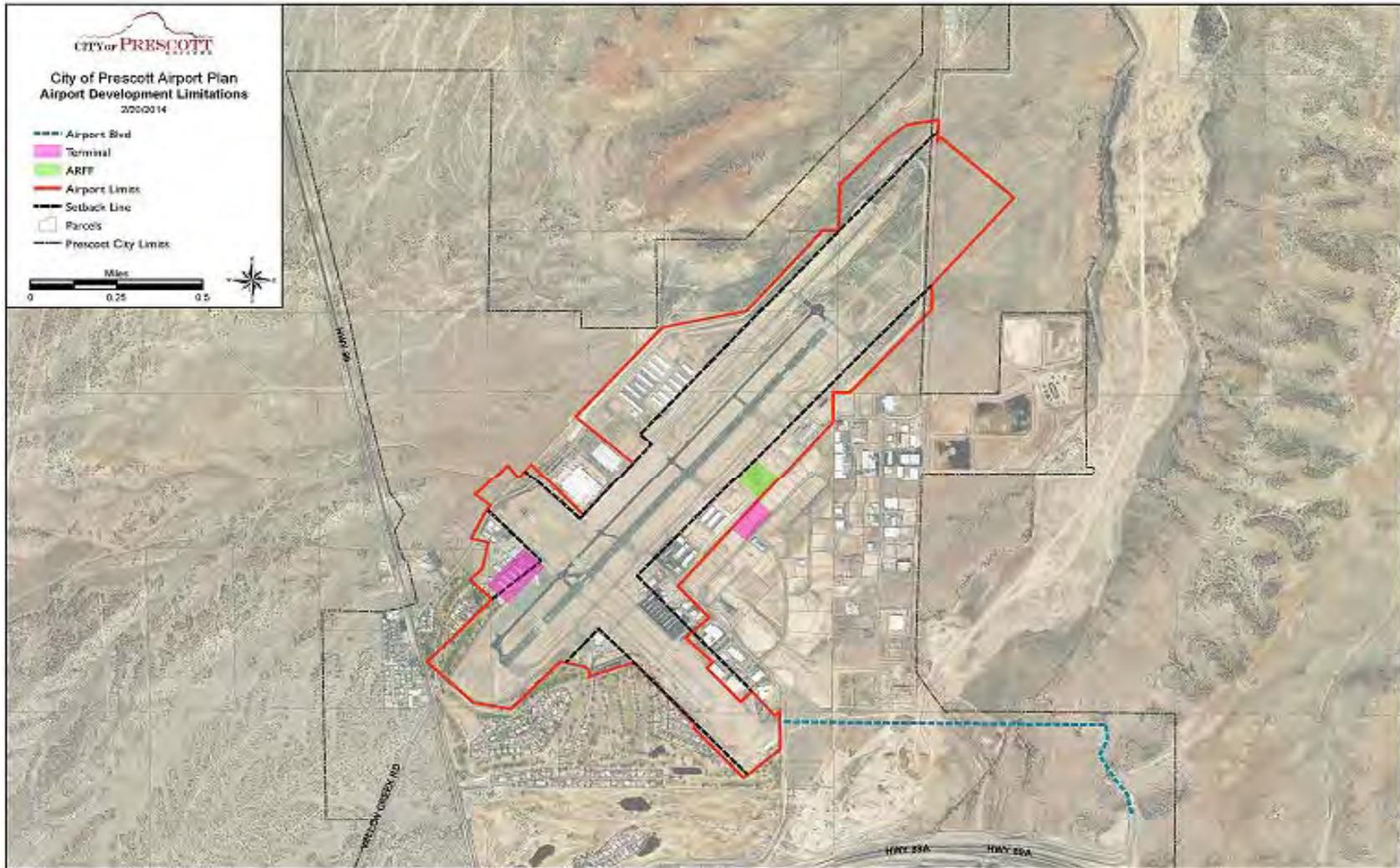


Exhibit 4

The Challenge of Airline Service

- Airline passenger service (Non-EAS) is an important consideration for the future of Prescott and the Airport Area.
- The key players are the regional airlines (i.e. Great Lakes, Mesa, SkyWest, etc.)
- *Note: the above airlines have a total fleet of 428 aircraft and 82 percent are jets (CY 2013)*
- There are over 13,000 regional airline flights every day in the U.S.

Top Five Regional Airlines by Enplanements		
Carrier	Carrier Groupings	2012 Total Group Enplanements
SkyWest Airline	ExpressJet Airlines	58,539,100
	SkyWest Airlines	
Republic Holdings	Chautauqua Airlines	20,004,906
	Republic Airlines	
	Shuttle America	
American Eagle	American Eagle	19,970,510
	Executive Airlines	
Endeavor Airlines	Pinnacle Airlines	16,786,944
Trans States Airlines	Compass Airlines	9,217,404
	GoJet Airlines	
	Trans States Airlines	

- Regional airlines operate more than 50 percent of the nation's commercial airline schedule (Exhibit 5)
- Regional air service providers are being challenged by new FAA regulations that place new flying hours requirement on pilots
- At present, supply exceeds demand for 50-seat aircraft.
- As a result, an ongoing regional air service trend is carriers moving to larger turbo-props and larger regional jets (with 90 seats or more)
- This and other marketplace issues are resulting in a smaller regional air service industry and a challenge to communities seeking air service

