Paso Robles Airport
Business Improvement Plan

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Prepared by

Paso Robles Airport Association

in collaboration with the City of Paso Robles

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Preamble

In Spring 2012, the Paso Robles Airport Association (PRAA) offered their volunteer time and expertise to assist the City in scribing a Business Work Plan that could guide the economic future of the Paso Robles Airport. The work that ensued was an exchange of information, ideas, goals, processes and priorities that allowed this document to take shape. The players included the PRAA, the Airport Advisory Committee, and various City staff and stakeholder representatives. While this document has many contributors and authors, the unified focus is to support general aviation and grow the financial stability of the Airport Enterprise. The result is less a "Business Plan" in its pure sense than it is a "Work Plan" to better set the stage for businesses to thrive at the Airport.

1.0 Executive Overview

This Airport Business Improvement Plan, hereafter **Plan**, is derived from the Airport Master Plan, which was adopted in 2001 and reviewed and deemed current in 2012. The Master Plan provides the overall long-range strategy for development at the Airport, and the Plan is the execution document. As such, it provides specific work objectives, prioritization of work milestones, and organizational support structures to develop and increase meaningful projects for the Paso Robles Municipal Airport. The substance of this document flows as follows: Master Plan → Business Improvement Plan → Vision → Objectives & Programs → Financial → Organization Structures.

Aviation business growth at the airport has been generally flat for years. Since 2010, business efforts have focused on attracting the right service oriented tenants to stabilize and enhance fuel and general aviation services, and to reintroduce on-airport amenities such as a restaurant within the terminal building. With these elements now effectively in place, the time is ripe to reevaluate airport business efforts.

This Plan emphasizes growth at the airport, of new businesses and airport users, and seeks to maximize revenue to the Airport Enterprise. **This Plan specifies a simplified & streamlined process for leases and development** as **key tactics for attracting "priority" businesses** that fit the goals and objectives of the Plan and are consistent with the Master Plan. This Plan introduces work objectives that focus on new tenants, new aviation services, flight training schools, rental aircraft, and other commercial business sectors, coupled with financial metrics and returns.

Short term objectives include the development of a thorough review of current **Business Practices** including the City's "Standard" & "Special" lease terms, a **Fuel Depot Upgrade**, and a **Lease Ready Site Evaluation**. Mid Term Objectives include a detailed feasibility analysis of an **Airport Hangar Park** with implementation if found feasible, an **Economic Impact Analysis** model for the airport which shows the total economic impact to the airport and the city for projects proposed at the airport. and an increased focus on **Airport Events and Promotions**. Long Term objectives include the investigation of Paso Robles as a **Career Aviation Training Facility** along with **cultivating other key Aviation Business Sectors**.

The Plan emphasizes tight collaboration between the airport and local business & economic leaders in Paso Robles. The Plan further specifies that measurable growth will be attained through public/private collaboration and cooperation.

To enhance available resources and for the airport to be another catalyst of growth for the City, a key element in the execution of this Plan is to actively involve key business and community leaders, and to specify a **Business Support Team to assist in its execution**.

Finally, the **Plan specifies a systematic process for new projects to be proposed** that includes a standardized proposal format, cost benefit, investments, returns, and a clear review and implementation process.

2.0 Market Analysis

The airport is well-maintained and appears to benefit satisfactorily in receiving FAA grants. There is a fulltime FBO that provides fuel, pilot and aircraft services for tenants and transients, piston and jet aircraft. There are four helicopter operations on the field. The operators plus CHP, CalFire and the Military drive significant fuel sales on the airport. The current FBO is providing quality line and fuel services as well as housing a maintenance shop, primarily for piston aircraft, and a quality flight training center. In 2012, the airport held an expanded Air Show with good community support and attendance, and it is planned to grow as an annual event.

The airport is well positioned for business development based one: (i) airport's physical location and layout, uncongested air space, and exceptional weather for General Aviation; as well as (ii) the fact that Cuesta College and Cal Poly are nearby and can be utilized to help develop the labor force necessary to support aviation related economic development investments.

2.1 Future Trends

Aviation in the United States can be expected to change more in the next 10 years than in the previous 25 years. In the next 10 years, the FAA's Next Gen system will be implemented providing a revolutionary change to the method of providing information and traffic control in the United States. The introduction of Unmanned Aerial Vehicles (UAVs) by law enforcement, oil & gas, wildlife management, news and other public and private sectors (such as news), will also reshape and drive the number of aircraft. Fortune magazine states that spending on UAVs will grow to $11.4 billion over the next ten years with salaries for UAV pilots in excess of $100,000. Technology is driving the aviation business. Couple this with the precipitous shrinkage of pilots and mechanics to meet the growing demand of aviation signals a significant opportunity for Paso Robles.

These changes include, but are not limited to:

- Predicted shortage of pilots
- Smaller & more efficient jet aircraft
- UAVs (Unmanned Aerial Vehicles)
- The Introduction of Diesel engines for general aviation
- FAA Next Generation rollout (ADS-B)

Airlines are moving towards smaller, more fuel efficient, jets. This will open up the door to flattening the demand for big hubs over time. Smaller, more fuel efficient jets can support more travel routes. More jets drives demand for more pilots. The 2012 Boeing Pilot & Technician Outlook projects a need for approximately one million new commercial airline pilots and maintenance technicians by 2031, including 460,000 new commercial airline pilots and 601,000 maintenance technicians. This is a prime job growth engine and, given the airport, Paso Robles could be a part of this dynamic. Other airports such as Deer Valley & Prescott in Arizona have accomplished this very well. This type of strategic plan is a prime example of helping to drive the overall Paso Robles economy, as students and staff would require housing, hotels, food, etc. as well as all of the additional supporting services from the city and local economy.

The evolving industry of UAVs, also sometimes referred to as drones, is another growth industry for aviation and the economy. UAVs started out as aerial reconnaissance and weapons for the US Military. Now Law Enforcement sees a huge opportunity and is making investments, as are other industries such as the Media. A 2012 market study from the Teal Group, a Fairfax, VA-based aerospace and defense market analyst, called the growth of the drone market "the most dynamic growth sector of the world aerospace industry this decade." The report covered some 40 US, European, South African and Israeli companies. Again, Paso Robles could provide key resources in training and deployment of these new technologies.

The California DOT estimates that 10% of California's GDP is Aviation-related. CA-DOT claims General Aviation airports are a magnet for businesses to locate away from major metropolitan areas. Significant businesses that leverage general aviation include, but are not limited to, Agriculture, Law Enforcement, Forest Firefighting, Medical Services, Tourism gateways, Disaster Relief, Wine Industry, and more. The Department of Commerce has stated that "Every $1 spent at the local airport adds another $2.53 to the local economy. Dr. John Kasarda, aviation expert, indicates in his report that "Airports will shape business and municipal development in this century as much as highways did in the 20th, railroads in the 19th and seaports in the 18th centuries.

Airports have historically been thought of as places where aircraft operate and associated facilities that provide aircraft services. This historical understanding is giving way to a broader, more encompassing perspective which recognizes the fact that, in addition to their core infrastructure, virtually all airports have increasingly developed non-aviation commercial facilities and businesses. Consistent with this trend, many cities are altering their operational management to include real estate/developers and property staff to develop "land side" commercial areas to foster development just outside of air traffic patterns.

The current trend in Airport Management is, therefore, to complement traditional airport functions with land side commercial activities. These include, but are not limited to: Restaurants, Business Offices, Convention Centers, Leisure, Recreation & Fitness, Logistics & Distribution, Light Manufacturing & Assembly, Storage, Catering & Food Services, Health, Child Care, and others.

