

## Chapter 8

### ECONOMIC LAND USE PLAN

#### 8.1 INTRODUCTION

The Economic Land Use Plan incorporates the different elements prepared as part of the 2020 Airport Master Plan Update and other planning documents prepared by the City of Paso Robles into a single comprehensive Economic Land Use Plan for the future management and development of the Paso Robles Municipal Airport. The economic land use plan is intended serve as a property management program to provide a sound, consistent basis on which the City can attract financially responsible tenants to the Airport, administer tenant leaseholds in a fair and uniform manner, and develop and manage the Airport consistent with its long-range public service and financial objectives.

The Airport is owned and operated by the City of Paso Robles. Several plans and documents, in addition to the 2020 Airport Master Plan Update, have been prepared to provide the framework for the future development of the Paso Robles Municipal Airport. These include the 2000 *North Area Conceptual Development Plan* prepared for the City that provides for the future development of about 112 acres of property on the northwest side of the Airport. The City's Citizens Airport Advisory Committee prepared the 2002 Final Draft of the *Paso Robles Municipal Airport Minimum Standard Requirements for Airport Aeronautical Services* at the Airport. The San Luis Obispo Council of Governments (SLOCOG) recently prepared the 2002 *North County Regional Air Services Analysis* that evaluated the potential for attracting scheduled commercial passenger service to the Airport.

#### 8.2 AIRPORT VISION, OBJECTIVES AND ACTION PROGRAM

The City adopted the Airport Vision, Objectives, and an Action Program for the Airport in May 2000. The Airport Vision is a broad statement of the City that describes the overall future role of the Airport and its operations. The objectives in obtaining the Airport Vision are clear and specific performance measures to target over the initial five-year period. An Action Program is presented to accomplish the desired objectives.

##### 8.2.1 Vision Statement

***The Paso Robles Municipal Airport is a Regional Airport supporting and promoting economic development and growth in tourism through service to both general aviation and regular commercial air service.***

*The Regional Airport will serve California's central coast with facilities for landing, takeoff, taxiing, parking, and other aircraft operations, as well as services to support the carriage of persons, property, cargo and mail by aircraft. Specifically, it will provide*

*facilities and services to general aviation users (including operators of executive or business aircraft) and serve as a way port for aircraft requiring fuels and services while passing through the region. It will continue as a regional center for governmental aviation (such as the California Highway Patrol and California Department of Forestry Fire Service) and provide facilities and services to/for commercial aviation (including commuter, passenger, and cargo airlines) serving Northern California, Southern California, Arizona, and Nevada.*

### **8.2.2 Objectives**

The City identified the following goals to achieve the short-term (five year) Airport Vision for the Airport:

- Increase the number of aircraft based at the Airport from approximately 148 to 250.
- Increase the total annual number of aircraft operations from approximately 30,000 to 60,000.
- Increase jobs at the Airport from approximately 700 jobs to 1,000 jobs.
- Improve the appearance and presentation of the Airport and its access roadways comparable to “best practices” of *regional airports* situated in similar markets.

### **8.2.3 Action Program**

The City identified the following action program to accomplish the objectives:

- Recruit fixed base operator(s) and certain specialty operators to provide competitively priced fuel, aircraft maintenance services, and flight training.
- Develop a business plan that integrates airport master planning and development with an airport financial plan. The business plan will provide guidance for the operation and development of the Airport and establish goals for transitioning the Airport to profitable operations. The business plan will have the following elements: operations and organizational development, finance, planning capital development standards, business/revenue development property management, Airport marketing, and air service development.
- Prepare an Airport master (development) plan update. The Airport Master Plan will provide guidance for the development of the Airport and identify the off-Airport land areas that should be zoned for uses that are compatible with the Airport.

- Prepare an immediate action plan designed to improve the appearance and general maintenance of the Airport – the overall objective is to improve the Airport’s functionality, appearance, safety, security, and environmental status.
- Initiate an Airport market and air service study. This market study should develop baseline market and air service information for the development of a marketing and air service promotional program.
- Since preparation of the Airport Vision in 2000, *The North County Regional Air Service Analysis* was finalized in May 2002 and the 2020 Airport Master Plan Update is scheduled for completion later this year.

### **8.3 EXISTING AIRPORT FACILITIES AND SERVICES**

The Paso Robles Municipal Airport is classified as a Regional Airport in the California Aviation System Plan. Regional airports are defined as those airports that provide the same access as Community airports (access to other regions and states); are located in an area with a larger population base than Community airports (located near small communities or in remote locations) while serving a number of cities or counties; serve the same activities as Community airports (serve, but are not limited to, recreational flying, training, and local emergencies); with a higher concentration of business and corporate flying; accommodate most business, multi-engine and jet aircraft; provide most services for pilots and aircraft including aviation fuel; has a published instrument approach and may have an air traffic control tower.

#### **8.3.1 Airport Property**

An Airport Lease Map, based on the 2020 Airport Master Plan Update, has been prepared and is presented on Figure 8-1. Specific priorities were given to the most critical aviation needs of the Airport as part of the master planning process. These included the airfield, approach surfaces and runway protection zones, and those areas reserved by the City for public-use facilities classified as presented on Figure 8-1. Public-use facilities include the terminal building and aircraft parking apron, itinerant aircraft parking aprons, vehicular parking, future fuel farm and the potential air traffic control tower and aircraft rescue and fire fighting facilities in areas retained by the City.

Of the estimated 200 acres currently available for lease on the Airport, approximately 150 acres (75 percent) are either leased or optioned under existing lease agreements. The majority of the leases are long-term and extend beyond the 2020 planning period.

About 53 acres are leased for aviation and nonaviation uses along Dry Creek Road. Another 25 acres are leased for nonaviation uses within the commercial/industrial areas along Airport Road. The remaining 30 acres of property are leased by various aviation tenants on the west side of the Airport along Airport Road.

Currently, there are about 38 acres available for long-term aviation and nonaviation uses. There is a 12-acre parcel and a 2-acre parcel along Dry Creek Road available for aviation-related uses. About 10 acres reserved for aviation uses are available for lease along Airport Road. About 14 acres along Dry Creek Road are reserved for commercial/industrial uses.

The *North Area Conceptual Development Plan* provided for future development of about 100 acres north of Propeller Drive for commercial/industrial and aviation-related uses. The Airport Master Plan Update provides for about 45 acres of commercial/industrial development and about 38 acres for commercial aviation lease site development north and east of Propeller Drive. Development of the northwest area of the Airport will provide the City with about 250 acres of revenue-producing property on the west side of the Airport and along Dry Creek Road.

An additional 20 acres are reserved for future commercial aviation development on the east side of the Airport, and about 40 acres could be developed for aviation uses in the infield area north of Taxiway F. At full buildout of the Airport properties, there will be an estimated 400 acres of property either leased or available for lease on the Airport.