Top US Airports for Regional Flights

(ranked by number of regional airline departures)
for the month of July 2013

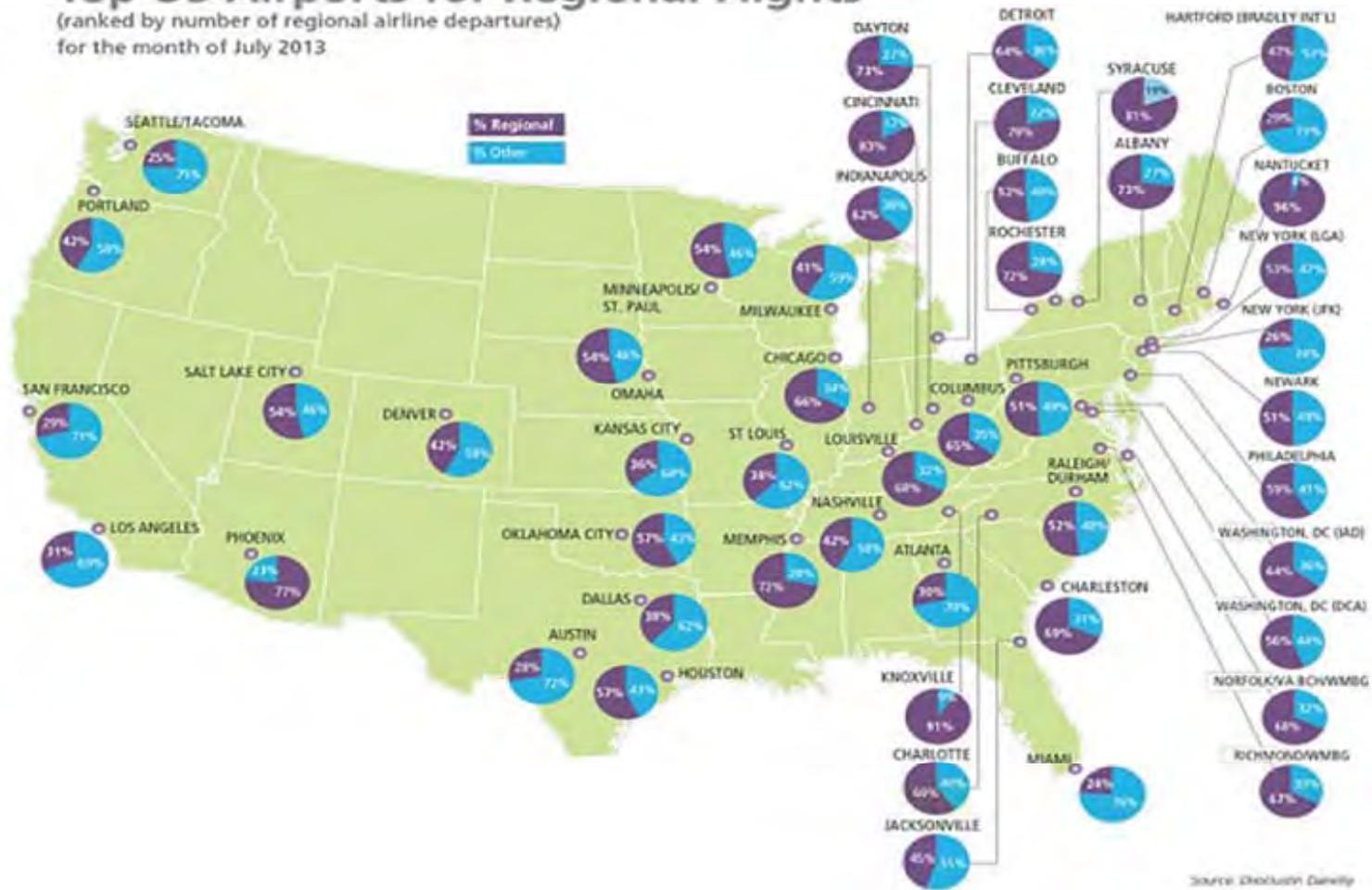


Exhibit 5

- The key to communities seeking regional air service will be their ability to represent a value option for air carriers
- The EAS (Essential Air Service) program that supports passenger service at PRC continues to draw efforts in Congress to eliminate or cut back its funding
- The Prescott EAS agreement with Great Lakes Airlines expires on April 30, 2015, and Prescott should examine the value proposition of EAS going forward.
- Congress continues to debate other cutbacks in FAA funding relative to grant programs supporting airport improvements
- Collectively, these elements suggest “time is of the essence” in making key decisions about the future of PRC
 - Runway extension & strengthening
 - New terminal and ATCT
 - New roadway access
 - Regional airport/airline passenger service
 - Acquisition of land for development, runway extension, and airport protection

Extending The Runway

- The main runway at PRC is 7,619 feet long and has a pavement strength of 60,000 lbs. (single wheel) and 80,000 lbs. (dual)
- Single wheel means one wheel per landing gear (over which the aircraft weight is distributed)
- Dual wheel indicates two or tandem dual wheels per landing gear
- Our Airport Reference Code is C-III (safely handle aircraft with approach speeds of less than 141 knots and a wing span less than 118 feet)
- Aircraft exceeding airfield specifications must obtain a waiver from FAA (i.e. current US Forest Service aircraft)
- The waiver indicates the specified aircraft exceed specifications but represent fewer operations (i.e. fewer than 500 operations/year) than aircraft regularly using PRC
- The USFS operations at PRC are important to Prescott and Arizona
- While the Airport Master Plan noted the CRJ 700 is forecast to be the aircraft placing the most demand on PRC's runway and taxiways (due to weight, length of runway, and frequency of operation) in the future, the trend is already toward larger aircraft (Exhibit 6)
- CRJ 700 has a wingspan of 85', a maximum take-off weight of 71,750 lbs. and a takeoff runway length of 10,570' (2,954' over current runway length)

Beechcraft 1900



Currently operational at PRC

Exhibit 6



CRJ 700

Being phased out due to limited seating capacity and high operating costs

Runway takeoff length exceeds 3R – 21L

Exhibit 6

CRJ 1000



Aircraft exceeds wingspan and weight limits
at PRC

Exhibit 6

- The CRJ 1000 has a wingspan of 86', a maximum takeoff weight of 91,800 lbs and a takeoff runway length of 6,800'
- New USFS tanker aircraft (C-130) will also exceed the current pavement strength and runway length
- Estimated cost of a runway extension is \$37 to \$42 million including land acquisition, support infrastructure, and construction of runway and taxiway upgrades
- Costs do not include construction of a new terminal, tower, or second entrance access road
- The runway extension costs are FAA-eligible with an estimated local matching requirement of about \$1 million

Competing for Air Passenger Service

- The provision of new passenger service has a myriad of challenges for Prescott and the Airport
- A defining issue is whether PRC becomes a regional airport or remains oriented primarily to general aviation
- Airlines have varying criteria that determine the markets they serve
- Considerations are population (within the airport's service area), community demographics, destinations, route connectivity, and profitability
- Embry-Riddle can assist City efforts to evaluate and market air passenger service to the airlines but the task will ultimately require the assistance of a specialized technical contractor

New Terminal

- The current terminal was constructed in 1947 and has seen several renovations and additions
- The current facility contains approximately 5,900 sq. ft.
- Terminal is needing more frequent and increasingly costly repairs
- There are generally two siting options for a new terminal: (1) reconfigure/expand terminal footprint near its current location, or (2) relocate the terminal to the south side of the airport (Exhibit 7)
- Airport Master Plan forecasts the need for a 26,000 sq. ft. terminal facility (130 peak hour enplanements) during the FY13-17 planning period and a 33,500 sq. ft. terminal (153 peak hour enplanements) during the FY18-27
- Total estimated construction cost of a new terminal is \$20 million (including support infrastructure) with Prescott's share at \$3.5 to \$4 million (assuming maximum FAA support)
- FAA funding for terminals is limited to public areas (revenue producing areas are not FAA eligible)