3.0 Vision and Objectives

The vision for the Paso Robles Airport is a vibrant and robust general aviation airport that supports and promotes economic development for both Paso Robles and the region as a whole. As a first class operation, the Paso Robles Airport will attract permanent and transient aircraft, will see growth in tourism, and will act as a gateway and platform for business development and employment in the community.

This vision can be accomplished by a proactive approach to airport management and operations, and through prioritized investments which will result in better aviation services for the public.

3.1 Short Term Work Objectives

(1-3 years) - These work objectives are focused on the steps and analysis necessary to fully define, prioritize, and identify resources to implement immediate activities that can strengthen airport services and have a direct economic impact.

1. **Fuel Depot Upgrade**: Develop a feasible and fundable plan for interim location of an above ground fuel farm and fuel service facility. Abandonment of current underground tanks and service island should be a high priority based on environmental regulations.
2. **Audit of Airport Business Policies:** Engage third party assistance to conduct an evaluation of the City's current "Lease Policy for Standard and Special Leases" and rental rate structure to determine feasibility of implementation. The evaluation should include methods to maximize profitability for the airport enterprise while considering the lessee's ability to secure financing and the return on investment for both parties. Lease policies should be updated as appropriate.
3. **Lease Ready Site Evaluation:** Identify and prioritize appropriate infrastructure projects with the potential to increase the inventory of "lease ready" sites (for both aviation and commercial business leases). Evaluation should include the cost and financing structure to most economically/efficiently increase the lease inventory. This work product will be used as the foundation for future Hanger Park Feasibility evaluation.
4. **Streamline & Simplify Lease Process:** Evaluate current lease and development processes to generate a more comprehensive on-line library and set of business tools for the potential airport investor, which should include:
   a. Lease Site availability map with relevant infrastructure data
   b. Clearly outlined steps with appropriate contact persons
   c. Standard Lease document and lease rate structure
   d. Development Application information links/contacts
   e. Testimonials from established businesses at airport
   f. Resource list for business and/or development assistance
5. **Succession Planning**: Develop a feasible plan for future operations and management of the airport enterprise that will allow for a seamless transition upon future retirements. Plan to include fiscal impact evaluation of implementation, including overlap of personnel for training and management handoff.

3.2 Medium Term Work Objectives

(3-5 years) - These work objectives will continue the focus on increased airport revenues started under Short Term objectives without overtaxing working capital or available resources.

1. **Hangar Park / Shelter Evaluation**: Begin detailed assessment regarding the feasibility of a Hangar Park development (foundation pads and utilities) with the business framework of direct leases between the airport enterprise and individual airport tenants. Investigate the financial return on building aircraft shelters for rental to tenants and transients.
2. **Increase Event Focus**: Identify and begin to develop new sources of revenue to the airport enterprise through rental of public areas for events including business meetings, social events and fly-in events. Activities with the potential for increase in fuel sales should be a higher priority to accommodate.
3. **Airport Promotions**: Generate a comprehensive marketing and promotions strategy that will focus on those elements outlined in Chapter 4. At a minimum the plan will include enhanced website information and promotional collateral for distribution to various appropriate visitor and business audiences.
4. **Economic Impact Study**: A study of the economic and employment impact of aviation services at the airport should be implemented to help quantify the rate of return on certain investments. Utilization of a suitable model such as the Minnesota web based "Economic Impact Calculator for Small and Medium Size Airports", Cal Trans, or AOPA, may be appropriate. See Appendix F for specific details. This effort does not preclude the utilization of contracted professionals to assist in project evaluation on a case by case basis.
5. **Maximize Revenues**: Identify and begin to develop new sources of revenue to the airport enterprise. Examples could include facility rentals of public areas for events and/or business meetings, social and fly-in events. Also, as current leases come up for renewal, they should be evaluated to assure that they align with best business practices.

3.3 Long Term Work Objectives

(5-10 years) These work objectives are expected to be based on results of the evaluation of lease site readiness, hangar park feasibility analysis and action plans developed by review of revenue generating opportunities in Section 3.1 and 3.2. They will also focus on enhancing services for certain business sectors with indirect economic impacts associated with the users of airport services.

1. **Negotiate Long Term FBO Lease**: The current FBO lease was established in June 2011 with extensions through June 2021. The fixed base operator has been a vital partner in turning around the airport's fueling and service reputation. A long term lease negotiation will likely be tied to a significant on-airport investment by the FBO which has demonstrable economic benefit to the Airport Enterprise.
2. **Cultivate Business Sector Support**: Utilize public, private and community resources to improve competitive positioning that will retain and attract key business sectors which either directly or indirectly contribute to the growth to the Airport Enterprise. Business sectors with such potential include, but would not be limited to:

   a. *Career Aviation Training:* The airport is an exceptional location for a career development center for pilots, mechanics, and avionics in concert with local educational institutions. This opportunity would be similar in size & scope to other airports such as Phoenix Deer Valley, Prescott. Note: The current training center could develop to become such a career institution for Aviation Careers.

   b. Viticulture: Develop and market aviation service that can directly support export shipments, pest control, local tourism and industry corporate travel so the airport can play a more important role in the success of our "award-winning" wine industry, contributing to export shipments (note that multiple wineries already have aircraft coming to the airport).

   c. Agriculture: Identify services that can contribute to this sector such as export shipment, corporate travel, crop dusting, crop storage facilities, and aerial photography.

   d. Tourism: Develop and market aviation services to support general tourism including but not limited to costal activities, wine tasting, equestrian etc.

   e. Military: Continue to support military training operations and explore methods of expanding/enhancing mutually beneficial activities/services that support military operations.

4.0 Airport Promotion

A Marketing Plan should contain the following elements:

1. Airport Brochure and accompanying Web Site that enumerates:
    a. Pilot & Aircraft Services available on the airport
    b. Key businesses, hotels, restaurants in greater Paso Robles
    c. Local Attractions
    d. Coupons and/or Incentives for business, charter and private pilots planning travel to Paso Robles
2. Development of joint marketing & sales plans with key organizations in the Paso Robles economy and the airport. Examples of this include annual coordination of activities at the Event Center (Fairgrounds) and the airport, Paso Robles Wine Association, Main Street Association, etc.
3. Annual Airport Air show and/or Open House
    a. Aerial entertainment and ground displays
    b. Airplane rides for children & adults
    c. Local businesses with emphasis on wine tasting, spas, hotels, restaurants & local attractions such as Hearst Castle, beaches, water parks, etc.
4. Annual Event to expose key business owners to the Airport
    a. **Give An Airplane Ride** to top business owners
    b. Provide lunch with key airport presentation (informative & entertaining)
    c. Solicit support
5. Provide Monthly Incentives that attract charter flights, private pilot visitors, and aircraft fly-ins. Incentives include fuel discounts, package deals with hotels, restaurants, rental cars, and event tie-ins (possible discounts on advance purchase of tickets at Event Center). Examples of airports that do this effectively include Napa County & Watsonville. These would be done through a collaboration of the airport, the FBO, PRAA, and private businesses.

5.0 Maintenance & Implementation

In addition to the short, mid and long term work objectives identified in Section 3, this Business Improvement Plan provides for the following implementation support elements:

5.1 Annual Review: This Business Improvement Plan is intended to be a dynamic document that will undergo adjustment and updates where appropriate over time. An annual review will provide opportunity for report out on accomplishments to maintain accountability and the relevancy of work objectives. An online version of the Plan will be maintained to make updates readily available to all. After several initial annual reviews it may be appropriate to transition to bi-annual reviews.