### **8.3.2 Leases and Agreements**

The existing leases and agreements for Airport property are presented in Table 8-1. As shown, the majority of the existing leases and agreements are long-term leases and, with few exceptions, the ultimate lease commitment extends beyond the 2020 planning period. It should be noted that the information in Table 8-1 does not include those areas that are optioned for lease over the short-term (through 2007). It should also be noted that a lease evaluation was not made to ascertain the consistency of terms and conditions of the leases according to location and use of the Airport.

The City entered into two separate lease agreements with North American Jet Charter, Inc. (NAJC) in September 2000. The lease terms are for 10 years with options to renew for eight additional terms of five years each providing an ultimate lease commitment to the year 2050. These leases obligate several parcels on the Airport and grant additional privileges under an aeronautical services permit. The aeronautical services permit obligates NAJC to provide ground service, fueling and oil, aircraft charter and taxi service, and aircraft storage prior to April 16, 2002. The City provided an incentive period covering the initial seven years of the lease, through December 1, 2007, during which time ground rental, building rent in the terminal-office building and fuel flowage

Table 8-1

**LEASES AND AGREEMENTS  
Paso Robles Municipal Airport  
2002**

AIRPORT LOCATION/LESSEE	ACRES	ULTIMATE LEASE COMMITMENT
<b>Dry Creek Road</b>		
Andros Engineering	5.12	2049
Nunno Corporation, Ltd.	13.69	2030
Thom Schulz (Laura Coats Trust)	2.80	2038
Milton C.Culver and Donald L.Culver	5.08	2037
Charles Wentworth	4.31	2044
Second Wind	6.90	2045
Estrella Warbirds Museum	7.08	2033
Treana Winery	5.57	2037
Treana Winery	5.10	2038
<b>Subtotal -- Acres</b>	55.65	
<b>Commercial/Industrial -- West Side</b>		
John Hamon	3.71	2029
Scientific Drilling International	1.46	2033
Scientific Drilling International	1.48	2033
PM&D	3.91	2038
Yesterdays	2.02	2037
RMB&B	4.20	2049
RMB&B	3.92	2026
Chemron Corporation	4.67	2030
<b>Subtotal -- Acres</b>	25.37	
<b>Aviation -- West Side</b>		
North American Jet Charter, Inc.	2.52	2050
North American Jet Charter, Inc.	4.43	2050
Lochhead (McKinney)	1.00	2005
Lochhead (Nunn)	0.25	2016
Lochhead (Del Rio)	0.30	2016
Darrell Radford	0.29	2016
Frank Johnson	0.34	2016
Allen Yarborough	0.15	2017
Avlite Aviation, Inc.	1.00	2044
Moore (CHP)	1.55	2044
Moore (Port-A-Port)	2.73	2033
Airport Rental and Leasing	4.88	2050
CDF - Air Attack Base	10.00	2024
<b>Subtotal -- Acres</b>	29.44	
<b>Total -- Acres</b>	110.46	

fees are waived. NAJC also has an exclusive right to administer the City's aircraft tiedown aprons and is obligated to pay one-half of the monthly tiedown fees to the City. In return for the provisions of the incentive period, the NAJC is obligated to the City to base no less than three gas turbine-engine fixed-wing aircraft at the Airport for purposes of paying personal property taxes to the County, identify the Airport as NAJC's principal place of business and provide 30 jobs in North San Luis Obispo County with annual wages of no less than \$33,000 each. NJAC is also obligated to make certain repairs, alterations and improvements and maintain the properties.

Rents and fees will commence following the seven-year incentive period including fuel flowage fees, ground rental fees, and building rents. These fees will commence beginning in Fiscal Year 2008 and be subject to rental rate adjustments on an annual basis thereafter.

A gross analysis of the ground rental rates for airport property was made based on information provided by the City for purposes of evaluating the rates and charges presented later in this chapter. The annual rental rate per square foot of property averaged \$0.05 for those properties along Dry Creek Road. The annual rental rate per square foot of property averaged \$0.09 for the commercial/industrial properties on the west side along Airport Road and \$0.13 for the aviation-related properties on the west side along Airport Road.

Based on the rental revenues received for airport properties, the City is currently receiving an average of \$0.06 per square foot of land from airport property rentals on an annual basis. The variations in the lease rental rates are directly attributed to the location of the various parcels on Airport property and the services; e.g., water, sewer, roads, curbs and gutters, landscaping, that are available on these properties. For instance, parcels along Dry Creek Road do not currently have City sewer services.

A recent appraisal for two properties on the east side of the Airport was reviewed to establish an existing fair market value of properties along Airport Road. Based on the appraisal, the estimated fee-simple acquisition of a 1 to 2-acre parcel was estimated to be \$1.88 per square foot. A 5-acre parcel was estimated to be \$1.13 per square foot. If the City applied a rate of return of 8 percent on these assets, the ground rental rate ranges from \$0.09 to \$0.15 per square foot annually. Before entering into any future agreements, the City should consider having the various areas on the Airport appraised for the current fair market value. Establishing rental rates on the basis of appraisal is an accepted practice for airport property. It is an equitable way to establish a rental rate and has historically proven sound from a financial standpoint. The City should then evaluate the rate of return (i.e., the percentage that will be applied to the appraised value to set the rental rate) in relation to current interest rates. In addition, having all of the properties on the Airport appraised for the current fair market value would provide the City with a

basis to more accurately evaluate the cost-benefit of implementing the development projects, primarily infrastructure, roads and landscaping, as provided for in the *North Area Conceptual Development Plan* and incorporated in the Capital Improvement Program presented earlier in Chapter 6.

### **8.3.3 Rates and Charges**

An analysis of current rates and charges at those airports considered to be competing or comparable airports were obtained to assess the reasonableness of the rates and charges at the Paso Robles Municipal Airport. Airports were initially identified as potentially competing with the Paso Robles Municipal Airport based on location, e.g. San Luis Obispo County Regional, Coalinga Municipal, King City-Mesa del Rey, and Santa Maria Public Airports. The Lompoc and Santa Ynez Airports were also included. Other airports that are classified as Regional airports in the California Aviation System Plan and provide essentially the same services and facilities as the Paso Robles Municipal Airport for airport tenants and users in the surrounding counties were identified as the Delano Municipal, Hanford Municipal and Porterville Municipal Airports and Tulare-Mefford Field. Rates and charges for the Visalia Municipal Airport were also considered as the Airport accommodates a limited number of scheduled commuter flights. Rates and charges at these airports are presented in Table 8-2 and discussed below.

#### **8.3.3.1 Real Property**

Real property leases are ground leases for aviation and nonaviation uses on an Airport. Annual ground rental rates ranged from a low of \$0.03 per square foot at the Paso Robles Municipal Airport to a high of \$0.26 per square foot at the Visalia Municipal Airport. It should be noted that a rates and charges analysis of this type should be considered as an overall review of what other airports charge for use of the airport and facilities. The analysis should not be considered as a direct comparison as the circumstances at the individual airports vary considerably as do the lease terms under which various leases were negotiated.