Air Traffic Control Tower

- The Prescott ATCT was built in 1987
- Since construction of the tower, other buildings have obstructed views on runways 3R-21L and 3L-21R
- To overcome these “line of sight” issues, closed circuit cameras were installed at the ends of the runways
- If Runway 3R-21L is extended, the adequacy of the existing ATCT will need to be evaluated
- If changes in the ATCT are needed (to be determined in discussion with FAA), the options are
 - Increase the tower height at its current location
 - Relocate the tower and construct a new facility (Exhibit 7)

Terminal/ATCT Siting Options

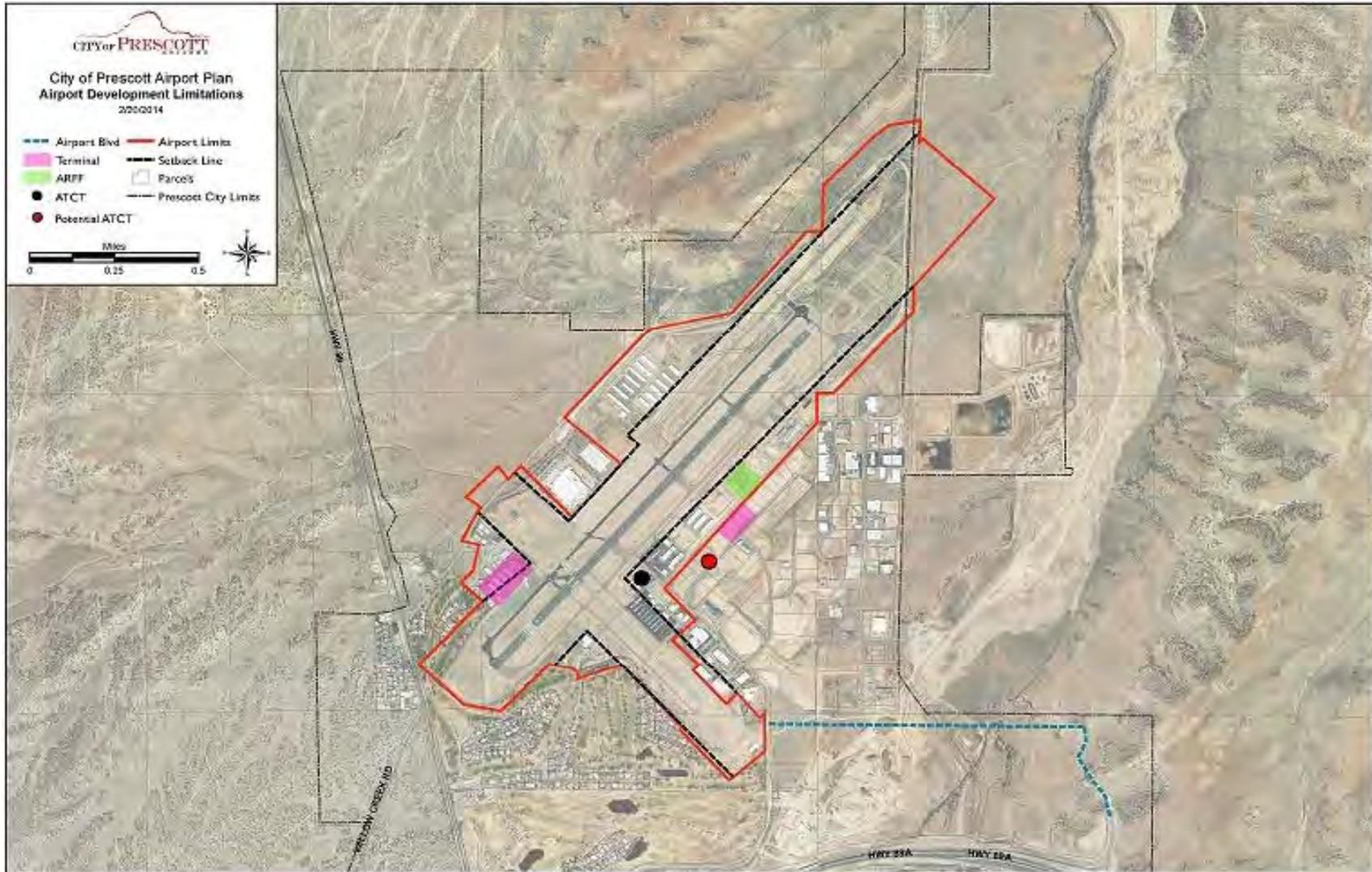


Exhibit 7

Capital Projects Necessary to Support Air Service Development

DESCRIPTION	Fund	Project Activity	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	PROJECT SUBTOTAL	PROJECT TOTAL
Airspace Obstruction Mitigation	740	Design											\$ -	\$ 345,000
	FAA												\$ -	
	ADOT												\$ -	
	740	Construction	\$ 8,625										\$ 8,625	
	FAA		\$ 327,750										\$ 327,750	
	ADOT		\$ 8,625										\$ 8,625	
New ARFF Station/Operations & Maintenance Facility	740	Design	\$ 12,500										\$ 12,500	\$ 7,500,000
	FAA		\$ 475,000										\$ 475,000	
	ADOT		\$ 12,500										\$ 12,500	
	740	Construction		\$ 175,000									\$ 175,000	
	FAA			\$ 6,650,000									\$ 6,650,000	
	ADOT			\$ 175,000									\$ 175,000	
New Airline Terminal & Associated Infrastructure Development	740	Design	\$ 6,250	\$ 17,500	\$ 17,500								\$ 41,250	\$ 19,956,651
	FAA		\$ 237,500	\$ 665,000	\$ 665,000								\$ 1,567,500	
	ADOT		\$ 6,250	\$ 17,500	\$ 17,500								\$ 41,250	
	740	Construction				\$ 125,000	\$ 3,592,796						\$ 3,717,796	
	FAA					\$ 4,750,000	\$ 9,048,522						\$ 13,798,522	
	ADOT					\$ 125,000	\$ 665,333						\$ 790,333	
Runway Protection Zone (RPZ) - Land Acquisition	740	Other	\$ 3,125										\$ 3,125	\$ 2,662,500
	FAA		\$ 118,750										\$ 118,750	
	ADOT		\$ 3,125										\$ 3,125	
	740	Land Purchase		\$ 63,438									\$ 63,438	
	FAA			\$ 2,410,625									\$ 2,410,625	
	ADOT			\$ 63,437									\$ 63,437	
Runway 21L & TWY D Extension & Structural Upgrade	740	Design					\$ 12,500	\$ 62,500					\$ 75,000	\$ 18,007,501
	FAA						\$ 475,000	\$ 2,375,000					\$ 2,850,000	
	ADOT						\$ 12,500	\$ 62,500					\$ 75,000	
	740	Construction							\$ 375,188				\$ 375,188	
	FAA								\$ 14,257,125				\$ 14,257,125	
	ADOT								\$ 375,188				\$ 375,188	