5.2 Business Support Team (BST): An independent Business Support Team (BST) will be continue to provide support to the City and Airport Advisory Committee (AAC) within the framework of established policies and procedures. The BST is a recognized resource of the Business Improvement Plan and will liaison with City staff and the AAC as described in greater detail in Section 8 of this document.

5.3 Project Proposal Form: A method and process for independent on-airport proposals to be presented and reviewed by the City in a timely fashion has been identified. A suggested "Project Proposal" template is included in Appendix C. This template will allow any interested party to present an idea or project that could potentially be funded through public funds (airport enterprise or state/federal funding). A concept would be submitted to the Airport Manager who would then coordinate with the Public Works and/or City Manager's Office to chart the appropriate steps for City consideration. Depending on the nature of the proposal, the Airport Advisory Committee and/or City Council may be involved. All proposals will receive a formal city response.

NOTE: Proposals will be considered in the context of already identified work objectives of the Plan, with the intent that the new proposal's evaluation will not jeopardize progress on those projects/objectives underway.

6.0 Financial Analysis

6.1 Airport Enterprise Fund. The Airport is operated and accounted for as a municipal Enterprise Fund. In budgeting and annual reporting, the Airport Enterprise Fund is considered "proprietary." Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the Airport Enterprise is that the cost of providing goods and services be financed primarily through user charges.

6.2 Revenues. The main source (approximately 75%) of Airport Enterprise revenues is in its collection of Rents from various aviation and/or commercial and agricultural related leases. Property taxes and fuel flowage fees are the next highest sources of income, but together they only comprise approximately 15% of annual enterprise revenues. Recently, fuel flowage has been the fastest growing source of revenue – doubling from an average of $20,000 per year to $44,000 in 2012. See Figure 1.

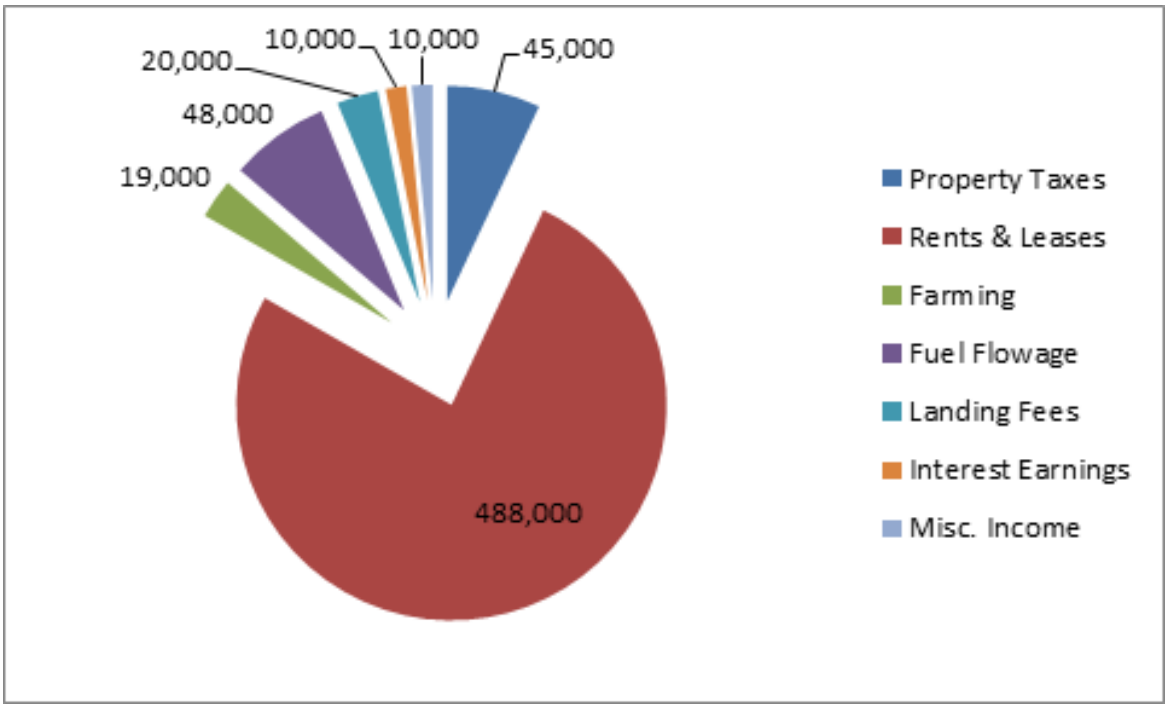


Figure 1 - 2013 Airport Revenue Sources

6.3 Operating Expenses. Airport operating expenses average approximately $300,000 annually, which utilize approximately 49% of annual generated revenue. This means there is adequate income to cover normal incurred annual costs and still post a "surplus" each year. However, when appropriate accounting practices are applied and depreciation of assets is taken into account, the Airport Enterprise shows an operating deficit. Figure 2 shows a 10-year summary of Airport Revenues and Operating Expenses (without Capital projects).

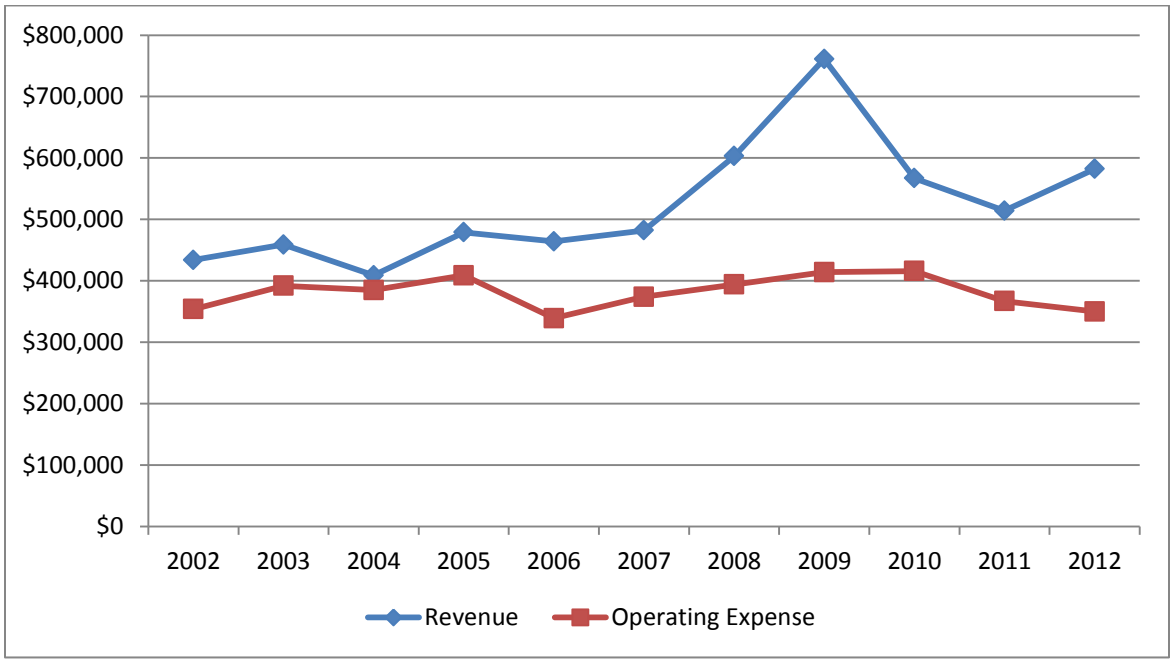


Figure 2 – Ten Year Summary of Revenue & Operating Expenses

6.4 Reserve Funds. Annual unspent revenues are placed in the Airport Enterprise "reserve" fund. This fund must function to support multiple objectives for the airport:

a) Depreciation/Replacement Fund – In the event airport facilities are damaged or non-aviation infrastructure replacement is needed, this fund serves as the means to remedy that need. In most cases the City has been able to secure Federal Aviation Administration (FAA) and State Division of Aeronautics funds to cover 90% or more of these costs. However, the risk of a catastrophic event(s) remains squarely on the reserve fund.

b) Grants/Matching Funds – Securing grant dollars often requires the outlay of initial design and engineering costs to prepare "shovel ready" projects that will successfully compete for FAA dollars. Airport reserve funds are the source of both "seed money" for grant funded projects, and for the 5 to 10% matching funds for those grants.

c) Non-Aviation Capital Projects – Much of the needed physical infrastructure at the airport does not qualify for FAA funding (e.g. paving streets, or extension of sewer and water). A commercial venture such as hangar renovation for leasing purposes, while aviation related, would likely require tapping into the airport reserve funds and/or diminishing annual contribution to reserves in order to service that debt.

