

# Airport Area Economic Development



**Strategic Planning  
Session 4**

**Charting The Course  
For The Airport and  
Airport Area**

**April 22, 2014**

# Session 3 Review

- The Airport and Airport Area will add to and complement Downtown and the SR 69 retail corridor
- The Airport Area will be the fastest growing economic development center for Prescott over the next decade
- Future Airport Area development will include a diverse mix
  - Light manufacturing, office, and retail space
  - Hotels, resorts, and meeting space
  - Residential development (single and multi-family)
  - Recreation and leisure facilities
  - Hospital and auxiliary healthcare center
  - Public facilities and infrastructure
  - Education facilities
- The majority of the development in the Airport Area (off-Airport) will be private sector driven

- The City will steer and support new development through infrastructure planning and investments
- Public/private partnerships will be critical to the pace and types of development
- An improved Airport will accelerate economic growth in the Airport Area for the benefit of the City as a whole, and the region
- Two options were identified for the development of the Airport
  - General Aviation Airport
  - Regional Airport
- These options have now been further refined as
  - General Aviation Airport
  - Commercial Local Airport
  - Commercial Regional Airport
- Primary funding sources for Airport improvements will be the FAA, ADOT, and City
- Of necessity, local share (matching funds) for Airport capital improvements are likely to come from the City General Fund
- Financing methods may include bonding

# Prescott Municipal Airport (PRC) as a General Aviation Airport (with Essential Air Service)

- 334 aircraft are currently based at PRC
  - 275 single engine planes
  - 23 twin engine aircraft
  - 3 jets
- PRC is classified as a Commercial Service Airport by the FAA
- The leading users of the Airport are pilot training enterprises
  - North-Aire
  - Universal Helicopters
  - Guidance Aviation
  - Embry-Riddle Aeronautical University
- Whether a General Aviation Airport or larger, airport development requires commitment to a long-term vision

- Commercial passenger service is currently provided through a federal Essential Air Service (EAS) agreement with Great Lakes Airlines
- The current agreement expires 4/15
- Great Lakes provides 2 daily flights to L.A. (morning) and a single return flight in the afternoon (effective 4/1)
- Passenger seating remains at 19 seats on each flight but Great Lakes has a new agreement with the FAA which may reduce seating to nine (9)
- The agreement is part of an effort by Great Lakes (and other small air carriers) to rebuild its pilot base as a result of new FAA regulations that increased the minimum flight hour pilot hiring requirements
- The result is a decreased number of pilots available to fly its routes

- Increased Airport revenues can be accomplished through new leases, updating existing leases on a timely basis, collection of all payments due, expanding the base of aircraft renting hangars, and attracting new tenants to the Airport.
- Tenant attraction requires an active and on-going outreach marketing campaign by the Airport and Economic Initiatives Department
- Additionally, the Airport has instituted new accounting procedures to better document and manage Airport expenses
- Prescott Municipal Airport has been part of the community since (1926)
- The Airport's future must be well-planned, effectively directed, and actively protected
- Investments will need to be made if it is to remain a viable and sustainable General Aviation Airport