Capital Projects Necessary to Support Air Service Development

DESCRIPTION	Fund	Activity	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	SUBTOTAL	TOTAL
TWY C Relocation, Lengthening & Structural Upgrade	740	Design							\$ 12,500	\$ 8,750			\$ 21,250	\$ 15,850,000
	FAA								\$ 475,000	\$ 332,500			\$ 807,500	
	ADOT								\$ 12,500	\$ 8,750			\$ 21,250	
	740	Construction								\$ 225,000	\$ 150,000		\$ 375,000	
	FAA									\$ 8,550,000	\$ 5,700,000		\$ 14,250,000	
	ADOT									\$ 225,000	\$ 150,000		\$ 375,000	
New Airport Traffic Control Tower	740	Design				\$ 3,750	\$ 12,500						\$ 16,250	\$ 14,084,482
	FAA					\$ 142,500	\$ 475,000						\$ 617,500	
	ADOT					\$ 3,750	\$ 12,500						\$ 16,250	
	740	Construction						\$ 551,241					\$ 551,241	
	FAA							\$ 12,332,000					\$ 12,332,000	
	ADOT							\$ 551,241					\$ 551,241	
Air Service Development Study	740	Planning	\$ 5,000										\$ 5,000	\$ 200,000
	FAA		\$ 190,000										\$ 190,000	
	ADOT		\$ 5,000										\$ 5,000	
RSAT - Airport Perimeter Roads	740	Design											\$ -	\$ 7,000,000
	FAA												\$ -	
	ADOT												\$ -	
	740	Construction									\$ 37,500	\$ 137,500	\$ 175,000	
	FAA										\$ 1,425,000	\$ 5,225,000	\$ 6,650,000	
	ADOT										\$ 37,500	\$ 137,500	\$ 175,000	
Total Airport			\$ 35,500	\$ 255,938	\$ 17,500	\$ 128,750	\$ 3,617,796	\$ 613,741	\$ 387,688	\$ 233,750	\$ 187,500	\$ 137,500	\$ 5,615,663	\$ 6,458,012
Airport Grant Contingency			\$ 5,325	\$ 38,391	\$ 2,625	\$ 19,313	\$ 542,669	\$ 92,061	\$ 58,153	\$ 35,063	\$ 28,125	\$ 20,625	\$ 842,349	
Total FAA			\$ 1,349,000	\$ 9,725,625	\$ 665,000	\$ 4,892,500	\$ 9,998,522	\$ 14,707,000	\$ 14,732,125	\$ 8,882,500	\$ 7,125,000	\$ 5,225,000	\$ 77,302,272	
Total ADOT			\$ 35,500	\$ 255,937	\$ 17,500	\$ 128,750	\$ 690,333	\$ 613,741	\$ 387,688	\$ 233,750	\$ 187,500	\$ 137,500	\$ 2,688,199	\$ 2,688,199
Total			\$ 1,425,325	\$ 10,275,891	\$ 702,625	\$ 5,169,313	\$ 14,849,320	\$ 16,026,543	\$ 15,565,654	\$ 9,385,063	\$ 7,528,125	\$ 5,520,625	\$ 86,448,483	\$ 86,448,483

Airport and Airport Area Opportunities

Airport Area Opportunities

- The vision for the Airport Area is that of a live, work, and play environment
- This environment would provide marketplace opportunities for
 - Hotels/Resorts
 - Conference/meeting facility
 - Business attraction
 - Spec buildings/Large parcels
 - Roadways
- These opportunities exist both on the Airport and within the broader Airport Area

Hotel/Resort Opportunities

- The City presently has nearly 1,300 hotel rooms, but few are in the Airport Area
- Market growth (with an improved economy) suggests the potential for 1,000 to 1,100 additional rooms.
- The Airport Area, with a growing base of businesses, land to accommodate future commercial and residential growth, and the Airport, are well-positioned to host new hospitality enterprises
- Multiple siting options are available including the newly annexed lands north and west of the Airport, and the SR 89 A corridor
- Hotel development represents an opportunity for a partnership among land owners, developers, and the City

Conference/Meeting Center Opportunity

- There is a potential to develop conference or meeting space (to better compete for group events) in the Airport Area
- No space is currently available
- The target groups are a maximum of 300 to 550 people
- The facility must have the ability to have breakout space down to small groups of 15 to 25 people.
- The current inventory of selected Prescott meeting facilities include

Facility	Sq. Ft.	Maximum Capacity	Theatre-Style Capacity	Classroom	Reception	Banquet
Hotel St. Michael	N.A.	300	300	N.A.	N.A.	150
Prescott Resort	47,000	700	700	672	1,000	490
Hassayampa Inn	2,100	100	140	120	300	180
Residence Inn	1,134	95	75	75	50	75
<i>Note: Capacity measured in people</i>						

- Potential siting options include an area near the Manzanita Grill and an area west of SR 89 and north of Pioneer Parkway

Spec Buildings/Large Parcel Opportunities

- Most light manufacturing/distribution and back-office projects are driven by existing buildings
- Best estimate is 8 out of 10 deals are focused on available buildings
- The lack of spec space in Prescott presents an opportunity for modern industrial facilities (and single-story office buildings), especially for structures of 25,000 sq. ft. or larger
- Single-story facilities are the preferred product for back-office operations
- Currently, no buildings are listed on the Prescott MLS that meet or exceed these requirements
- The ability of the Airport Area compete regionally and nationally would be enhanced if the product was available
- Consider a program to partner with the real estate community to deliver 2 or 3 new buildings into the Airport Area marketplace