The \$0.03 per square foot at the Paso Robles Municipal Airport was the lowest per square foot rental rate on the Airport for a 5-acre parcel in the Dry Creek Road area. Conversely, \$0.26 per square foot at the Visalia Municipal Airport is the standard published rate for leasing on the Airport that is developed with services and the competition for lease lots is the greatest. A recent ground rental rate survey conducted by the Association of California Airport Managers indicated ground rental rates at California airports ranged from \$0.01 per square foot at the Mariposa-Yosemite Airport to a high of \$0.29 per square foot at the Chino Airport. A recent appraisal of the properties on the Porterville Municipal Airport determined the ground rental rate to be \$0.22 per square foot for all airport properties. The appraisal recommended that a 10 percent rate of return be applied to developed areas and an 8 percent rate of return be applied to undeveloped areas.

Table 8-2

**RATES AND FEES ANALYSIS  
Paso Robles Municipal Airport  
2002**

Airport	Real Property (per s.f.)	Hangar Ground Lease	Tiedowns (month)	Fuel Flowage Fee (per gallon)	Fuel Sales	
					Avgas	Jet
<b>Paso Robles Municipal</b>	(Average) <b>\$0.03 to \$0.13</b>	<b>n.a.</b>	<b>\$35-\$50/month</b>	<b>\$0.00</b>	<b>\$2.25</b>	<b>\$2.00</b>
Coalinga Municipal	n.a.	\$115/month	\$25/month	City	\$2.22	n.a.
Delano Municipal	\$0.05-\$0.07	\$90/month	\$2.00/day	City	\$2.15	n.a.
Hanford Municipal	\$0.17-\$0.22	\$120/month	\$30/month	\$0.02	\$2.84	n.a.
King City-Mesa del Rey	\$0.15-\$0.17	\$110/month	\$35/month	n.a.	\$2.40	\$1.75
Lompoc Municipal	\$0.05-\$0.10	n.a.	\$34-\$43/month	City	\$2.15	n.a.
Porterville Municipal	\$0.228	n.a.	\$20-\$25/month	City	\$2.23-\$2.30	\$1.94
San Luis Obispo County Regional	\$0.23	\$75/month	\$50-\$60/month \$135-\$165/quarter	n.a.	\$2.25	\$1.95 - \$2.05
Santa Maria Public	\$0.13-\$0.18	n.a.	n.a.	\$0.06	\$2.69	\$2.55
Santa Ynez	n.a.	n.a.	\$33-\$49/month	City	\$2.25	\$2.30
Tulare Municipal	\$0.04	\$120/month	\$30/month	\$0.02	\$2.10	\$1.95
Visalia Municipal	\$0.20-\$0.26	n.a.	\$36-\$46/month	\$0.08	\$2.26-\$2.54	\$2.30

n.a. = not applicable

SOURCE: Aries Consultants Ltd. based on discussions with individual airport representatives.

The ground rental rates for real property on the Paso Robles Municipal Airport are considered within an acceptable range when compared with other airports.

### **8.3.3.2 Ground Leases for Hangars and Tiedown Spaces**

Rates for hangar ground leases were also surveyed. The monthly rental rates for ground leases for hangar construction by private development ranged from \$75 per month at the San Luis Obispo County Regional Airport to \$120 per month at the Hanford Municipal Airport and Tulare-Mefford Field. As was typical with the airports surveyed, ground leases are made available for tenants to build their own hangar. The Paso Robles Municipal Airport does not currently have an area set aside for the orderly development of individually-constructed hangars. The 2020 Airport Master Plan Update reserves an area on the east side of the Airport to accommodate this type of development in the future.

Tiedown rates ranged from \$20 per month at the Porterville Municipal Airport to \$60 per month at the Delano Municipal Airport for single-engine aircraft. Tiedown rates for twin-engine aircraft were typically \$10 to \$15 more per month. Tiedown rates at the Paso Robles Municipal, ranging from \$35 to \$50 per month are considered comparable with those at the other airports.

### **8.3.3.3 Fueling**

Fuel flowage fees ranged from \$0.02 per gallon at the Hanford Municipal Airport to \$0.08 per gallon at the Visalia Municipal Airport. As with other rates and charges, there is a wide range of fuel flowage fees in place at other airports in the State – the majority of the airports reported fuel flowage fees in the \$0.05 per gallon to \$0.08 per gallon range with \$0.05 per gallon considered the industry standard. The sale of fuel ranged from a low of \$2.10 per gallon for avgas at Tulare-Mefford Field to \$2.84 per gallon for avgas at the Hanford Municipal Airport. Jet fuel ranged from \$1.75 per gallon at the King City-Mesa Del Rey Airport to \$2.55 per gallon at the Santa Maria Public Airport. It should be noted that fuel prices are very competitive and change constantly. The Paso Robles Municipal Airport Management maintains a constant surveillance of competing fuel prices at other airports in the area.

### **8.3.4 Methodology for Establishing Rates and Charges**

It appears that the rates and charges for use of the Paso Robles Municipal Airport are similar to those charged at other airports in the area. The principle underlying the establishment of rates and charges is that each tenant on the Airport and each user of the airfield should pay an appropriate rate or fee for such tenancy or use. At a minimum, Airport use fees and facility rentals should be based on actual, fully-allocated costs of

providing, operating, and maintaining the facilities occupied and used, including reasonable interest charges. With regard to the various users of the Airport, the following policies apply:

#### **8.3.4.1 Terminal Building**

All terminal building space occupants, except the food and beverage and any merchandising concessionaires, will pay standard rates per square foot per year for similar types of terminal building space exclusively leased. Differential rates for various types of space can be established based on the degree of public exposure and the extent and cost of building finish and services. This rate(s) is determined on the basis of actual, fully-allocated costs incurred by the City in providing, operating, and maintaining the terminal building.

In addition, all terminal building space occupants engaged in commercial operations (such as food/beverage, rental car, and advertising concessionaires) will pay a privilege fee (usually a percentage of gross receipts against a minimum annual guarantee). In no instance will the minimum annual guarantee be less than the cost of providing the space.

#### **8.3.4.2 Airfield Use**

All users of the airfield will pay a field use fee regardless of any other space or ground rentals that they may be paying on the Airport.

- For future commuter airline users, a specific landing fee will be negotiated on the basis of maximum approved gross landing weight operated at the Airport for each and every landing aircraft, regardless of whether the landings are extra sections, training flights, etc.
- For general aviation aircraft users, a use charge can most easily be obtained through a fuel flowage fee. In the future, fuel flowage fees will be stated in terms of a percent of gallons delivered rather than cents per gallon sold. It should be noted that the City should negotiate fuel flowage fees out of any lease agreements. The fuel flowage fees are included in the Fee Schedule, Appendix III of the Draft Final *Paso Robles Municipal Airport Minimum Standard Requirements for Airport Aeronautical Services*. The Fee Schedule should remain flexible for change from time-to-time by City Ordinance, and any change would be applied consistently to all tenants at the same time.