The airport reserve fund at the end of reporting for Fiscal Year 2011/12 was $1,800,000. This reserve fund is projected to increase by approximately $250,000 annually (after servicing anticipated debt and without any unforeseen expenditures or newly incurred debt service). It is a finite resource with many competing needs. Figure 3 shows the trending of airport reserves since 2002 (and includes grant capital project income/expenditures).

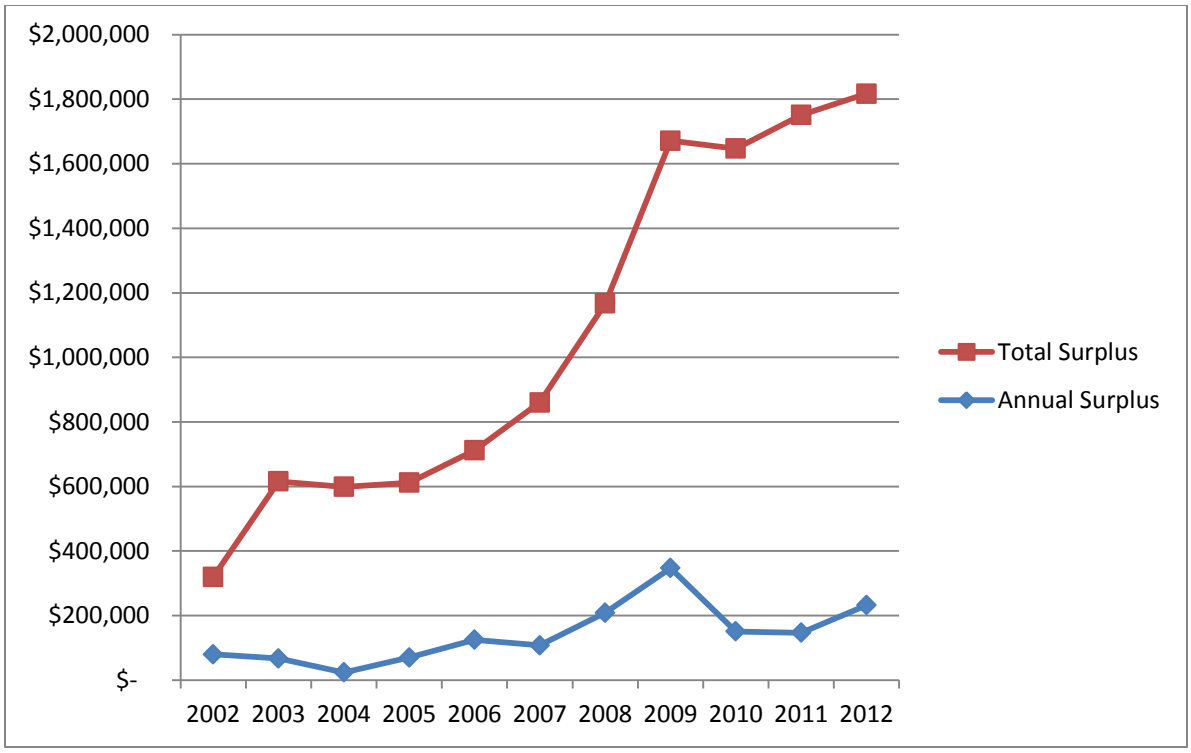


Figure 3 - Airport Reserves Summary

6.5 Capital Projects/Grant Funding. The City submits a list of desired aviation related capital projects every year to the Federal Aviation Administration (FAA) and applies for grant funds to implement those projects. Since 1977, the Paso Robles Municipal Airport has received over $10 million in FAA grant funds for varied aviation related infrastructure and/or equipment needs (see Appendix "A" for full list of grants). Because FAA funding is intermittent and timing is unpredictable, the Airport Budget includes a number of grant "place holders" every other year. If grant funds are not secured in that budgeted year, there is no corresponding expenditure.

6.6 Fuel Flowage. The City's historical fuel flowage fees had been 5 cents/gallon for both Aviation Gas and Jet Fuel. With the changeover in the Fixed Base Operator in 2009 and the identified need for replacement of the underground fuel tanks, the City Council adopted new fuel flowage rates of 6 cents/gallon for AvGas and 8 cents/gallon for Jet Fuel. In addition, a one quarter (¼) cent/gallon "Fuel Facilities Development Fee" was established for all fuel to help fund a future above ground fuel farm.

Since 2005, total gallons sold annually (both AvGas and Jet Fuel) averages 440,000 gallons/year. In 2005, total fuel flowage revenues were approximately $20,000. In 2012,

that annual revenue grew to $44,000 (see Appendix "B" for Fuel Flowage summary). To pay down the projected debt service for a future/needed fuel farm, it will be necessary to hit 450,000 gallons per year in fuel sales.

7.0 Airport Management Structure

The Airport Enterprise is directly managed by the City of Paso Robles and is currently overseen by an Airport Manager who reports to the Public Works Director regarding Operations and to the Assistant City Manager related to leases. There is an additional airport employee who performs the day-to-day maintenance of the airport. The current status of the airport is that it is well-maintained. But whereas this Business Improvement Plan specifies significant Marketing & Business Development on the Airport driving new businesses, new revenues, etc., a review of alternative management structures was conducted in conjunction with this Plan.

The current management organization is Direct Municipal Management. There are three (3) relevant alternatives to managing airports with similar demographics to the Paso Robles Municipal Airport that were evaluated. These are: a) Non-Profit 501(c)3 or 501(c)6, b) District, and c) Contract Management. Details on each alternative can be found in Appendix H.

The recommendation of this Business Improvement Plan is to remain with the Municipal Management form of oversight, as it was determined to be the strongest organization to execute this Plan. It is recommended, and included in work plan objectives, that a succession plan be developed to assure seamless transition of airport operations oversight. Additionally, as the airport transitions from maintenance mode to growth mode as specified in this plan it is suggested that airport management will need access to enhanced business resources to improve responsiveness and decision making.

8.0 Plan Support

Implementation of this Plan will require commitment and focus by all stakeholders. The City Council's commitment from a policy and resource basis is the foundation piece to the Plan. City staff's responsibility will be to assure those directives are carried out. To do this successfully, the City will enlist the assistance of airport advocates who are currently engaged in supporting the airport.