- The Airport Area provides an opportunity to provide larger industrially-zoned parcels (20+ acres) in the marketplace
- A mega (500+ acres) site becomes a possibility
- The newly annexed areas of the Airport Area offer business attraction targets and developers ample potential to obtain large parcels
- Larger parcels that are zoned IL and proximate to existing public infrastructure also satisfy Prescott's need to compete for a category of projects that were previously not an option
- This capability will appeal to national site selection firms

Business Attraction Opportunities

- The availability of shovel-ready sites, spec buildings, and aggressive marketing are essential pieces of an effective business attraction program
- The Airport Area has or will gain these attributes
- A regional economic development entity (GPREP) is in formation and can be an asset in marketing the area
- A “Case Statement” for the Airport Area is being prepared for distribution to regional and national site selection firms in the western U.S.
- A target industry list is being developed for the Airport Area

Roadway Opportunities

- Roads and highways represent both essential infrastructure for area growth, and corridors for economic growth\
- The Airport Area is projected to see substantial growth in residents (4,000 to 6,000) and employment (2,000 to 2,500) by 2022 (assumes improving economy)
- Business and Airport growth will drive road construction (and other development) and presents the City with an opportunity to seek ADOT and ACA grant programs (tied to capital investment and job creation)
- Planned or potential new roads include a second Airport entrance, James Lane, relocated Ruger Rd., and realigned Willow Creek Rd. (Exhibit 8)

Airport Area Street Alignments

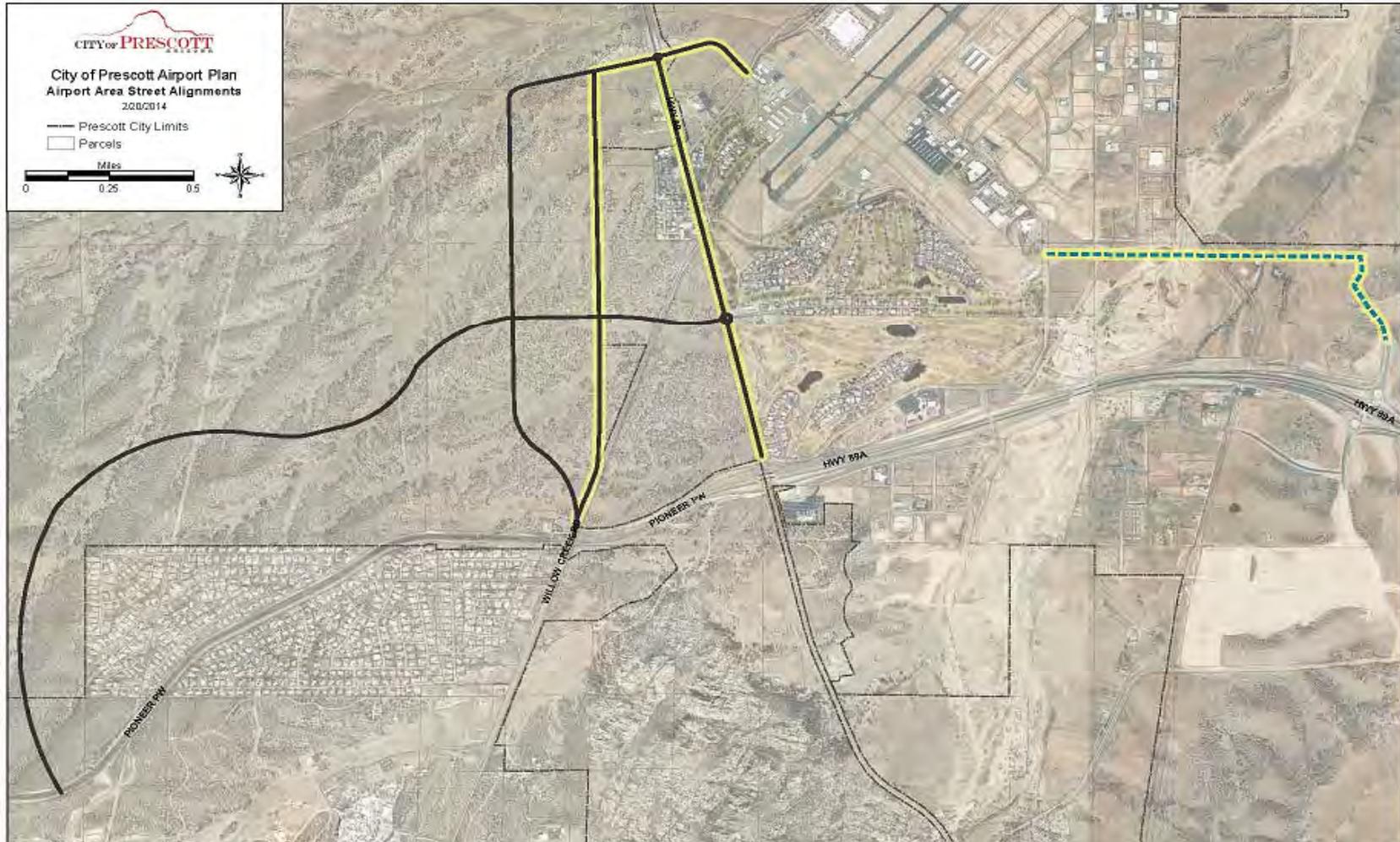


Exhibit 8

Key Economic Development Actions

- To enhance its ability to compete for desirable economic development projects in the local, state, and national marketplace and grow the Airport Area, Prescott must
 - Develop economic development policies that are backed up by programs and practices to better compete in the marketplace
 - Recognize that Prescott can not and does not want to be all things to all economic development projects: it must be selective.
 - Define its target industries and support their growth/relocation in the Airport Area
 - Define funding mechanisms to help extend infrastructure to non-served Airport Areas
 - Understand the implications of and marketplace response to new State-Imposed Impact Fee legislation
 - Retain and expand business is essential
 - Develop stakeholder partnerships that will economically advance and advantage the Airport Area in the future