#### **8.3.4.3 Ground Rental Rates**

In order to establish uniform ground rental rates in the future for various parcels of Airport property, the City should set basic ground rental rates for various types and

locations of property on the Airport at current levels. All airport land areas would be appraised as to their current market value and the annual ground rental rate established on the basis of a given percentage of the appraised market value of the various locations on the Airport; e.g., on the west side along Airport Road, on the south side along Dry Creek Road, and ultimately on the east side and in the Northwest area of the Airport. In the future, increases in ground rental rates could be based on subsequent future appraisals for the various locations, adjusted for added improvements; e.g., water, sewer, roads, etc. made by the City. The rental rates can then be adjusted in proportion to the increase in appraised value for the area in question and consistent with other ground leasing practices in the City and applied consistently to similar tenants of similar properties.

Appraisals of fair market value are typically performed when negotiating a new lease or when ground rental rates are to be adjusted according to the covenants of an existing lease. The interpretation of fair market value for airport properties may be different based on the appraiser and the appraisal method used, and the appraisals may be performed during time periods when economic conditions are changing. As a result, a negative image is presented to airport tenants and leaseholders when property appraisals of fair market value end up with similar tenants on similar properties paying different ground rental rates. Based on similar analyses prepared for other airports, adjustments to ground rental rates by appraisal have significantly increased the costs associated with the operation of these other airports. The cost of the initial appraisal and what could result in lengthy negotiations with the individual tenants have added increased administrative time and costs, not only on the part of airport management, but also on the part of other departments in the sponsoring agency; e.g., legal, accounting, and administration.

The current ground rental rates for airport property should be determined through an appraisal of fair market value by an appraiser who is familiar with appraising airport properties and will take into consideration the current demand for aviation properties in the Paso Robles and North San Luis Obispo County area, the availability of competitive properties, and in particular trends in the aviation industry. In addition, appraisers who are familiar with appraising airport properties recognize that there are restrictions on the use of the property in compliance with FAA requirements and other development standards as established by the City.

#### **8.4 NEW BUSINESS ANALYSIS**

The overall business issues challenging the Paso Robles Municipal Airport will be the attraction of additional airport users and new commercial/industrial development to the Airport within a changing business environment. This section recommends aviation and commercial/industrial activities that should be pursued by the City for the future development of the Airport. The opportunities presented have been developed using the

information presented in the preceding chapters of this report. The City's Airport Vision and objectives were reviewed to ascertain which objectives the City can reasonably respond to.

#### **8.4.1 Available Resources**

The 2020 Airport Master Plan Update (the Plan) demonstrates that the Airport could play a significant role in the continuing development of the City of Paso Robles and North San Luis Obispo County. Because of its unique environmental setting with respect to surrounding land use compatibility, the Airport has an outstanding capability to contribute to the City's continued economic growth and stability in the future. Many of California's aviation facilities are currently constrained and will be even more constrained in the future. These constraints vary from airport to airport but include environmental considerations, traffic congestion, real estate economics, airspace conflicts, and the pressures of increased urbanization and surrounding incompatible development. The Paso Robles Municipal Airport, almost uniquely, has the opportunity to prevent these constraining factors. Land uses in the immediate vicinity of the Airport are compatible with the recommended Plan, and the *Amended Airport Land Use Plan* will provide the necessary tools for the City and County to preserve future compatible land uses within the Airport environs.

The Plan envisions an ultimate airport of over 1,400 acres of which approximately 400 acres are either presently leased or will be available for future revenue generation. This amount of potential revenue-producing land is of great significance to the future growth and economic development of the Paso Robles Municipal Airport and the City of Paso Robles. While the direct generation of revenue for the maintenance, operation and development of the Airport is of primary importance, of even more importance is the opportunity to develop and retain prime employment opportunities in the City. Sound property management practices will have to be followed in order to maximize the return on the asset value of the real estate within the Airport boundaries.

#### **8.4.2 Aviation Related Businesses**

There are a number of products and services directly related to general aviation that typically require location on an airport. A review of aviation directories provided a listing of over 40 general aviation products and services that are located on, or available at, other airports comparable to the Paso Robles Municipal Airport. These products and services are presented in Table 8-3 and discussed below.

Although a number of general aviation products and services are currently available on the Airport, the Airport does not have a full service fixed-base operator for the estimated 150 single-engine and light twin-engine aircraft based at the Airport. At a minimum, the

Table 8-3

**GENERAL AVIATION PRODUCTS AND SERVICES**  
**Paso Robles Municipal Airport**  
**2002**

<u>General Aviation Activity</u>	<u>On Airport</u>	<u>Not On Airport</u>
Air Ambulance		X
Air Cargo		X
Air Charters	X	
Air Courier		X
Air Taxi	X	
Aircraft Brokers		X
Aircraft Cleaning Service		X
Aircraft Components and Parts		X
Aircraft Interiors		X
Aircraft Painting and Refinishing		X
Aircraft Rental		X
Airframe Repair and Overhaul	X	
Automobile Rental	X	
Aviation Attraction	X	
Aviation Training Center		X
Avionics Sales and Service		X
Conference Rooms and Amenities	X	
Courtesy Transportation	X	
Electrical Repair		X
Fixed Wing Pilot Training		X
Flight Planning Services		X
Flight Service Station		X
Flight Simulators		X
Flying Club		X
Freight Forwarder		X
Fueling Services	X	
General Aviation Passenger Terminal	X	
Gift/Retail Shop		X
Ground Equipment Manufacturer		X
Ground Equipment Repair		X
Helicopter Charter	X	
Helicopter Maintenance and Repair	X	
Helicopter Pilot Training		X
Hotel		X
Pilots' Lounge		X

**GENERAL AVIATION PRODUCTS AND SERVICES**  
**Paso Robles Municipal Airport**

<u>General Aviation Activity</u>	<u>On Airport</u>	<u>Not On Airport</u>
Pilot Supplies and Services	X	
Powerplant Repair and Overhaul		X
Propeller Services		X
Restaurant	X	
Safety and Emergency Equipment	X	
Transient Aircraft Parking	X	
Upholstery Shop		X
Weather Services	X	
Window, Windshield, Shade Repair		X

SOURCE: City of Paso Robles and Aries Consultants Ltd.

full service fixed-base operator will provide repair and maintenance of general aviation aircraft, aircraft engines and parts; tiedown, storage and hangar space for general aviation aircraft and all aircraft other than those operated by commercial airlines and the military; be open for services to Airport users at all times the Airport is reasonably open for their use; aircraft rental; maintain adequate numbers of engines, parts, and supplies to conduct the maintenance, repair, and servicing of general aviation aircraft. In addition, many airport sponsors require fixed base operators to sell aviation fuel, oils and lubricants for general aviation aircraft. This is generally a sound requirement as it relieves the airport sponsor of the obligation, and more important, the sale of fuel by a fixed base operator gives the operator a point-of-contact with the aviation customer and thus serves as a basis for building the fixed-base operator business.