# The General Aviation Airport Option

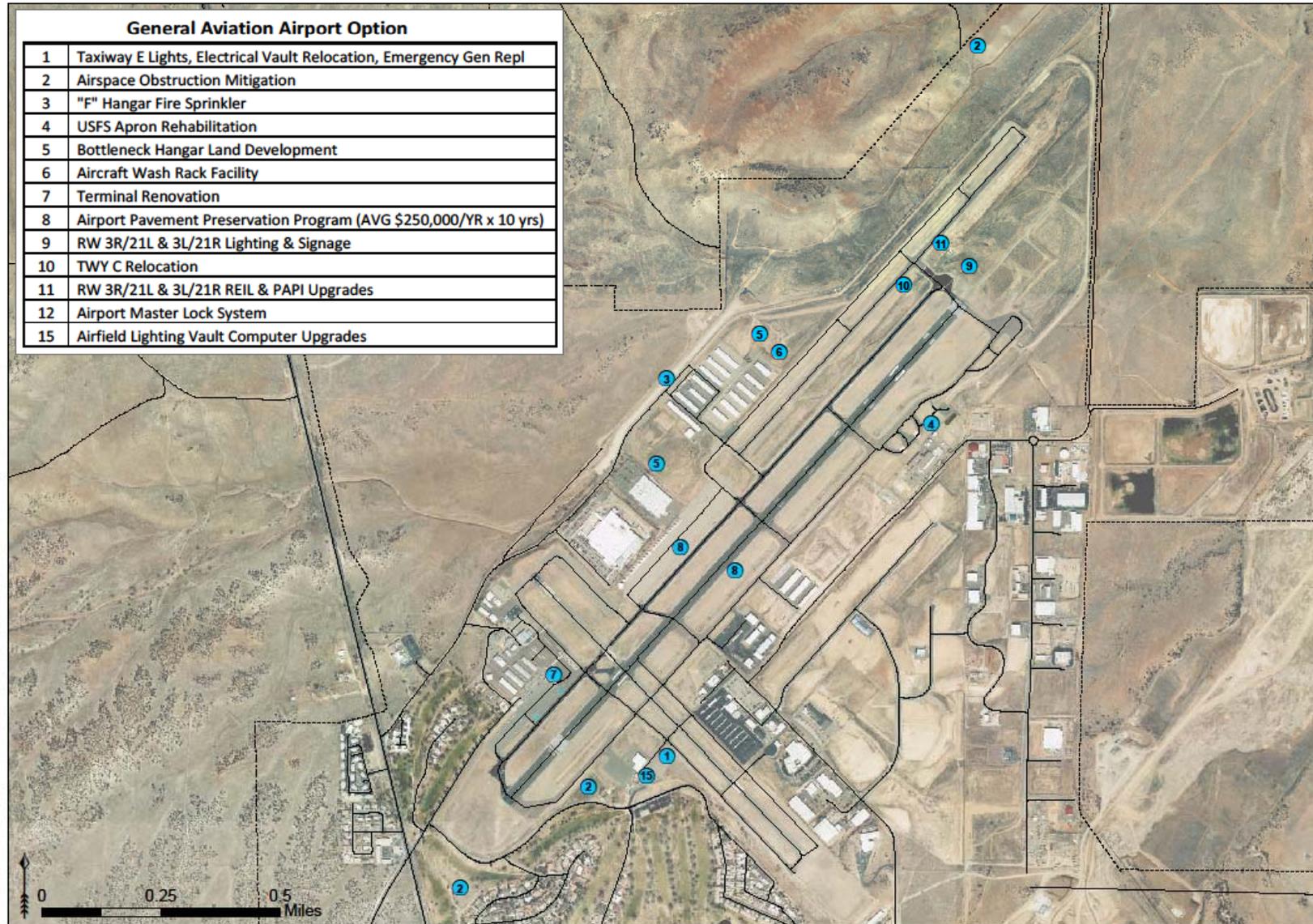
## Attributes and Outcomes

- Essential Airport capital improvements are made
- The USFS presence is a public safety and economic force that can be maintained at the Airport
- PRC continues to serve pilot training businesses and institutions
- By limiting capital improvements to the essentials, financial costs to the Airport and City are minimized
- Essential Air Service continues
- Strong FAA support could enable all General Aviation Airport improvements be completed in less than 15 years

# General Aviation Airport - Capital Projects and Estimated Costs

	<b>ESTIMATED COST</b>
<b>PROJECT</b>	<b>Design &amp; Construct</b>
Taxiway E Lights, Electrical Vault Relocation, Emergency Gen Repl	\$ 3,539,500
Airspace Obstruction Mitigation	\$ 400,000
"F" Hangar Fire Sprinkler	\$ 150,000
USFS Apron Rehabilitation	\$ 1,600,000
Bottleneck Hangar Land Development	\$ 1,000,000
Aircraft Wash Rack Facility	\$ 300,000
Terminal Renovation	\$ 500,000
Airport Pavement Preservation Program (AVG \$250,000/YR x 10 yrs)	\$ 2,500,000
RW 3R/21L & 3L/21R Lighting & Signage	\$ 3,500,000
TWY C Relocation	\$ 15,850,000
RW 3R/21L & 3L/21R REIL & PAPI Upgrades	\$ 150,000
Airport Master Lock System	\$ 50,000
Vehicle & Equipment Replacement Program (AVG \$30,000/YR x 10 yrs)	\$ 300,000
Building & Facility Maintenance Program (AVG \$100,000/YR x 10 yrs)	\$ 1,000,000
Airfield Lighting Vault Computer Upgrades	\$ 25,000
RSAT Security Upgrades	\$ 1,700,000
AWOS III Replacement	\$ 300,000
<b>Total Capital Project Investment</b>	<b>\$ 32,864,500</b>
<b>Local Share</b>	<b>\$ 1,332,750</b>
<b>Annual Average Expense (10 years)</b>	<b>\$ 210,600</b>

# General Aviation Airport Project Locations



# Prescott Municipal Airport as a Commercial Local Airport

- A Commercial Local Airport requires more substantial facilities than a General Aviation Airport
- Airport infrastructure is upgraded
- A relocated terminal will help accelerate development of the two business parks on the south side of the Airport
- The Airport improvements provide added “on-airport safety” and best positions the Airport for an uncertain future in the airline industry with regard to passenger service