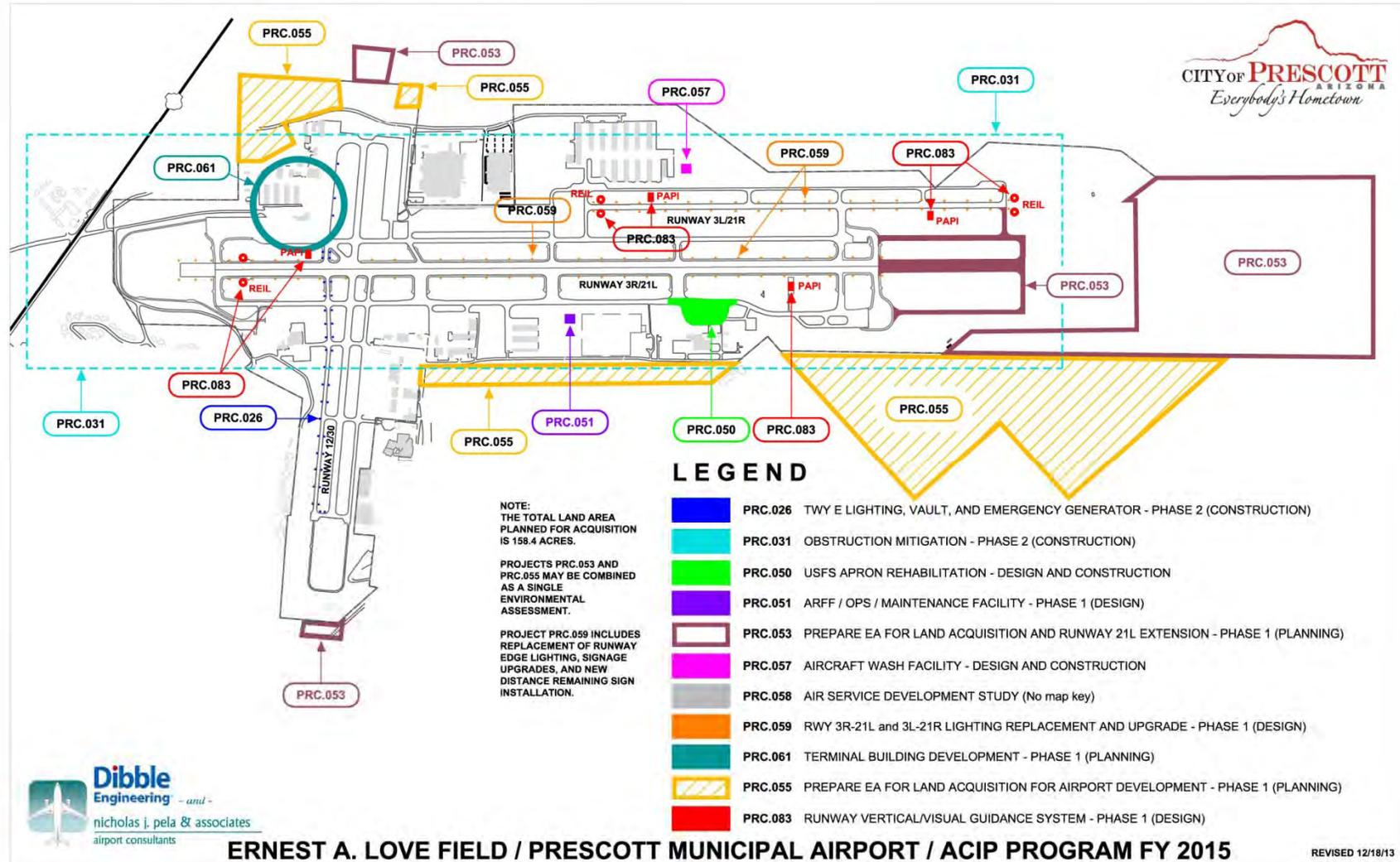
Next Steps

- Continue to refine the vision for Airport Area
- Synthesize key issues/questions to facilitate decision-making
- Engage stakeholder groups for feedback and perspective
- Session 3 - Funding the Airport Future
 - Project Priorities
 - Funding Mix
 - City of Prescott
 - ADOT
 - FAA
 - Other
 - Project Funding and Airport Budget