Based on conversations with existing tenants, although some of the general aviation products and services are provided on the Airport, these products and services are targeted for the larger type aircraft and do not adequately service the small aircraft owners. Specialty services that could be attracted to the Airport include aircraft cleaning services; aircraft interior restoration; avionics sales and services; upholstery shop; and propeller services. In addition, an aircraft painting and refinishing shop on the Airport could attract a number of aircraft owners that currently go long distances to obtain these services that exist at a limited number of airports. An aircraft painting and refinishing shop would certainly be an attraction at the Paso Robles Municipal Airport, but it may be difficult to attract this type of tenant as the environmental considerations of providing for this type of activity and the investment required will be considerable.

The Airport does not currently have a flight training school for individuals wanting to learn to fly or upgrade their skills, and this type of activity could be pursued by the City. In addition, a number of major air carriers have developed fixed-wing flight training centers at airports outside of major metropolitan areas; e.g., Japan Airlines at the Napa County Airport and All Nippon Airways at the Bakersfield-Meadows Field Airport. These airports provide an environmentally-compatible base for training activities, and the Paso Robles Municipal Airport could provide a similar environment.

The use of general aviation aircraft for business/corporate aviation has increased significantly following the events of September 11, 2001 due to the enhanced feeling of security of using business/corporate aircraft as well as the diminished airline schedules and rigorous security precautions at the commercial air carrier airports. This segment of general aviation includes aircraft owned by corporations, private individuals and those aircraft that are fractionally owned and managed by fractional and/or management ownership companies.

The impact of accommodating increases in corporate/business aircraft has been felt at airports in the major metropolitan areas in Northern and Southern California, particularly

at the commercial air carrier airports. For example, several corporate/business aviation users from the San Francisco Bay Area have relocated aircraft and crews to other airport locations in California; e.g., Sacramento International, Fresno-Yosemite International and Modesto City-County Airports. These aircraft and crews arrive at Bay Area airports to pick up and drop off passengers and return to their base of operations and hangars at these other airports. The attraction of these types of aircraft operations to the Airport would provide the City with real property leases, future fuel flowage fees, possessory interest taxes on lease lots and facilities, and/or personal property taxes on aircraft and employment opportunities. The potential for including these types of aviation activity on the Airport will be discussed later.

### **8.4.3 Commercial/Industrial Businesses**

The commercial/industrial development potential of the Paso Robles Municipal Airport is dependent upon a variety of factors. Typically, plant location and site analysts weigh these factors in assessing the extent to which any community potentially represents a viable investment for their company and can be grouped into three categories:

1. Operating Cost Factors (the cost of doing business locally),
2. Operating Condition Factors (business operating conditions in the area), and
3. Quality of Life Factors (the quality of life in the area for company personnel).

Among these categories, the cost of doing business is generally regarded as the most important issue by companies making location decisions. However, no individual factor or group of factors should be regarded as solely determinant in the site selection process. Many exceptional circumstances surround commercial/industrial location decisions, and the City of Paso Robles must research those characteristics of the local environment that are advantageous in potential commercial/industrial development and use those characteristics to offset factors that may otherwise discourage industry from establishing locally.

While it is not within the scope of this study to address the potential commercial/industrial development on the Airport, the following should be considered by the City in its decision-making process to invest in the commercial/industrial development properties on the Airport to attract this type of development.

A survey of available industrial lots within the City and immediate vicinity was conducted for the City in July 2002. Based on the survey, there are an estimated 70 to 100 acres of property available for development within the City. The properties vary considerably with respect to improvements; e.g., roads and infrastructure (water, sewer) and location. The asking price for these properties range from \$1.00 per square foot for an undeveloped property in a remote location to \$6.10 per square foot for industrial-

zoned property with paved roads and utilities. A May 2001 appraisal for two parcels of property on the Airport prepared for the City indicated that over the most recent two-year period, commercial and industrial properties in the City increased in value between 30 and 50 percent in some instances.

An additional factor that will require consideration is the availability of acquiring commercial/industrial properties within the City versus leasing properties on the Airport. The leasing of properties on the Airport may have an advantage as properties can be developed on an “as-required” basis; e.g., 5-, 10- or 20-acres rather than acquisition of property that has a parcel definition.

The City of Paso Robles already has under lease approximately 50 acres of land and building facilities on the Airport within the currently designated commercial/industrial areas to a number of commercial/industrial tenants. Thus, a precedent for commercial/industrial development has already been established on the Airport.

## **8.5 LAND DEVELOPMENT PROGRAM**

The 2020 Airport Master Plan Update recommends an ultimate airport property containing over 1,400 acres compared to the present 1,277 acres for future airport protection and aviation needs. Of the total 1,400-acre future airport property, over 400 acres are either presently leased or will be available for potential revenue generation from aviation and commercial/industrial sources. This amount of revenue-producing land is of great significance to the future economic development of the Airport. Leasing of these lands will increase the productivity of the land, the taxable value of the leased land, buildings or other possessory interest, and will offer further opportunities for increased employment. In this way, the Airport has the potential to enhance the economic development goals of not only the local community but also North San Luis Obispo County and South Monterey County.

The 2020 Airport Master Plan Update designates land areas to be reserved for various types of aviation-related and commercial/industrial uses. The Capital Improvement Program presented in Chapter 6 provides for the orderly development of aviation and commercial/industrial uses. Adherence to the Plan is recommended for the development of these uses as it ensures that certain Airport land with airfield access will be reserved strictly for aviation activities and permits land surplus to aviation requirements to be devoted to the development of commercial/industrial activities in a manner compatible with both Airport and off-Airport land uses.

The City, FAA and airport users have already made substantial investments in the Paso Robles Municipal Airport, and the 2020 Airport Master Plan Update provides a land acquisition program that will give the City flexibility for future protection of these

investments. The City should actively pursue land acquisition in the vicinity of the Airport as soon as practicable to provide for the future development of Airport properties.

## **8.6 REVENUE-PRODUCING FACILITIES**

Revenues from hangar leases provide a significant source of revenue for many general aviation airports in California and other locations. Although the City's operating revenues could be increased significantly through direct hangar rents instead of real property leased for hangar development by private investment, the requirement for capital expenditures and maintenance would also be significant.

The City could initiate the development of additional hangars on the Airport. The development of 20 hangars in the first-phase of the Capital Improvement Program is estimated to cost \$600,000, with the total to be provided by private investment, or alternatively, by the City. Table 8-4 illustrates the financial results of the retirement of a \$600,000 investment by the City for a low-interest loan from Caltrans under the State's revolving loan program for revenue-producing facilities on airports. The loan assumes a loan amount of \$600,000 at 6 percent interest over a 20-year period for 20 hangars. The monthly rental rate is assumed to be \$200 per hangar initially and increasing an average of 2 percent annually with 100 percent occupancy.