# The Commercial Local Airport Option

## Attributes and Outcomes

- Runway 3R-21L is lengthened and strengthened
- Land is acquired to further protect the Airport
- A new terminal is built to serve pilots and visitors
- Key improvements are made to sustain the Airport with the ability to gain more Airport revenues
- The improved runway supports larger USFS tankers
- The Airport becomes a Best-In-Class facility
- The airport improvements can be completed in a timeframe of 15 to 18 years

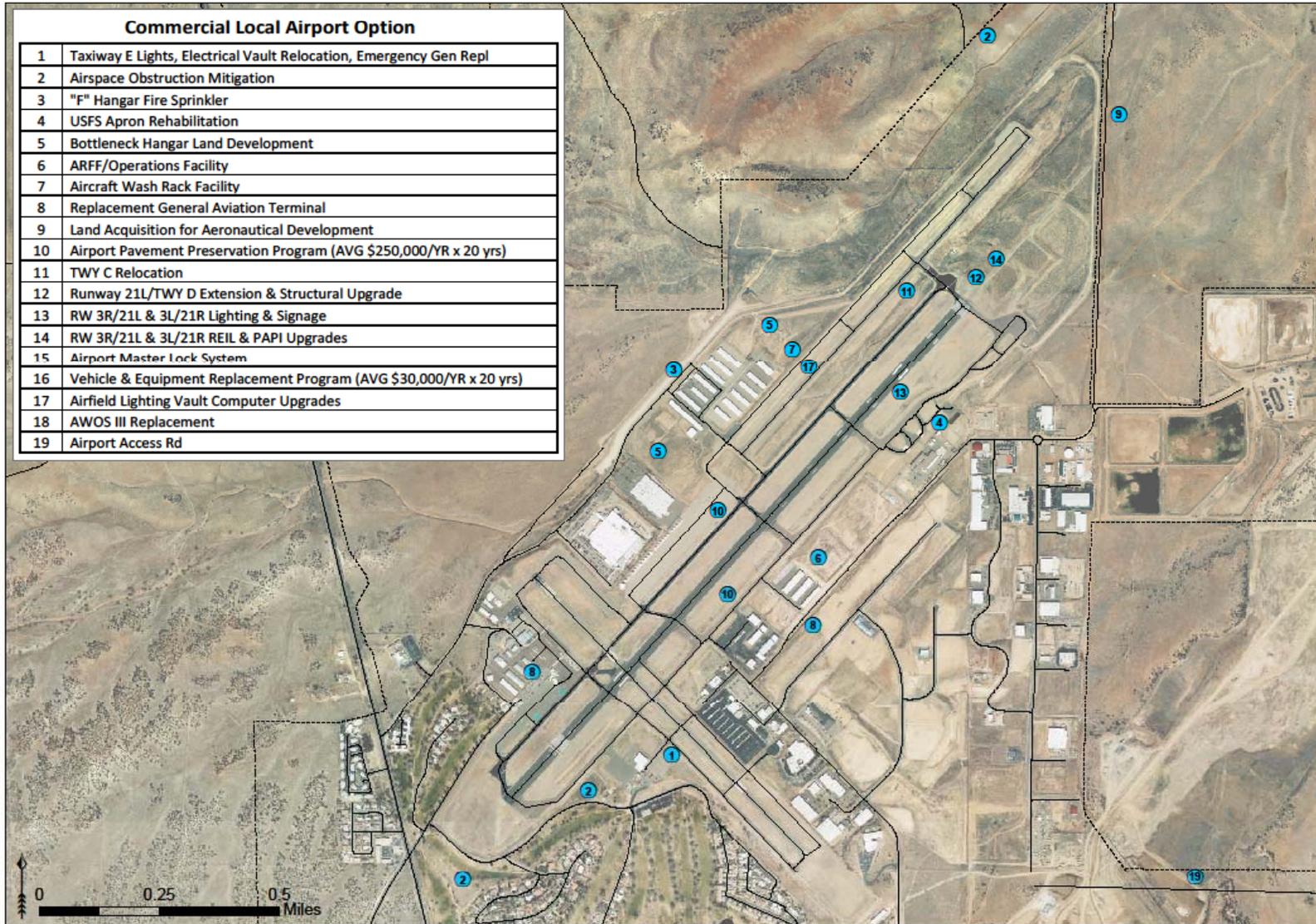
# Commercial Local Airport - Capital Projects and Estimated Costs