8.1 Airport Advisory Committee (AAC). The AAC was created by the City Council and acts in an advisory capacity to the City Council and Airport staff in matters pertaining to aeronautical activities, proposed uses and safety of operations of the Paso Robles Municipal Airport. Additionally, it is the responsibility of the Committee to aid the City Council in its efforts to ensure that the current Airport Master Plan, Airport Land Use Plan, and other related planning documents are reflective of current attitudes, directives and projections regarding aeronautical activity at the Airport.

The AAC can support the Business Improvement Plan by:

a) Subcommittee Focus – Each year the AAC formulates an annual work plan to focus their efforts. They in turn form subcommittees to perform fact finding, analysis and reporting out to the full AAC and/or City Council. Those efforts can be directed to support identified work objectives within this plan.
b) Capital Project Review – Each year the AAC reviews and advises on the recommended list of Federal and State capital improvement priorities. As infrastructure feasibility studies are conducted and reported by City staff, the AAC's input on aviation funding priorities will be important in Council's consideration and prioritization.
c) Annual Review – The AAC can work in collaboration with other airport stakeholders (and specifically the proposed Business Support Team/BST) to revisit the Business Improvement Plan annually. A subcommittee to liaison with the BST would be created and the annual work product would be passed along to the full City Council. It is recommended the annual review be conducted by June of each year to fit within the AAC's cyclical work plan framework.
d) Project Proposal Review – If and when new on-airport proposals are brought forward for consideration as described in Section 5, the AAC may be required to provide evaluation and recommendation to the City Council on the merit of the proposal.

The Airport Advisory Committee generally meets monthly, on the fourth Thursday at 7:00PM. Meeting agendas are posted 72-hours in advance and these meetings are open to the public.

8.2 Business Support Team (BST). The BST is an independently created team, formed as a result of this Plan. The BST is recognized as a resource to city staff and liaisons with the Airport Advisory Committee.

The BST is intended to have a balanced membership of citizens, who consist of aviation business people and pilots, and general business people. A formal subcommittee of the Airport Advisory Committee would be created to liaison with the BST.

The BST would meet on an "as required or as requested" basis. It is recommended that the PRAA implement this team, but it is not required that members of this team be members of the PRAA. The team also should consider becoming a resource to the Chamber of Commerce's North County Business Resource Center, adding "depth of bench" to their group for business considerations at or within the airport area.

The BST can support implementation of the Business Improvement Plan by:

a) Auxiliary Support/Resource - The BST can provide as-needed auxiliary support for any/all Business Improvement Plan activities throughout the year. This might be in concert with a subcommittee of the AAC, as augmentation to the Chamber of Commerce's North County Business Resource Center (NCBRC) or collaborative work with City staff.
b) Annual Review – The BST is well positioned to conduct review and recommend revisions to the Plan annually. This effort would be in collaboration with City staff and the Airport Advisory Committee.
c) Business Advocacy - The BST can work in concert with the Chamber of Commerce and/or other business development support efforts as an advocate for businesses and potential business development at the airport. Through networking and the sharing of on-airport business testimonials, the BST can help build confidence in airport enterprise investment and act as a resource to current and/or prospective lease holders
d) Project Proposal Review – If and when project proposals are brought forward as described in Section 5, the BST can act as a resource to assist in review and/or analysis. These efforts would be part of airport stakeholder involvement.

8.3 Airport Advisory Committee Involvement.

There are many aviation related stakeholder groups with interest in matters regarding the airport. It would be beneficial to the goals/objectives of this Plan for members of those groups to regularly attend Airport Advisory Committee meetings to facilitate good communication and/or pursue appointment to the Airport Advisory Committee.

Appendix A: Summary of FAA Grants

Project No.	Year	Description	Grant Amount
ADAP-02	1977	Overlay Runway 13-31	$ 168,000
ADAP-03	1978	Parallel Taxiway 'A' and MITL 'A', 'C', & 'D'	$ 382,000
ADAP-04	1980	Reconstruct E/W part of Txy 'B'; Industrial Txy; & and Tiedown	$ 260,389
AIP-01	1983	Tiedown Apron and Lights	$ 192,000
AIP-02	1984	Overlay Rwy 1-19	$ 672,000
AIP-04	1986	Runway 19 Safety area and fencing; PAPI's; MITL Rwy 13-31	$ 490,000
AIP -05	1987	Overlay Txy 'E'; Reconstruct N/S part of Txy 'B'; Taxiway Signage; Relocate/replace beacon.	$ 411,908
AIP-06	1988	North tiedown area; Helipad; Lighting	$ 379,399
AIP-07	1989	Parallel Taxiway 'A" (C-D); MITL; Apron reconstruct	$ 657,000
AIP-08	1990	Overlay Txy 'C', 'D', 'E'; Lighting;	(Incl. above)
AIP-09	1993	North Land Acquisition; Hold apron; Rwy 19 repair	$ 811,500
AIP-10	1996	Runway 13-31 overlay	$ 652,985
AIP-11	1999	Runway 1-19 HIRL replacement	$ 283,457
AIP-12	1999	Airport Master Plan update	$ 90,000
AIP-13	2000	Runway 1-19 overlay; Security fence & gates	$ 2,058,728
AIP-14	2001	Airport Land Use Plan	$ 150,000
AIP-15	2002	Pavement Rehabilitation; Rwy 13-31, Txy A-F	$ 554,500
AIP-16	2003	Crash Truck Replacement	$ 59,500
AIP-17	2004	Pavement Rehabilitation – Supplemental	$ 329,300
AIP-18	2006	Environmental Baseline Study	-0-
AIP-19	2009	Taxiway 'A' Extension	$ 920,970
AIP-20	2010	Supplemental	$ 12,000
AIP-21	2011	Rwy 1-19 Rehab and Security Fence	$ 551,000

Appendix B: Summary of Fuel Flowage

ANNUAL FUEL SALES – PASO ROBLES MUNICIPAL

(Year)	(Total Gallons Sold)	(Total Flowage Revenue)
2005	401,728	20,086
2006	467,954	23,397
2007	459,255	22,962
2008	625,348	31,267
2009	308,691	15,434
2010	401,304	20,065
2011	440,716	22,035
2012	446,146	44,072

Appendix C: Project Proposal Form

Proposal Name	
Description	*<detailed description of project proposed>*
Benefit Analysis	*<list and/or describe>* *<direct financial benefit to airport>* *<indirect and induced financial benefit to community>* *<non-financial benefits>*
Deliverables	*<list interim deliverables>* *<describe final deliverable(s)>*
Milestones	*1.* *2.* *3.* *4.*
Financial Impact	*<provide overview of financial need/ capital impact to airport>*
Resources Required	*<identify capital, labor, professional services, etc.>*
Return over "n" years	*<show return on investment over "n" years, as determined by City Council>*
Project Completion Date	

- Direct impacts from *providers of services* at the airport (i.e. FBOs, air carriers, concessionaires, flight schools, maintenance etc. The value of direct impact is the sum of all payroll, capital expenditures, operating and maintenance costs, taxes, and fees incurred by every provider of services.
- Indirect impacts which are associated with the *users of airport services*. These include both corporate and public users, government agencies, and aviation and non-aviation businesses. The value of this impact is the sum of the fees and charges paid, time and cost savings, and expense related to food, lodging, ground transportation, and similar outlays.
- Induced impacts which included the *additional local economic impact that is generated specifically because of the airport's presence*, including related employment, payroll, and employer expenditures. Induced impact also includes the successive rounds of spending caused by the direct and indirect impacts. This "multiplier effect" measures the extent to which the indirect and induced impacts flow from the direct impact.

Appendix D: Management Documents

The following documents were critical in developing the Paso Robles Airport Business Improvement Plan.