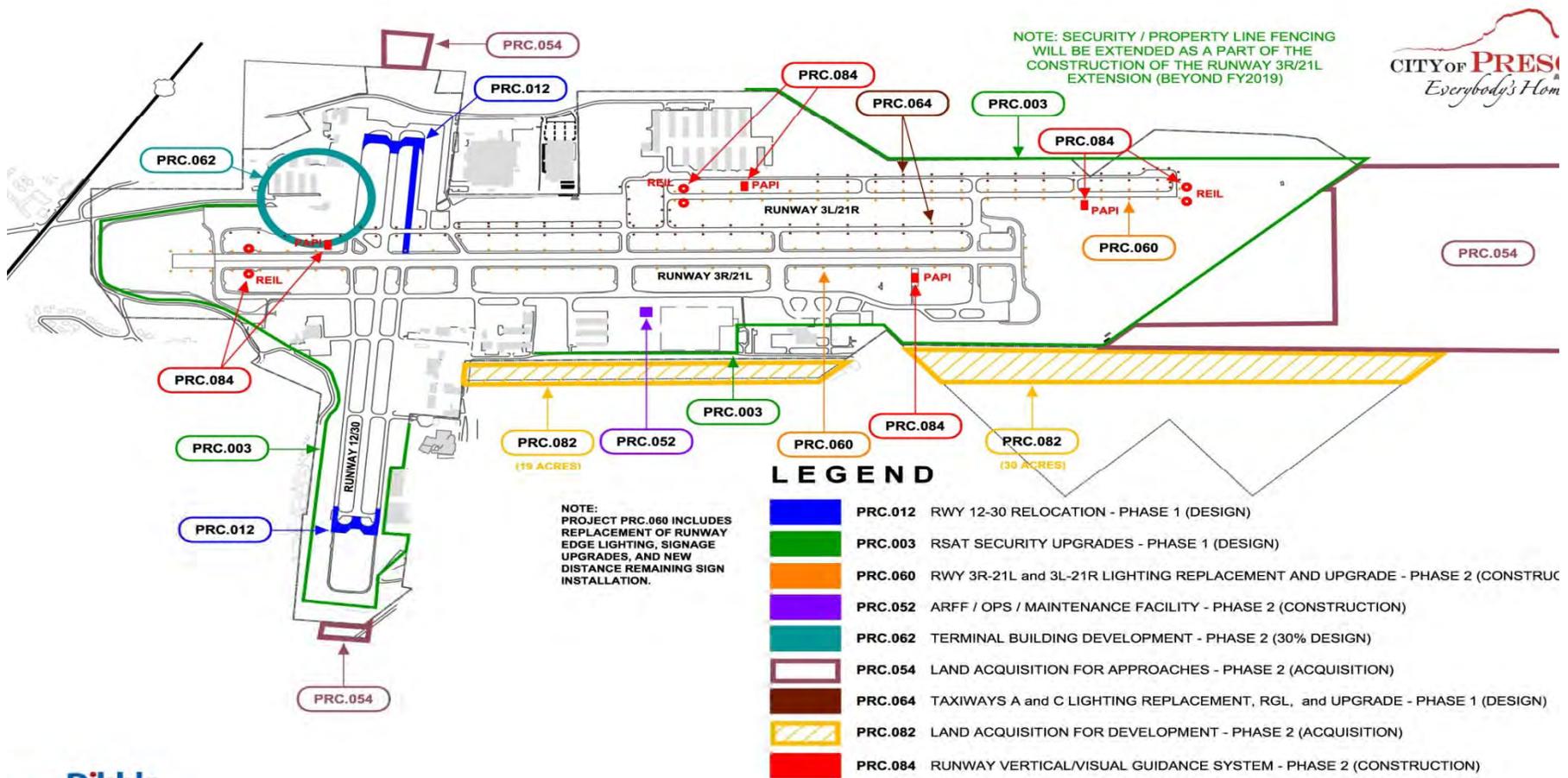
Council Questions/Discussion

APPENDIX

Comprehensive Airport CIP 2015



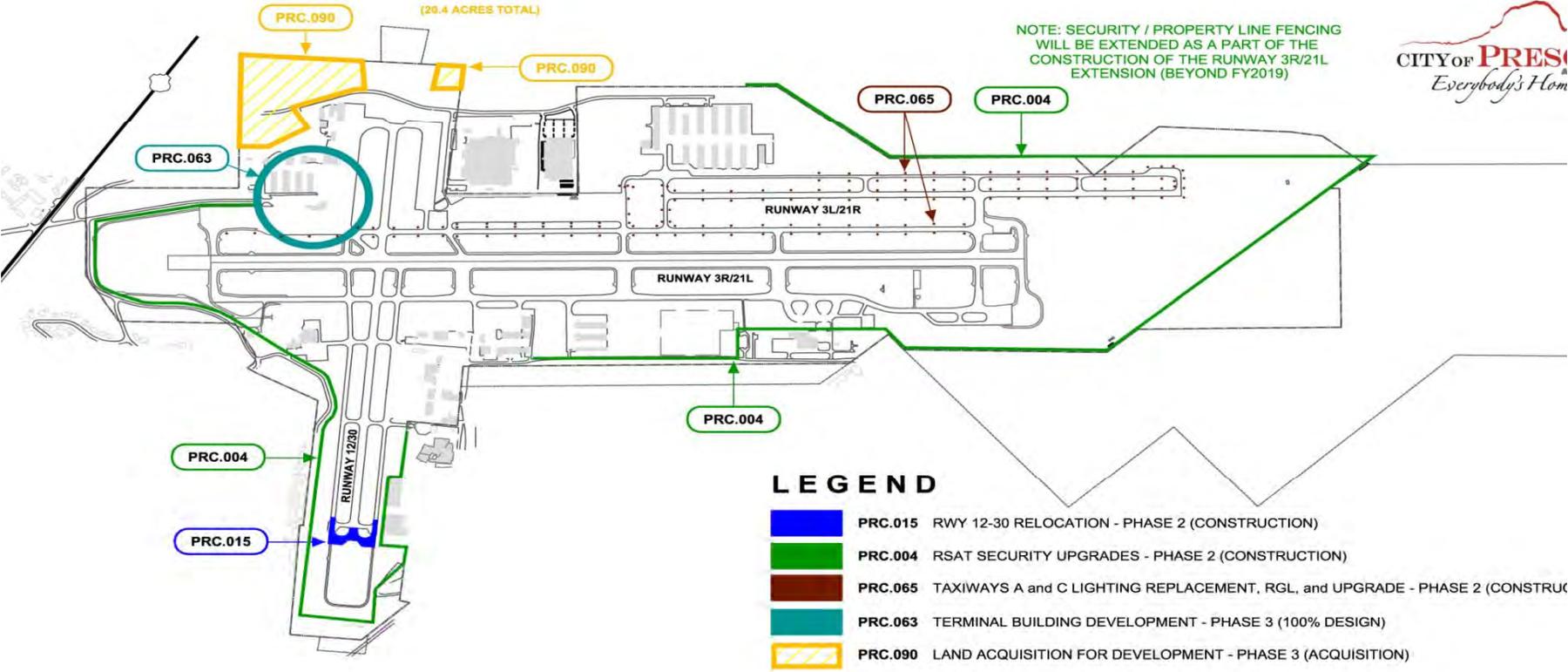
Airport Comprehensive CIP 2016



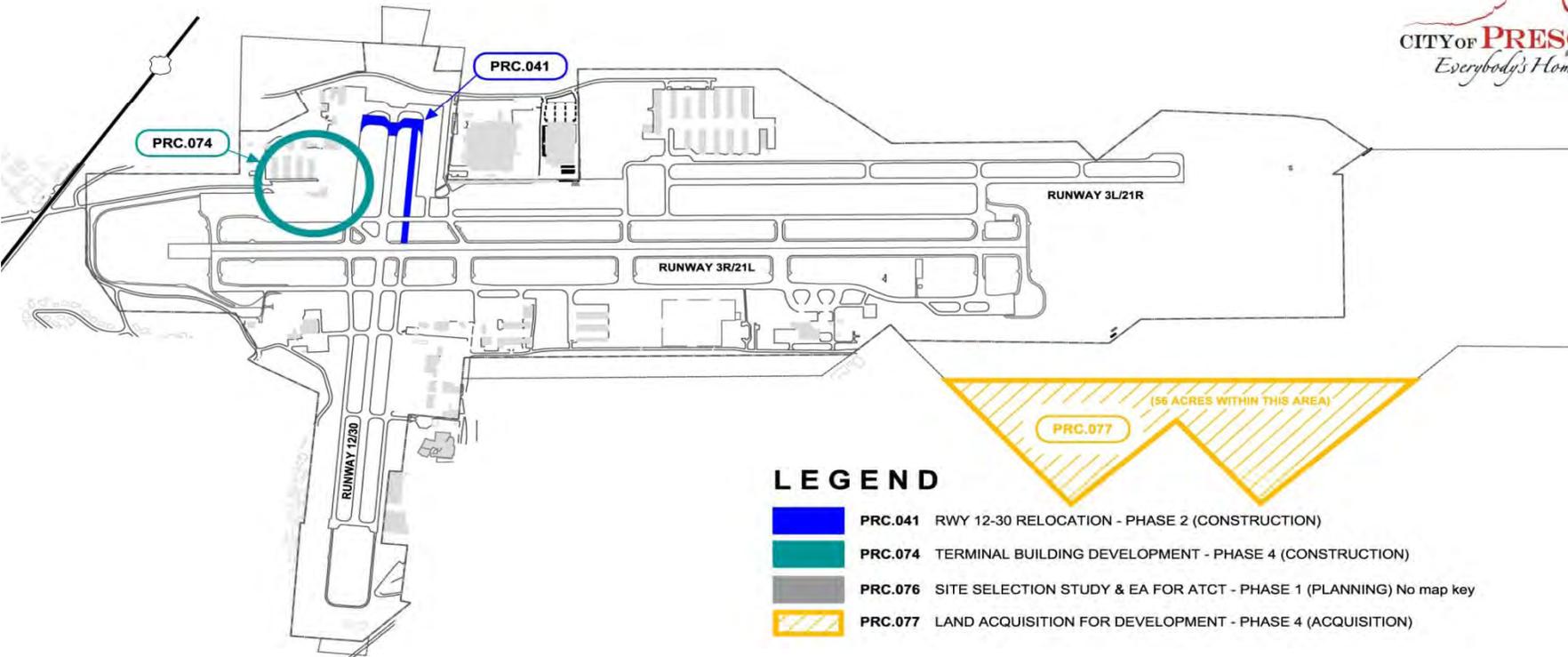
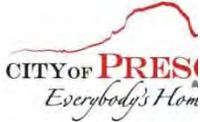
ERNEST A. LOVE FIELD / PRESCOTT MUNICIPAL AIRPORT / ACIP PROGRAM FY 2016