	<b>ESTIMATED COST</b>
<b>PROJECT</b>	<b>Design &amp; Construct</b>
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Airspace Obstruction Mitigation	\$ 400,000
"F" Hangar Fire Sprinkler	\$ 150,000
USFS Apron Rehabilitation	\$ 1,600,000
Bottleneck Hangar Land Development	\$ 1,000,000
ARFF/Operations Facility	\$ 3,000,000
Aircraft Wash Rack Facility	\$ 300,000
Replacement of General Aviation Terminal (including land)	\$ 4,000,000
Land Acquisition for Aeronautical Development	\$ 3,000,000
Airport Pavement Preservation Program (AVG \$250,000/YR x 20 yrs)*	\$ 5,000,000
TWY C Relocation	\$ 15,850,000
Runway 21L/TWY D Extension & Structural Upgrade (to 9,000')	\$ 13,000,000
RW 3R/21L & 3L/21R Lighting & Signage	\$ 3,500,000
RW 3R/21L & 3L/21R REIL & PAPI Upgrades	\$ 150,000
Airport Master Lock System	\$ 50,000
Vehicle & Equipment Replacement Program (AVG \$30,000/YR x 20 yrs)	\$ 600,000
Airfield Lighting Vault Computer Upgrades	\$ 25,000
RSAT Security Upgrades	\$ 1,700,000
AWOS III Replacement	\$ 300,000
<b>Total Capital Project Investment</b>	<b>\$ 54,589,500</b>
<b>Local Share</b>	<b>\$ 4,877,238</b>
<b>Annual Avg. Expense (20-year)</b>	<b>\$ 384,670</b>
<b>Airport Access Road**</b>	<b>\$ 8,000,000</b>

\* Pavement Preservation Total City costs per year to include Airport Only, ADOT APMS and federally-funded projects

\*\*Only applies if the terminal is moved to the southside. Not eligible for FAA/ADOT funding.

# Commercial Local Airport Project Locations



# Commercial Regional Airport Option

- The airport is owned and operated by the City but provides service for a regional market
- The costs associated with the maintenance, operations, and capital investments of the Airport, however, would fall solely upon the City
- The Airport's future market may extend to North Phoenix if travelers opt for less congested airports (that offer air passenger service)
- Many airlines define the market area as a 90-minute drive from the airport
- As a result, North Phoenix could be a significant enhancement to the Prescott Airport Service Area population
- The Airport has land available to develop the facilities and infrastructure necessary to become a Regional Airport
- As the national and local economies gain strength, the Airport Area will be a strong contender for new development including residential, industrial, and commercial projects

- New developments will pressure the Airport (City) to take actions to reduce the aviation impact (i.e. noise and land use restrictions) within the Airport Area
- Central to a decision to develop a Regional Airport is whether there is sufficient demand for profitable air passenger service
- Small markets, such as Prescott, face an uphill battle to gain air service
- Airline deregulation and consolidation, coupled with an airline industry focused on the synergies of major market airports, mean small markets are increasingly being left out of consideration for airline passenger service (unless subsidized)
- Small markets that currently have air passenger service will be challenged to retain service in the future
- Businesses allocate resources where they can maximize their rate of return
- As a result, it is not enough that an airline route be profitable; the Return-On-Investment must be at a rate acceptable to the company

# The Commercial Regional Airport Option

## Attributes and Outcomes

- The Airport has the facilities and infrastructure to obtain unsubsidized air passenger service
- The Airport's economic development capacity will be significantly enhanced
- Prescott is capable of accommodating all USFS aircraft
- An outdated terminal is replaced by a modern facility
- The tourism industry will benefit from improved visitor access
- PRC is raised to a new level of economic activity and service to the community
- All projects could be completed in 17 to 20 years