The City would essentially assume the role of developer on the Airport. However, the initiation of hangar development by the City would serve two purposes. One is there would be economies of scale in building all of the hangars at one time and the second one is the hangars could be designed to accommodate different types of aircraft; e.g., the business/corporate type aircraft that are being forced out of the major metropolitan areas. The City should explore the potential for this type of development as this type of activity currently represents the fastest growing segment of general aviation. In addition, Caltrans will require documentation on the requirement for the hangar development.

## **8.7 MARKET RESEARCH AND PROMOTION**

Market research and promotion activities are typically the responsibility of Economic Development Departments within various municipalities and counties. The marketing and promotion of commercial/industrial development within the City of Paso Robles is primarily through a cooperative effort and communication between the City, the Chamber of Commerce, and other interested parties in the Community. City staff must be fully apprised of available Airport properties, not only for commercial/industrial sites, but also for aviation-related sites. By keeping those responsible for economic development within the City informed as to the availability of properties on the Airport, particularly commercial/industrial sites, available sites can be evaluated and marketed within the full range of available properties within the City and surrounding areas.

Table 8-4

**HANGAR AMORTIZATION SCHEDULE  
Paso Robles Municipal Airport**

**Loan Amount: \$600,000**  
**Interest Rate: 6.0 Percent**  
**Term: 20 Years**

**Numbers of Hangars: 20**  
**Monthly Rental Rate: \$200**  
**Average Annually Increase: 2 percent**

<b>Year</b>	<b>Principal Balance</b>	<b>Interest Paid</b>	<b>Total Payment</b>	<b>Hangar Rental Revenues</b>	<b>Annual Surplus</b>	<b>Cumulative Surplus</b>
<b>1</b>	\$570,000	\$36,000	\$66,000	\$48,000	<b>(\$18,000)</b>	<b>(\$18,000)</b>
<b>2</b>	\$540,000	\$34,200	\$64,200	\$48,960	<b>(\$15,240)</b>	<b>(\$33,240)</b>
<b>3</b>	\$510,000	\$32,400	\$62,400	\$49,939	<b>(\$12,461)</b>	<b>(\$45,701)</b>
<b>4</b>	\$480,000	\$30,600	\$60,600	\$50,938	<b>(\$9,662)</b>	<b>(\$55,363)</b>
<b>5</b>	\$450,000	\$28,800	\$58,800	\$51,957	<b>(\$6,843)</b>	<b>(\$62,206)</b>
<b>6</b>	\$420,000	\$27,000	\$57,000	\$52,996	<b>(\$4,004)</b>	<b>(\$66,210)</b>
<b>7</b>	\$390,000	\$25,200	\$55,200	\$54,056	<b>(\$1,144)</b>	<b>(\$67,354)</b>
<b>8</b>	\$360,000	\$23,400	\$53,400	\$55,137	\$1,737	<b>(\$65,617)</b>
<b>9</b>	\$330,000	\$21,600	\$51,600	\$56,240	\$4,640	<b>(\$60,978)</b>
<b>10</b>	\$300,000	\$19,800	\$49,800	\$57,364	\$7,564	<b>(\$53,413)</b>
<b>11</b>	\$270,000	\$18,000	\$48,000	\$58,512	\$10,512	<b>(\$42,902)</b>
<b>12</b>	\$240,000	\$16,200	\$46,200	\$59,682	\$13,482	<b>(\$29,420)</b>
<b>13</b>	\$210,000	\$14,400	\$44,400	\$60,876	\$16,476	<b>(\$12,944)</b>
<b>14</b>	\$180,000	\$12,600	\$42,600	\$62,093	\$19,493	\$6,549
<b>15</b>	\$150,000	\$10,800	\$40,800	\$63,335	\$22,535	\$29,084
<b>16</b>	\$120,000	\$9,000	\$39,000	\$64,602	\$25,602	\$54,686
<b>17</b>	\$90,000	\$7,200	\$37,200	\$65,894	\$28,694	\$83,379
<b>18</b>	\$60,000	\$5,400	\$35,400	\$67,212	\$31,812	\$115,191
<b>19</b>	\$30,000	\$3,600	\$33,600	\$68,556	\$34,956	\$150,147
<b>20</b>	\$0	\$1,800	\$31,800	\$69,927	\$38,127	\$188,274

The merits and potential of commercial/industrial development on the Paso Robles Municipal Airport have been discussed previously; however, it should be emphasized that the success of any marketing program will depend on an aggressive and organized promotional program. The program should be the keystone for the promotion of overall commercial/industrial development in the Paso Robles area. The benefits that could be realized relate, not only to the Airport, but also to the community as a whole. The intent should be to use the Airport as a tool to attract commercial/industrial uses to the area.

While it is not within the scope of this study to prepare a marketing plan for the future development of the Airport, the City should recognize there are currently only about 38 acres of property to market on the Airport as illustrated earlier on Figure 8-1. There are about 20 acres reserved for aviation development and 18 acres reserved for commercial/industrial development. The City has the opportunity of providing for over 200 additional acres of property for future development. The 2020 Airport Master Plan Update presented in Chapter 5 and the Capital Improvement Program presented in Chapter 6 integrate and prioritize the required development projects and estimated costs for both aviation and commercial/industrial development and provide the City with the orderly development of future Airport properties and facilities as the demand warrants. The City needs to determine when the funding for development of additional Airport properties is warranted within the overall needs and requirements of other City services and facilities. Once that determination is made, an aggressive and organized marketing and promotional program should be initiated by the City for the development of those properties.

## **8.8 OTHER REQUIREMENTS**

There are several other requirements of the City to promote and facilitate the future development of the Airport as discussed below.

### **8.8.1 Web Site**

The City will develop and maintain a web site for the Airport. Alternatively, the Airport could be a specific site under an overall web site for the City of Paso Robles. A number of airports within the State have developed web sites providing information about the individual airports including business and development opportunities, fee schedules for use of the airport, and information about the local community. In addition, airport promotional materials, a description of short-term capital improvement programs, and other pertinent information could be made available; e.g., the Airport Master Plan and/or Airport Lease Map drawings from the 2020 Airport Master Plan Update. The initial research for the potential location of a company, activity, and/or other uses is frequently through a search of available web sites. It is, therefore, critical that a web site be developed for the Airport so as not to eliminate the Airport, or the City, from further consideration as a potential place of doing business.

### **8.8.2 Lease Policy Guidelines**

The City will prepare Lease Policy Guidelines for inclusion in a lease package. Lease Policy Guidelines state the policies of the City in negotiating new or renegotiating existing leases and agreements for the use of the Airport. The guidelines are specific in addressing City policies for maintenance provisions and remedies, hazardous materials, relocation of improvements, disposal of tenant improvements, the requirement for performance bonds, and other issues and covenants of a lease or agreement for use of the Airports. The guidelines provide a solid framework of covenants and issues the City can use as the basis for entering into lease negotiations with a prospective tenant.