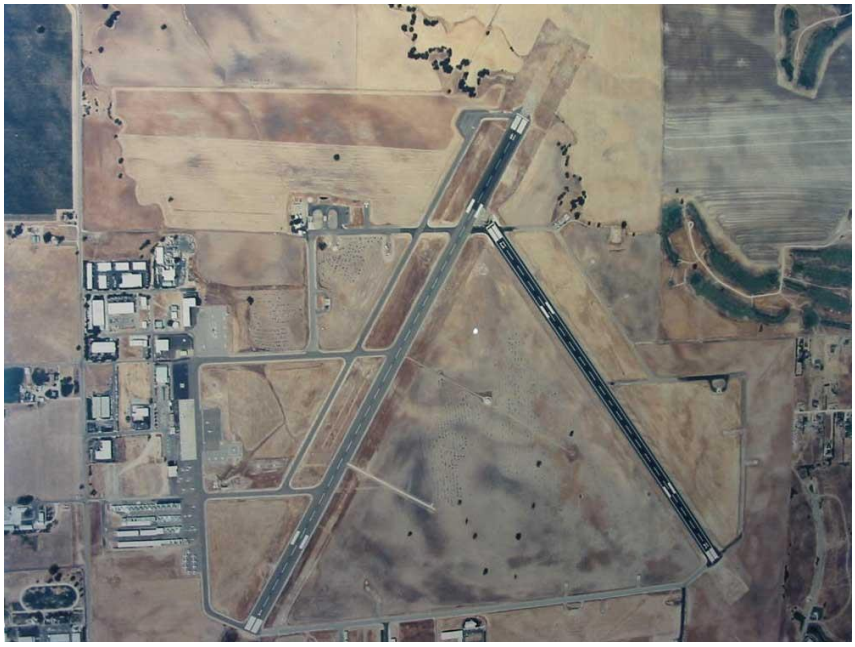
- Airport Influence Area
- Airport Land Use Plan
- Airport Master Plan
- Airport Ordinance
- Airport Rules & Regulations
- Avigation Easement
- Citizen's Airport Advisory Committee (CAAC) Bylaws
- Minimum Standards for Aeronautical Activities
- North County Air Market Study (2002)
- Ultralight Regulations

Leasing Policy

The Leasing Plan can be found at:
http://www.prcity.com/government/departments/publicworks/airport/leases.asp

Leasing Policy may change as a result of the Work Objectives identified in Section 3, and specifically the Short Term Objective of conducting an audit of the City's Business Policies. The intended outcome is for the City's business practices to align with current day best business practices to maximize profitability for the airport enterprise and still maintain an attractive and viable environment to for business development.

Appendix E: Airport Background & Current Businesses



The Paso Robles Municipal Airport is a 1300-acre site approximately four miles northeast of downtown Paso Robles. Originally constructed in 1943 as the Estrella Army Air Field, the airport plays its own part in the history of aviation in the local area. It saw little military activity during the War, but its advent paved the way for the future of aviation in this area. Sherwood Field, located a few miles to the south, probably plays a more colorful role in the beginnings of aviation in the north county. The Estrella Field was transferred to the City of Paso Robles in 1973 and industrial and general aviation development has seen continued growth since that time.

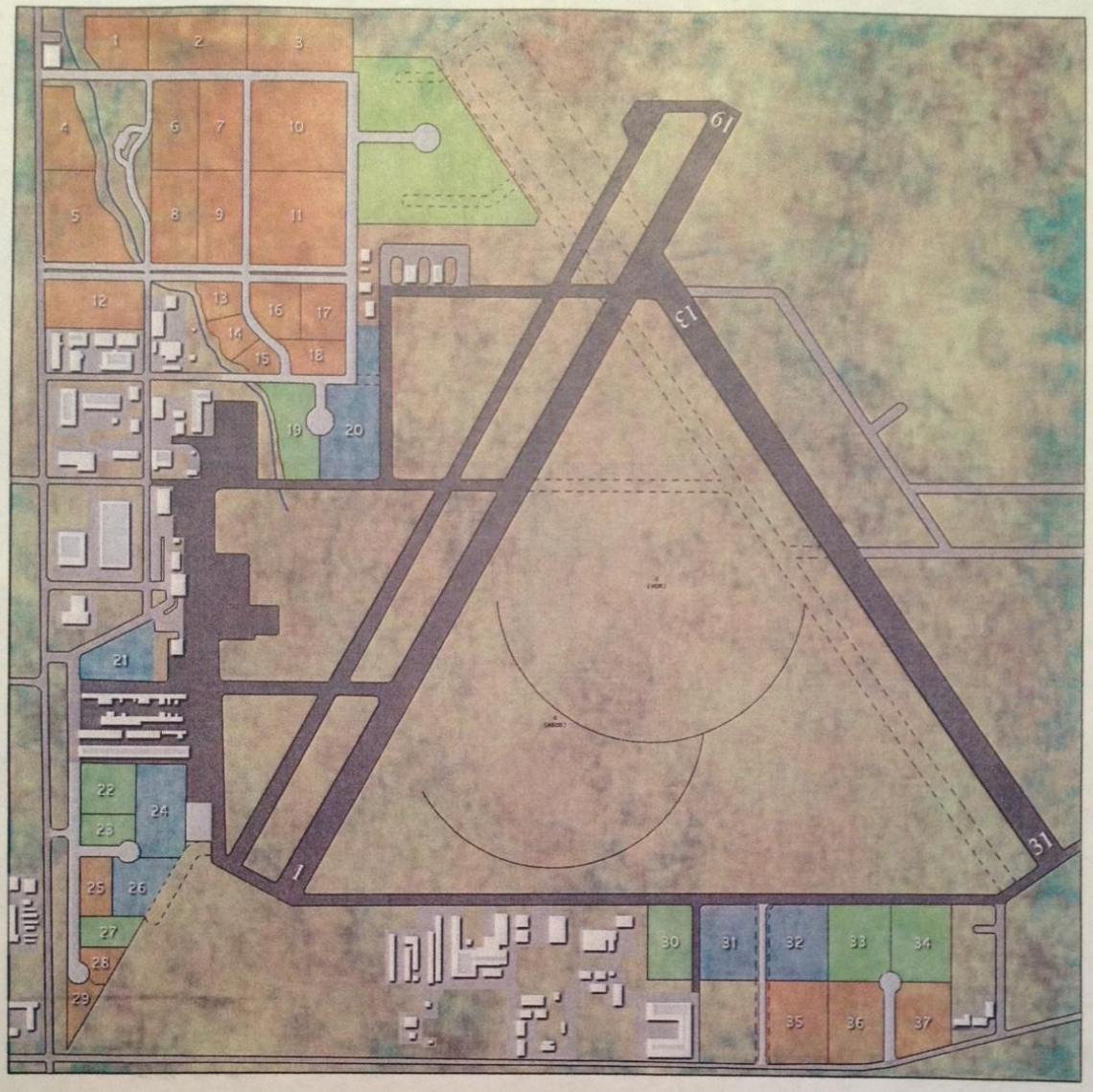
Under the City's direction, sections of the industrial park have been developed with utilities and infrastructure improvements. Aircraft hangar and aviation service facilities have been constructed. Today, there is almost 500,000 square feet of industrial building in operation on the airport, housing nearly 40 individual businesses, and providing just over 700 jobs in the community. The number of aircraft based at the airport has grown from 55 at the time of City acquisition in 1973 to almost 200, today. Located approximately halfway between Los Angeles and San Francisco, the airport has a service area of over 2,000 square miles in northern San Luis Obispo and southern Monterey counties.