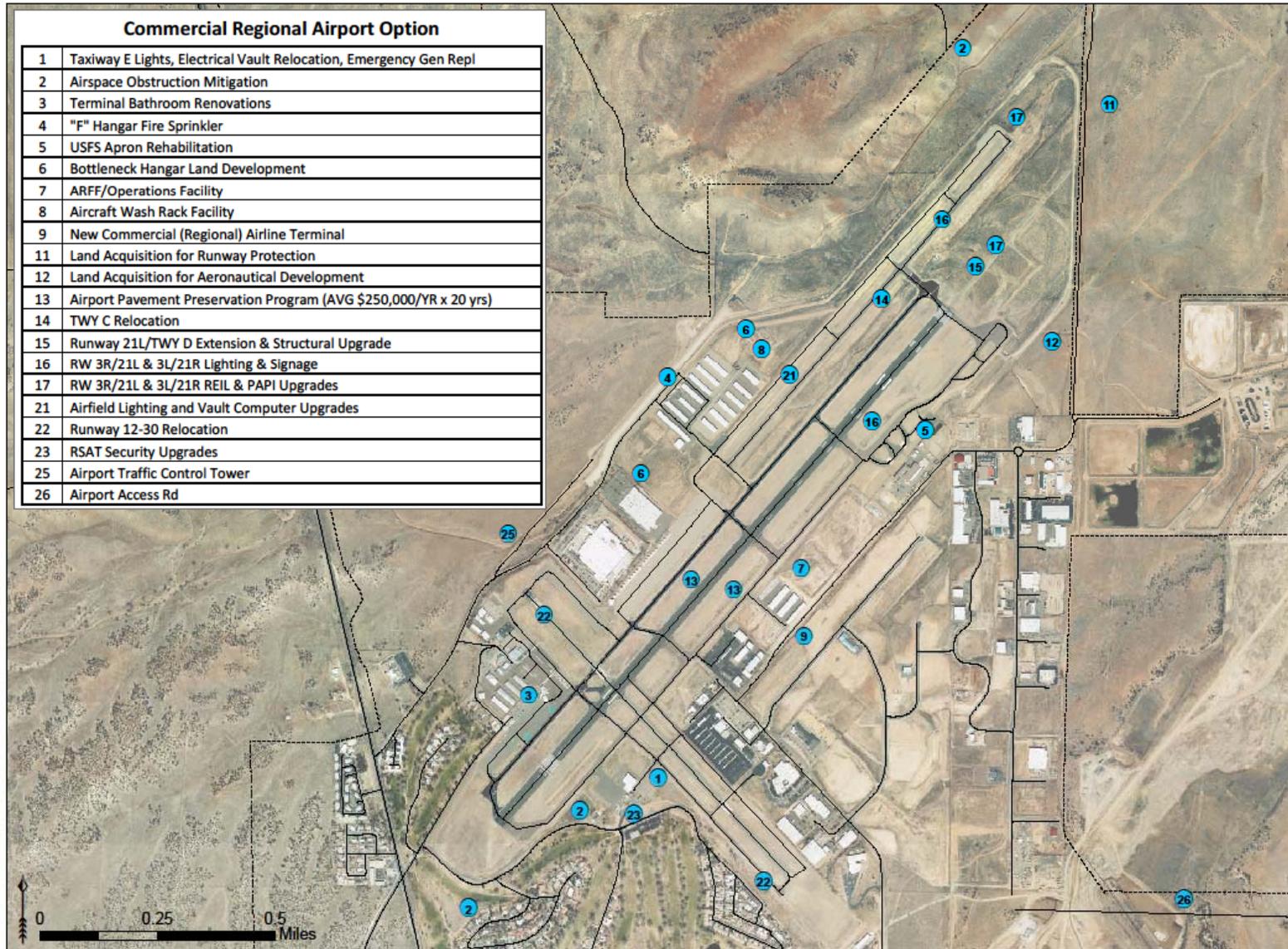
# Commercial Regional Airport - Capital Projects and Estimated Costs

PROJECT	ESTIMATED COST
	Design & Construct
Taxiway E Lights, Electrical Vault Relocation, Emergency Gen Repl	\$ 3,539,500
Airspace Obstruction Mitigation	\$ 400,000
"F" Hangar Fire Sprinkler	\$ 150,000
USFS Apron Rehabilitation	\$ 1,600,000
Bottleneck Hangar Land Development	\$ 1,000,000
ARFF/Operations Facility	\$ 3,000,000
Aircraft Wash Rack Facility	\$ 300,000
Replacement Airline Terminal (60/20/20 split)	\$ 19,957,000
Air Service Development Consultant	\$ 200,000
Land Acquisition for Runway Protection	\$ 2,663,000
Land Acquisition for Aeronautical Development	\$ 3,000,000
Airport Pavement Preservation Program (AVG \$250,000/YR x 20 yrs)*	\$ 5,000,000
TWY C Relocation	\$ 15,850,000
Runway 21L/TWY D Extension & Structural Upgrade	\$ 18,007,500
RW 3R/21L & 3L/21R Lighting & Signage	\$ 3,500,000
RW 3R/21L & 3L/21R REIL & PAPI Upgrades	\$ 150,000
Master Lock System	\$ 50,000
Vehicle & Equipment Replacement Program (AVG \$30,000/YR x 20 yrs)	\$ 600,000
Building & Facility Maintenance Program (AVG \$100,000/YR x 20 yrs)	\$ 2,000,000
Airfield Lighting Vault Computer Upgrades	\$ 25,000
Runway 12-30 Relocation	\$ 7,150,000
RSAT Security Upgrades	\$ 1,700,000
Airport Master Plan Update	\$ 300,000
Airport Traffic Control Tower	\$ 14,084,500
<b>Total Capital Project Investment</b>	<b>\$ 102,487,500</b>
<b>Local Share</b>	<b>\$ 13,296,263</b>
<b>Annual Avg. Expense (at 20 years)</b>	<b>\$ 1,086,490</b>
Local Access Road**	\$ 8,000,000