### **8.8.3 Property Development Standards**

Property development standards will be prepared for the aviation-related properties on the Airport to establish standards to be followed by lessees in the development of leased Airport property. Development standards should detail the requirements for each type of tenant to ensure that future Airport development will be compatible with all other land uses on the Airport by performance, appearance and general operating characteristics. Property development standards should be enforced uniformly among all tenants.

For development within the commercial/industrial areas, the importance of development standards cannot be overemphasized. Experience at other airports has shown that companies want to be assured of stability and compatibility of all facilities within a commercial/industrial area in view of the substantial capital investment involved in the location and construction of new facilities.

### **8.8.4 Airport Lease Package**

The City will assemble an Airport Lease Package for the Paso Robles Municipal Airport. The lease package will be made available to any existing or potential new airport tenants. The lease package establishes the City's ground rules for all tenants and users of the Airport and ensures that similar tenants leasing similar properties for similar uses will be assured of equal opportunities on the Airport.

The Final Draft of the *Paso Robles Municipal Airport Minimum Standard Requirements for Airport Aeronautical Services* (minimum standards) provides the foundation for an airport lease package. The preparation of minimum standards is highly recommended by the FAA for all airports that must comply with Federal Grant Assurances as a condition of accepting Federal grant assistance in order to ensure fair and equal opportunities for all users of the Airport. It should be noted that, while the City has already prepared several elements of an airport lease package, additional elements should be prepared and included in the lease package. In this way, the various planning efforts by the City can

be incorporated into a single document available to all those with an interest in the Airport and its future development. In addition, it should be recognized that the various elements of the lease package would require updating and modifying over time to reflect changing conditions within a changing environment. The lease package should include the following elements. The minimum standards have been used as the basis for the lease package and recommendations for inclusion in the minimum standards have been made. Recommendations for additional elements have also been included.

#### **8.8.4.1 Introduction**

This section provides an overall introduction to the Paso Robles Municipal Airport. The goals and objectives of the City in operating and developing the Airport facilities to provide an environment to meet the needs of the aviation community that will encourage economic development should be included. The 2020 Airport Master Plan Update, as presented earlier on Figure 5-1, will provide the short, intermediate, and long-range plans for future development of the Airport. The Airport Lease Map presented on Figure 8-1 should also be included.

#### **8.8.4.2 Lease Application Process**

The lease application process begins with the Minimum Requirements for a Business Plan as outlined in Appendix I of the minimum standards. These requirements include the basic operational and financial information of the prospective tenant. In addition to the requirements of the Business Plan, the desired length of the lease and a description of improvements to be constructed on the leased property should be included. A timeline for City processing the lease application should be stated. The timeline should include the administrative review, background checks, and any requirements for appraisals, environmental documentation, Planning Commission review, City Council approval, and compliance with any applicable building codes or other City ordinances and regulations. A lease application fee as determined by the City should accompany the lease application. The responsibilities for any costs associated with processing the lease application; e.g., appraisals, environmental documentation, etc. should also be stated.

#### **8.8.4.3 Leasing Guidelines**

The Leasing Guidelines outlined in Appendix II of the minimum standards can be used as the foundation for developing a standard lease for aeronautical use of the Airport property. The Leasing Guidelines should also address any future through-the-fence operations. A through-the-fence operation is the use of a public landing area by aircraft based on land adjacent to, but not a part of airport property. Such operations are considered encumbrances on airport property and may preclude compliance with the land interest requirements for a federal-aid project unless the City retains the legal right to,

and in fact, requires the off-site property owners to conform in all respects to the requirements of any existing or proposed grant agreement. Because any type of through-the-fence agreement does not currently encumber Paso Robles Municipal Airport, it is recommended that these types of privileges be strictly prohibited in any future use agreements for the Airport.

#### **8.8.4.4 Federal Aviation Administration Lease Provisions**

While there are no requirements by the FAA that are passed directly to any airport tenant or lessee, the City is required to pass on to concessionaires, tenants, and lessees on the Airport the provisions of Title VI of the Civil Rights Act of 1964. The City is obligated to include in all leases and agreements specific requirements when entering into a new lease or agreement after receiving FAA grant assistance obligating the Airport to Title 49 of the Code of Federal Regulations Part 21. In addition, any leases and agreements for the use of Airport property should subject the tenant to the City's obligation to comply with Federal Grant Assurances as a condition of accepting Federal grants for development of the Airport.

#### **8.8.4.5 Minimum Standards**

The Final Draft of the *Paso Robles Municipal Airport Minimum Standard Requirements* (minimum standards) for Airport Aeronautical Services should be finalized and adopted by the City and included in the lease package.

#### **8.8.4.6 Insurance Requirements**

The Insurance Requirements are presented in Appendix IV of the minimum standards.

#### **8.8.4.7 Additional Information**

Other requirements for use of the Airport should be included in the lease package; e.g., the Airport Rules and Regulations and a standard Tiedown Permit. In addition, the Lease Policy Guidelines and Property Development Standards recommended in Sections 8.8.2 and 8.3.3 should be included.

#### **8.8.4.8 Rates and Charges**

The Fee Schedule presented in Appendix III of the minimum standards establishes rates and charges for various uses of the Airport. Fuel flowage fees should be based on gallons delivered to the Airport as noted earlier.

## **8.9 ECONOMIC LAND USE PLAN SUMMARY**

The various elements of the Economic Land Use Plan have been analyzed and discussed in the preceding sections of this chapter. The following sections summarize the findings, recommendations and requirements for consideration by the City in proceeding with the orderly development of the 2020 Airport Master Plan Update.

### **8.9.1 Airport Vision, Objectives and Action Program**

The City adopted the Airport Vision, Objectives, and Action Program for the Airport in May 2000.

#### **Airport Vision**

- The City will continue to pursue the Airport Vision statement.

#### **Objectives**

- The Objectives should be redefined based on the findings of the Plan. Certain objectives are unlikely to be achieved within the short-term (five years), e.g., increasing the number of based aircraft from 148 to 250 and increasing the total annual aircraft operations from 30,000 to 60,000.

#### **Action Program**

- The Action Program should be updated based on the findings of the Plan. Several action items have been completed, e.g., preparation of the 2020 Airport Master Plan Update and *The North County Regional Air Service Analysis*. Other action items have been identified in the Plan that should be added to the Action Program, e.g., Lease Policy Guidelines and Property Development Standards for Aviation and Commercial/Industrial properties.

### **8.9.2 Existing Airport Facilities and Services**

Of the estimated 200 acres currently available for lease on the Airport, approximately 150 acres (75 percent) are either leased or optioned under existing lease agreements.

#### **Airport Property**

- Only about 38 acres are currently available for long-term aviation and commercial/industrial uses – 20 acres for aviation use and 18 acres for commercial/industrial.