There is no scheduled airline service at the airport. The airport does serve a variety of other significant users. The California Department of Forestry (CDF) Air Attack Base provides major fire protection for three counties (San Luis Obispo, Kern and Monterey) and over 5.8 million acres of wildland area in this part of Central California. The California Highway Patrol (CHP) Air Operations Division provides a variety of search, patrol and enforcement services for local communities and the vast undeveloped areas within 100 miles in each direction from this airport. Many military, air charter, air ambulance, and other flying services use the Airport on a regular basis.

The Airport is owned and operated by the City of Paso Robles. All policy decisions and direction are provided by the City Council with any technical advice and review being provided by an appointed Airport Advisory Committee.

Existing Businesses:

- Airport Manager 4912 Wing Way www.pasoairport.com 237-3877
- Airport Rental & Leasing 2320 Ramada Drive 238-2017
- Andros Engineering 4285 Second Wind Way www.andros-engineering.com 227-2801
- Antique Aero 4301 Cloud Way 239-0749
- Applied Technologies 3025 Buena Vista Dr. www.ata-sd.com 239-9100
- Aviation Consultants Inc. (ACI) 4900 Wing Way www.acijet.com
- Avlite Corporation 3150 Propeller Dr. www.aviliteaviation.com 239-4037
- Belmonte Shutters 3025 Propeller Dr. 239-4338
- Blue Sky Aviation, 4990 Wing Way, http://www.cos.aero/
- CDF Air Attack Base 3403 Taxiway A 238-1878
- Lubrizol Corporation 3115 Propeller Dr. www.lubrizol.com 239-1550
- CHP Air Operations 5020 Wing Way 239-3553
- Culver Brothers 3635 Dry Creek Road 238-0666
- Del Rio Aviation 5062 Wing Way Box A-6 238-0800
- Enterprise Car Rental 633 Spring Street 239-0628
- Estrella Warbirds Museum 4251 Dry Creek Road. www.ewarbirds.com 227-0440
- FAA-Airways Facility Sector 4914 Wing Way 238-0102
- Greater California Financial 4301 Second Wind Way 237-2040
- General Aircraft Hardware, 4250 Aerotech Center Way, www.gen-aircraft-hardware.com/
- Hamon Overhead Door Co. 3021-B Propeller Dr. www.hamonoverheaddoor.com
- LaGuardia Homemade Deli
- Let's Go Ballooning www.sloballoon.com 458-1530
- North County Septic Service 3641 Dry Creek Road 239-3838
- Nunno Corporation 3461 Dry Creek Road www.nunnosteel.com 238-6801
- Pacific Medical Data Solutions,4990 Wing Way, http://pacificmds.com/
- Paso Robles Jet Center 4900 Wing Way www.ACIJET.com 596-0212
- Shaw Aviation Services, 4990 Wing Way, http://shawaviation.com/
- Sinton Helicopters P.O. Box 337 Paso Robles www.sintonhelicopters.com 238-4037
- Specialty Silicone Fabricators 3077 Rollie Gates Dr. www.ssfab.com 239-4284
- Treana Winery 4280 Second Wind Way www.treana.com 238-6979
- Yesterdays Sportswear 3010 Rollie Gates Dr. www.yessport.com 239-1290



PASO ROBLES MUNICIPAL AIRPORT

Available Lease Areas

USE:

- PRIME AVIATION (FBO)
- SUPPORT AVIATION SERVICES
- NON-AVIATION

TERM:

- EXISTING
- SHORT TERM
- LONG TERM (CONCEPTUAL)

Appendix F: Economic Impact Analysis

Multiple recent studies[1] increasingly indicate that airports like Paso Robles (KPRB) can have significant net economic and job creation impact on their surrounding communities. Knowing the economic impact can quantify the *rate of return on both public and private investments in aviation related services.*

What are the types of impact? The studies indicate there are three types of impacts, each making approximately equal contributions, including: (i) direct impacts from *providers of services* at the airport (i.e. FBOs, concessionaires, flight schools, maintenance, etc.); (ii) indirect impacts which are associated with the *users of airport services (*i.e. corporate and public users, government agencies, and aviation and non-aviation businesses); and (iii).induced impacts which includes the *additional local economic impact that is generated specifically because of the airport's presence caused* (i.e. public and private investment increases because of the availability of aviation services). Induced impact also includes the successive rounds of spending caused by the direct and indirect impacts.

What are the key factors that are increasing the economic impact of aviation services in Paso Robles? The studies cited above, in particular the California DOT Study; summarize the key factors that are increasing economic and employment impact of airports like Paso Robles[2]. Factors include increasing: business/charter aviation, decentralization of State corporations, government agencies use of airport services; aviation tax revenue, provision of services to the agriculture, viticulture, and tourism sectors; provision of linkages to centers of technology growth; rental of airport facilities; support for emergency and critical medical services; provision of aviation-related training functions; and increasing flexibility of air transportation at airports like Paso Robles.

What is known about the economic and employment impact of aviation services at Paso Robles? Paso Robles does not have a formal process for analysis of information on the factors listed above to guide airport short/ long term planning. The lack of this analysis does not mean the community should not move forward with the planning process, and implement high priority short term activities. But one of these activities should be implementation of a formal economic net impact study to guide long term planning and investments.

What is the recommended "next step? The authors of this plan reviewed several tools which are available to expedite an economic impact study including Cal Trans, AOPA, and the Minnesota web based "*Economic Impact Calculator for Small and Medium Size Airports"* is the best one to use in Paso Robles. The software is in the public domain and the Minnesota Department of Transportation will provide it to Paso Robles (http://dotapp7.dot.state.mn.us/aeic/main.htm). The software generates an analysis of the *economic and employment* impact of: *airport ownership, fixed based operators and other aviation businesses, retail businesses, overnight use by general aviation pilots and other visitors, business usage, and non-profit and government entities*. This analysis can be done for current services, and for scenarios of increased investment in any of previously listed areas. Implementation requires: (i) collection of basic information on airport businesses, FBOs, and approximate number of tourist arrivals and average bed night expenditures. This information can be gathered at low cost by existing airport partners, (ii) purchase of San Luis Obispo Country economic data from IMPLAN ($350); and (iii) a sub-contract with the software developers. Actual operation of the software can then be done by City or Airport Staff.

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[1] 2008 FAA '*Airport Cooperative Research Program of the Transportation Research Board Report*";
2003 State of California DOT Study "*Aviation in California: Benefits to Our Economy and Way of Life Aviation in California: Benefits to Our Economy and Way of Life";*
2006 Minnesota Report "*Development of a Web-Based Economic Impact Calculator for Small and Medium Size Airports";*
2009 "Wyoming Statewide Airport Economic Impact Study"

[2] There are 250 public airports in California, 211 of which classified as General Aviation Airports, 66 of which have similar characteristics as Paso Robles

Appendix G: Factors Increasing the Impact of California GA Airports

There are 250 public airports in California, 211 of which classified as General Aviation Airports, 66 of which have similar characteristics as Paso Robles[3]. The following points highlight some of the key economic impact trends that Paso Robles should keep in mind in planning airport services, and should become an integral part of a formal economic impact study for the community.