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\*\*Not FAA/ADOT grant eligible

# Commercial Regional Airport Project Locations

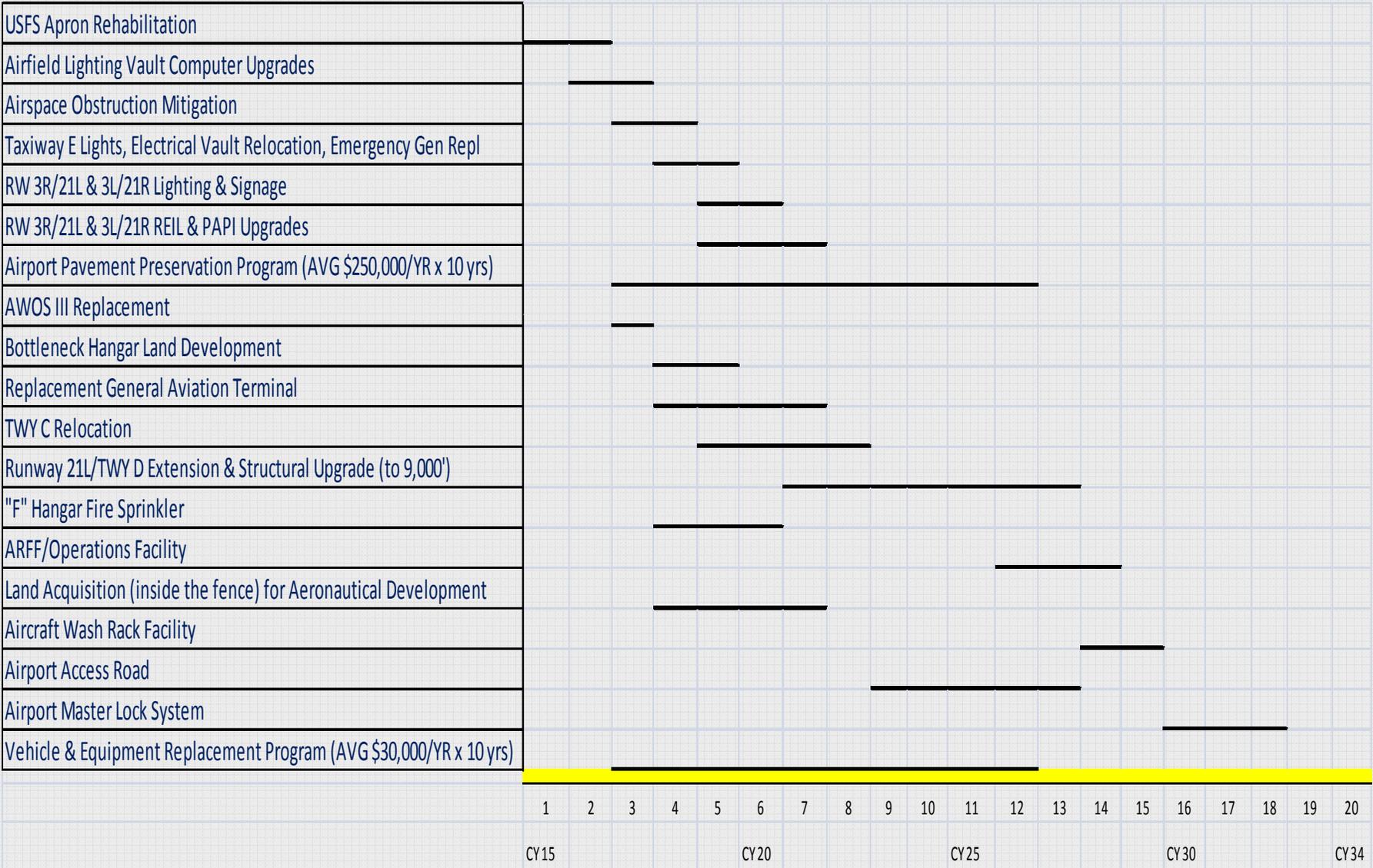


# Airport Recommendation

- PRC is a valuable asset to the City and region
- Over the past decade, budget and economic challenges have caused reduced maintenance and deferred capital projects
- Nevertheless, together, the Airport and Airport Area represent a tremendous opportunity, to become Prescott's growth center in the coming decade
- The City has already made significant public works investments in the Airport Area
- However, the Airport also needs private sector support if it is to remain an economic engine
  - Willingness to sell land to be brought "inside the fence"
  - Cooperation with the City in gaining easements for utilities and roadways
  - Working with the City regarding on-airport business expansion opportunities
- The challenge of securing air passenger service for small markets will become even steeper in the future
- Financial resources for the Airport and City are severely limited