- At full buildout of the Plan, there will be an estimated 400 acres of property either leased or available for lease on the Airport.

### **Leases and Agreements**

The existing leases and agreements for Airport property are long-term leases and, with few exceptions, the ultimate lease commitment extends beyond the 2020 planning period.

- The City entered into two major lease agreements for Airport property in 2000 that have increased the employment base in the City which in turn have added to the sales and property tax base. In particular, significant personal property taxes have been returned to the Airport Enterprise Fund as a result of personal property taxes on based aircraft. An incentive period covering the initial seven years of the leases, through December 1, 2007, was granted to the lessee during which time certain fees for use of the Airport were waived.

*It should be noted that, while the financial analysis presented in Chapter 7 of the Plan did not extend beyond the initial five-year (through 2007) development period, additional revenues will be received from these leases (beginning in 2008) at the end of the incentive period, and these revenues will be significant.*

### **Rates and Charges**

An analysis of current rates and charges at those airports considered to be competing or comparable airports was performed to assess the reasonableness of the rates and charges at the Paso Robles Municipal Airport.

- Rates and charges for real property, ground leases for hangars and tiedown spaces, and fueling at the Airport are considered within an acceptable range when compared to the other airports.
- A methodology for establishing rates and charges in the future for the terminal building, airfield use, and ground rates has been prepared for the City.
- A method for appraising the current fair market value of Airport property is recommended to provide the City with a basis to assess the cost-benefit of funding future improvements, e.g., water, sewer, roads, etc., into new areas for aviation and commercial/industrial areas.

### **8.9.3 New Business Analysis**

The overall business issues challenging the Paso Robles Municipal Airport will be the attraction of additional airport users and new commercial/industrial development to the Airport within a changing business environment.

#### **Available Resources**

The Plan envisions an ultimate airport of over 1,400 acres of which approximately 400 acres are either presently leased or will be available for future revenue generation.

- The 400 acres of potential revenue-producing land will be of great significance to the future and economic development of the Paso Robles Municipal Airport and the City of Paso Robles.

#### **Aviation Related Businesses**

Over 40 general aviation products and services that are typically located on, or available at, other airports were compared to the products and services available at the Paso Robles Municipal Airport.

- The Airport only currently offers a limited number of these products and services.
- The City will pursue attracting a full-service fixed base operator; specialty services including aircraft cleaning, aircraft interior restoration; avionics sales and services; upholstery shop, and propeller services; and the potential for an aircraft painting and refinishing shop.
- The City will pursue a flight training school for individuals wanting to learn to fly or upgrade their skills. The potential for attracting a flight training center for a major air carrier should be researched.
- The City will research the potential for attracting business/corporate aviation including corporations, private individuals and those aircraft that are fractionally owned and managed by fractional and/or management ownership companies and currently represent the fastest growing segment of the aviation industry.

#### **Commercial/Industrial Businesses**

The potential for future development of the commercial/industrial properties on the Airport, and elsewhere in the City, will initially be assessed based on the operating cost factors, operating condition factors, and quality of life factors.

- The City will research those characteristics of the local business environment that are advantageous in the potential for attracting commercial/industrial development and use those characteristics to offset factors that may otherwise discourage industry to establishing locally.
- A 2002 survey of available industrial lots within the City and immediate vicinity estimated that between 70 and 100 acres of property, off the Airport, are currently available for acquisition for development.
- The leasing of Airport properties for commercial/industrial development may have an advantage as properties can be developed on an “as-required” basis, e.g., 5-, 10- 20-acres rather than acquisition of property that has a parcel definition.

#### **8.9.4 Land Development Program**

The ultimate Airport property will contain over 1,400 acres compared to the present 1,277 acres for future airport protection and aviation needs. Of the total 1,400 acres, over 400 acres are either presently leased or will be available for potential revenue generation from aviation and commercial/industrial sources.

- Leasing of these lands will increase the productivity of the land, the taxable value of the leased land, buildings or other possessory interest, and will offer opportunities for increased employment.
- The Plan designates land areas to be reserved for various types of aviation-related and commercial/industrial uses. The Capital Improvement Program provides for the orderly development of aviation and commercial/industrial uses.
- The City should actively pursue land acquisition in the vicinity of the Airport as soon as practicable to provide for the future protection and development of the Airport properties.

#### **8.9.5 Revenue-Producing Facilities**

Revenues from hangar leases provide a significant source of revenue for many general aviation airports in California and other locations.

- The City will consider assuming the role of developer on the Airport by initiating construction of 20 hangars in the initial phase of development. An amortization schedule was prepared illustrating the financial results of a \$600,000 investment by the City through a low-interest loan from Caltrans under the State’s revolving loan program for revenue-producing facilities on airports.

- The benefits of the City developing the hangars would be economies of scale in building all of the hangars at one time and the hangars could be designed to accommodate different types of aircraft, e.g., the business/corporate type aircraft that represent the fastest growing segment of general aviation as well as smaller aircraft.

#### **8.9.6 Market Research and Promotion**

The marketing and promotion of commercial/industrial development within the City is primarily through a cooperative effort and communication between the City, the Chamber of Commerce, and other interested parties in the Community.

- City staff will keep fully apprised of available Airport properties, not only for commercial/industrial sites, but also for aviation-related sites so that these available sites can be evaluated and marketed within the full range of available properties within the City and surrounding areas.
- There are only about 20 acres reserved for aviation development and 18 acres reserved for commercial/industrial development currently available on the Airport.
- The City needs to determine when the funding for development of additional Airport properties is warranted within the overall needs and requirements of other City services and facilities.
- Once the determination is made to further develop aviation and commercial/industrial properties on the Airport, an aggressive and organized marketing and promotional program should be initiated by the City.

#### **8.9.7 Other Requirements**

There are several other requirements the City could consider to promote and facilitate the future development of the Airport.

- The City will develop and maintain a web site for the Airport; alternatively, the Airport could be a specific site under an overall web site for the City of Paso Robles. It is critical that a web site be developed for the Airport so as not to eliminate the Airport, or the City, from further consideration as a potential place of doing business.
- Lease Policy Guidelines will be prepared to state the policies of the City in negotiating new or renegotiating existing leases and agreements for use of the Airport.

- Property Development Standards will be prepared for the aviation-related properties on the Airport and for development of the commercial/industrial areas. Development standards ensure that the requirements for each type of tenant will be compatible with all other land uses on the Airport by performance, appearance and general operating characteristics.
- An Airport Lease Package will be made available to any existing or potential new airport tenants. An Airport Lease Package should include an introduction, lease application process, leasing guidelines, Federal Aviation Administration lease provisions, minimum standards, insurance requirements, the Airport Rules and Regulations, a standard tiedown permit, and the rates and charges for various uses of the Airport.
- The City has prepared several elements of an Airport Lease Package, and the various planning efforts can be incorporated into a single document available to all those with an interest in the Airport and its future development.