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Airport Comprehensive CIP 2017



Airport Comprehensive CIP 2018



LEGEND

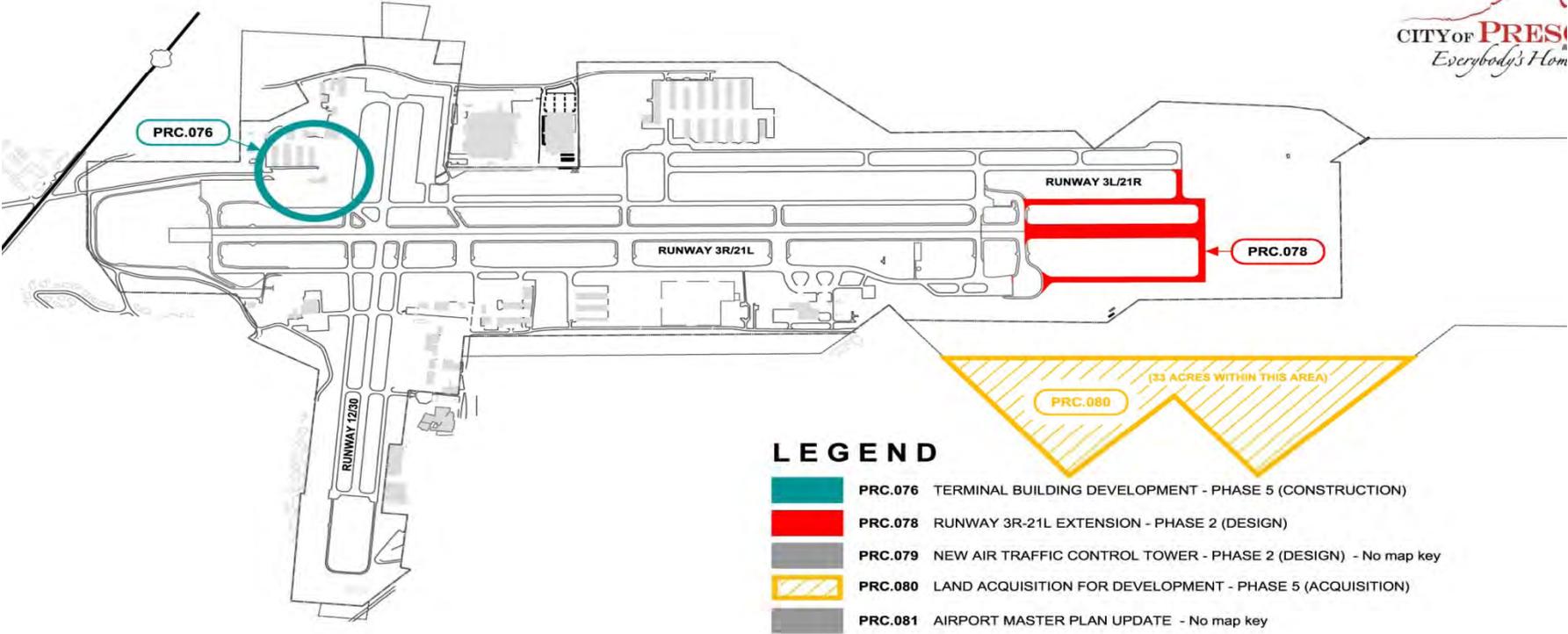
- PRC.041** RWY 12-30 RELOCATION - PHASE 2 (CONSTRUCTION)
- PRC.074** TERMINAL BUILDING DEVELOPMENT - PHASE 4 (CONSTRUCTION)
- PRC.076** SITE SELECTION STUDY & EA FOR ATCT - PHASE 1 (PLANNING) No map key
- PRC.077** LAND ACQUISITION FOR DEVELOPMENT - PHASE 4 (ACQUISITION)



**ERNEST A. LOVE FIELD / PRESCOTT MUNICIPAL AIRPORT
AIRPORT CAPITAL IMPROVEMENT PROGRAM - FY 2018**

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Airport Comprehensive CIP 2019



LEGEND

- PRC.076 TERMINAL BUILDING DEVELOPMENT - PHASE 5 (CONSTRUCTION)
- PRC.078 RUNWAY 3R-21L EXTENSION - PHASE 2 (DESIGN)
- PRC.079 NEW AIR TRAFFIC CONTROL TOWER - PHASE 2 (DESIGN) - No map key
- PRC.080 LAND ACQUISITION FOR DEVELOPMENT - PHASE 5 (ACQUISITION)
- PRC.081 AIRPORT MASTER PLAN UPDATE - No map key



**ERNEST A. LOVE FIELD / PRESCOTT MUNICIPAL AIRPORT
AIRPORT CAPITAL IMPROVEMENT PROGRAM - FY 2019**

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