- The recommended short to medium term course is to pursue the Commercial (Local) Airport option through actions which build toward, and are not inconsistent with, the long term possibility of “regional airport” scheduled passenger service
  - Many of the identified capital improvements in this option are going to be required by the FAA in any Airport upgrade
  - The capital expense of a full-blown Regional Airport is not presently supported by the prospects of gaining non-subsidized air passenger service (the key feature of a Regional Airport)
  - This approach preserves the ability of the Airport to better serve the USFS while becoming a regional facility in the future, if important changes occur in the airline industry
  - A new but modest terminal would replace an aging structure that is increasingly costly to maintain and repair
  - The land acquisition proposed provides necessary Airport protection and economic development capacity
  - The costs and annual expense associated with a Commercial Local Airport are not insignificant but still in line with the ROI potential for the City
  - PRC will have set out on a path to become a Best-In-Class facility capable of serving the City and the region well into the future

# Commercial Local Airport Project Timelines



# Achieving The Airport Area Vision

- Vision – The Airport Area is a live, work, and play environment with significant development and employment opportunities that will enhance and sustain the economic health of Prescott
- Economic development is the process by which community wealth is created
- Economic development is the culmination of intersecting market conditions and forces
  1. Available sites and buildings
  2. Zoning compatible with desired development
  3. Infrastructure to promote and support new construction
  4. A location proximate to the marketplace
  5. A workforce to support private sector job creation and retention
  6. Public policies that drive and support desired economic outcomes
  7. A growing and sustaining national economy

# Airport Area Strategic Actions for Economic Development

- The City has identified the 8,000 acre Airport Area as a focal point of its future
- The City leads development efforts on the Airport but the private sector will drive development activity outside the Airport
- Airport Area job creation and increased City revenues are predicated on the ability of the City and the private sector to work in sync to direct and leverage limited resources
- If successful, this will accelerate the pace of development in the Airport Area

- There are a number of strategic actions the City can take to facilitate and support job creation and capital investment by the private sector
  - Create partnerships with key property owners in the Airport Area to assure compatibility in the timing, type, quality, and location of new developments and new development opportunities
    - Meet with property owners to understand their interests, gain perspective, and receive feedback
    - Work with property owners and developers to facilitate the construction of one or two expandable spec buildings
    - Establish and market a brand, visit with real estate professionals, and gain visibility and product awareness by using multiple social media channels
    - Prepare a “Case Statement” to answer the questions of - Why the Airport Area and Why Prescott?
    - Electronically distribute the Case Statement to property owners, realtors, developers, site selection firms, and companies

- Capitalize on the City's significant investment in public infrastructure in the Airport Area and create a guide to assist the development community
  - Identify water and sewer line locations
  - Identify areas for future public infrastructure
  - Provide maps to show the current and future roadway system
  - Work with private utility companies to document the availability of natural gas, internet, and electricity
- Create a site-specific project package to facilitate a private/public partnership to develop a hotel/resort
  - Identify siting options
  - State the role and responsibilities of the City in developing the facility
  - Prepare market demographics
  - Distribute and market the proposal

- Solicit interest from and invite firms to visit Prescott that specialize in the development of conference/meeting centers
  - Work with tourism and meeting professionals to prepare a market report to identify the need and opportunity
  - Create a list of candidate development firms and invite them to visit Prescott
- Prepare and implement a business attraction plan keyed to the opportunities and assets found in the Airport Area and Prescott region
  - Prepare a targeted industry list
  - Integrate the newly prepared Case Statement into the business attraction marketing materials
  - Document the region's workforce
  - Work with Yavapai College in support of workforce training
  - Conduct an e-mail outreach campaign and site selector visitation program to market the Airport Area for future projects

- Engage the business community in the Airport Area through the ongoing business visitation retention/expansion program
  - Visit Airport Area businesses with at least 5 employees (ongoing)
  - Develop an existing business assistance program for the City of Prescott
  - Create and maintain a database of existing business
  - Prepare a bi-monthly newsletter to update existing businesses on City economic development efforts and deliver marketplace demographics
  - Identify business retention/expansion opportunities
- Partner with area educational institutions to identify resources that can help facilitate private sector job creation
  - Identify skills training programs
  - Assist Yavapai College's plans to expand the CTEC facilities
  - Utilize the talent and resources of Embry-Riddle for the mutual benefit of attracting new jobs and capital investment in the areas of aerospace, security, and unmanned vehicle systems

- Establish economic development policies and incentives specific to the Airport Area, for example
  - Policy: Support and facilitate economic development activity to maximize the Return-On-Investment the City has made in public facilities and infrastructure in the Airport Area
  - Policy: The City of Prescott supports projects that utilize the Airport as part of its business operations and will help generate new Airport revenues.
  - Incentives: The City of Prescott (through its economic development staff and related City departments) will develop and adopt an incentive(s) policy for industrial, office, and major retail destination projects that meet specific threshold criteria and generate performance-based results

# Going Forward

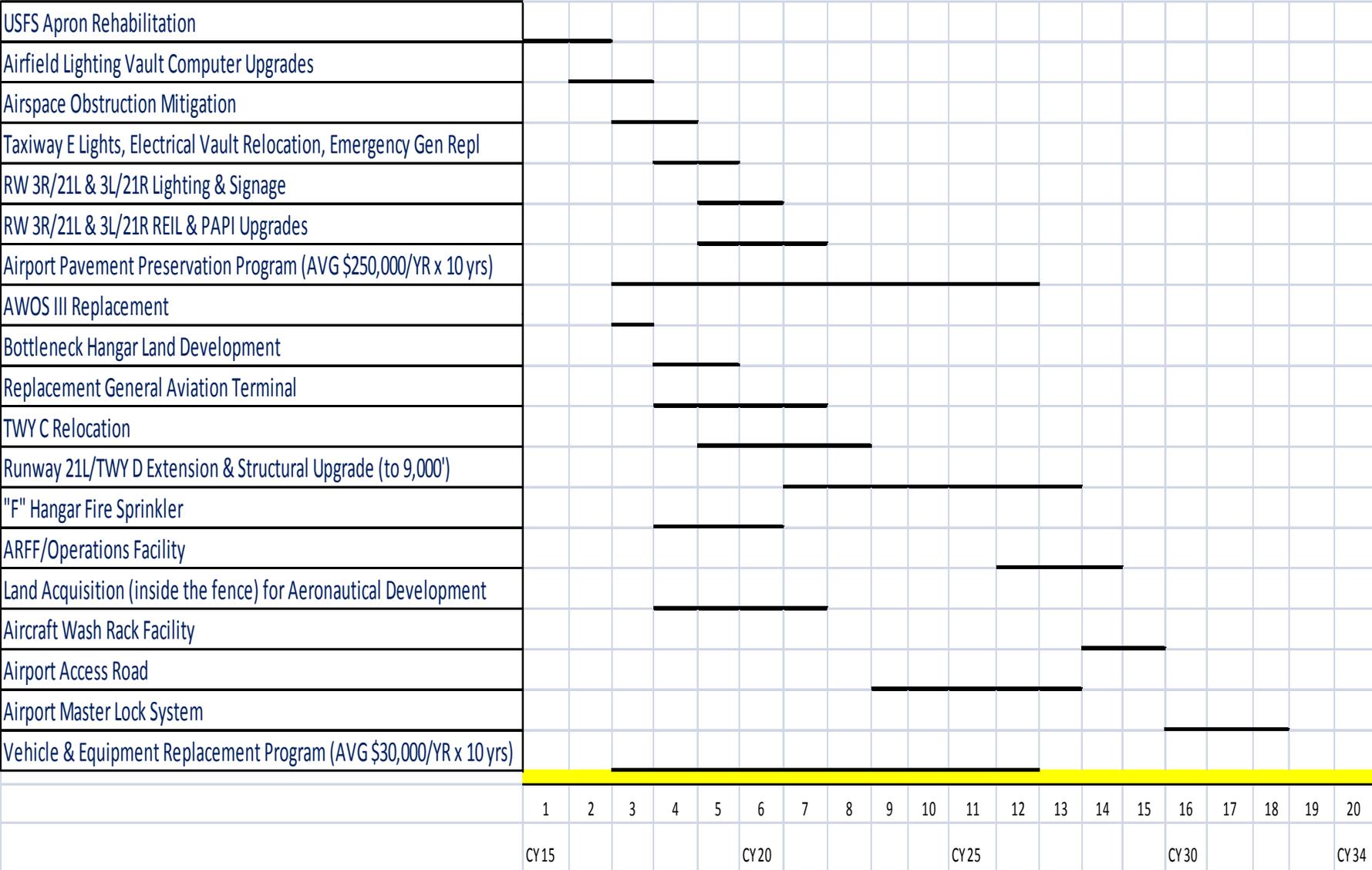
- May – June      FY 15 Budget process
- May – July      Meetings with stakeholders
- FY 2015      Grant Funding Applications
- Fall 2014      Update to Council on progress

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