- Increases in business and charter aviation have led to a higher level of air traffic. These aircraft seek airports with less air traffic congestion and more capacity to handle these increased flights.
- California corporations continue to decentralize their operations by moving to smaller, more economical communities to be more competitive. Many companies locate in a community because of the presence of an airport, and adjacent industrial parks. An increasing number of companies and executives are avoiding the "hassle factor" of commercial airports and airlines by opting to use corporate charter air services for business travel, typically operating from smaller airports. Nationally, about 26 percent of general aviation aircraft are operated exclusively for business and another 60 percent are used at least partly for business
- Government agencies are responsible for functions such as fire suppression, disaster response. Local, state, and federal law enforcement agencies rely upon aviation to enforce laws and maintain public safety in California such as the California Highway in Paso Robles.
- Aviation generates tax revenue through a variety of mechanisms, including personal property taxes, taxable aviation gasoline revenues, taxable aircraft jet fuel, excise tax revenues, possessory interest tax, and tax on general aviation aircraft.
- The wine-growing regions, including San Luis Obispo County, can directly benefit from aviation services which contribute to export shipment, pest control, local tourism and industry corporate travel. Large and small airports play important roles in the success of our "award-winning" wine industry, contributing to export shipments.
- Time-efficient linkages to centers of technology growth, airports and air service allow many smaller communities, like Chico, Hollister, Auburn and Paso Robles.
- During off-peak periods, many smaller communities use airport grounds or buildings for local community events.
- In the agriculture sector California's airports contribute greatly to its success, providing services for export shipment, corporate travel, crop dusting, crop storage facilities, and aerial photography.
- Emergency and critical medical services save many lives through aviation, particularly in more remote communities. Examples include medical and life flights, flights carrying donated organs, and the retention of world-class medical professionals in smaller communities like Paso Robles.
- Tourism is an important industry to California that affects many businesses in large cities, small towns and scenic areas like Paso Robles.
- Aviation-related training and education functions that are at the forefront of innovation in the use of technology. The students and visitors that come in for these training programs spend dollars in

[3] The six regional general aviation airports like Paso Robles, which were included in the California study were Auburn, Hollister, Mojave, Corona, Hanford, and Murray in Eureka (*Annex XX contains details of operations at these airports*).

local hotels, restaurants, shops and service establishments. There are also several airports throughout the state that have aviation-related museums, like Paso Robles.

- Flexibility is one of the great advantages of air transportation. Once an airstrip is in place, the level of service is able to vary directly with demand. As demand for air travel grows within these smaller communities, investments in airport improvements will be essential. These investments need to include not only the construction of capital facilities but also the acquisition and planning of land to prevent the encroachment of incompatible uses around these once rural airports.

General Aviation Airports Included in the California Economic Impact Study

Auburn Municipal Airport provides services to all segments of the general aviation market in the region, including business, corporate, recreation, flight instruction and public safety. A business park and golf course are adjacent to the airport. The airport attracts businesses that employ approximately 4,000 people in surrounding communities, including high technology, warehouse distribution, electronic manufacturing and repair, and printing. It is the world headquarters for a medical equipment laser manufacturer. Auburn Municipal is a base for the California Highway Patrol and Placer County Sheriff and air ambulance, fire-fighting and search and rescue operations. There are 69,000 annual operations and 217 based aircraft.

Corona Municipal Airport is located in the City of Corona in Riverside County. The airport attracts primarily recreational users, particularly on weekends. Pilots and their passengers flying to and from the airport enjoy some of the most beautiful desert and mountain scenery in Southern California. The airport serves emergency police and fire fighting activities. This airport has 58,000 annual operations and 381 based aircraft.

Hanford Municipal Airport is located in the City of Hanford, the County seat of Kings County, about 33 miles south of Fresno. The airport serves this rich agricultural region and the Naval Air Station (NAS) at Lemoore. It accommodates all general aviation, business and corporate aircraft and provides law enforcement and air ambulance services. An active chapter of the Experimental Aircraft Association (EAA) builds aircraft at the airport. A national weather forecasting station is located at the airport taking advantage of its strategic location. This airport has 27,500 annual operations and 75 based aircraft.

Hollister Municipal Airport is located in San Benito County. With convenient proximity to the Bay Area and Silicon Valley, the airport attracts the growing corporate business travel markets. An airpark adjacent to the airport caters to businesses that use aviation as an integral part of their operations. These include electronics firms, tax accountants, stockbrokers, and research and development operations. It has 53,000 annual operations and 145 based aircraft.

Mojave Airport has two freeways and a rail line form a transportation hub serving a community of over 140 airport tenants. Companies located at the airport employ over 1,250 highly skilled technical personnel involved in flight testing of major military and civilian aircraft, aircraft storage, and other related industries. Mojave Airport is home to some of the most unique and exotic aircraft ever built, such as the Voyager, Proteus and Derringer. A number of companies offer flight test services. The airport serves all sectors from the lightest general aviation aircraft to the fastest fighters and heaviest transport aircraft. There are 10,500 annual operations and 183 based aircraft at this airport.

Appendix H Alternative Airport Management Organizations

In addition to having the airport managed directly by a City staff member, there are 3 viable alternatives; 1) 501(c)3 or 501(c)6, 2) Airport District, and 3) Contract Management. The detailed analysis of each can be found below.

- **501(c)3 or 501(c)6 Non-Profit**
  - Operating as a non-profit entity, the primary benefit is allowing volunteers to operate, maintain, and manage the airport. Decisions can be made more efficiently and by individuals who have direct knowledge of or use of the airport and its facilities.
  - Santa Ynez (KIZA) airport operates as a non-profit organization. It has operated as such since 1993. Santa Barbara County owns the land and leases the airport and the associated operations to a non-profit organization for $1 per year. This group, led by Airport Manager Jim Kunkle, employees four people and consults directly with an Airport Advisory Board consisting of 9 members, 5 of which are "non-users". A "non-user" is defined in their by-laws as someone who does not have direct business with the airport or its operations. This is written into their by-laws to help prevent monopolized corruption of airport operations and development. The members of the board are voted on by the members of the district, which for KIZA happens to be the members of the Santa Ynez high school district.
  - The primary reason Santa Barbara County decided to lease the airport to a non-profit group made of local pilots, hanger owners, airport businesses, etc. was because of a recommendation made by a third party consulting firm. The consulting firm analyzed the financial state of the airport and recommended to the county they "give away" (to the city) or lease (non-profit or contract) the airport. The local pilots association took interest and the rest is history.
  - In short, an airport operated by a non-profit entity formulated of pilots and non-pilots who are passionate and close to the airport and who have deep consideration for its success will do anything it can to be profitable and sustainable within the community. When asked if there were any significant drawbacks to operating an airport as a non-profit entity, Jim Kunkle stated that it couldn't be any worse than what it was before, which was in disrepair and in jeopardy of shutting down. When people who care about the airport, its pilots, business, and community operate it as a profitable entity then only good things will come.

- **Airport District**

  Changing the airport to an Airport District was considered. The main advantage of a district is "focused service". ***Focused*** because special districts only serve in specifically defined areas, unlike counties and cities that provide services throughout their boundaries. ***Service*** because districts deliver only the public programs and public facilities that their constituents want. Santa Maria and Shafter airports were reviewed. This Plan concluded that transforming the airport into a district at this time did not have enough measurable advantages to the airport or the city. It provided for separate taxation and many capabilities deemed unnecessary at Paso Robles Airport, considering its scope and growth estimates.

  Districts have four distinguishing characteristics. Special districts:

  - Are a form of government.
  - Have governing boards.
  - Provide services and facilities.
  - Have defined boundaries.

  Additionally, there are three (3) types of Districts:

  - Single Function vs Multi-Function
    - Most are single function & the only variation applicable to the airport
  - Enterprise vs Non-Enterprise
    - Enterprise districts deliver services that are run like businesses
    - Non-Enterprise focus on services that don't lend themselves to fees.
    - This Plan focuses on managing growth and revenue at the airport. Hence we focused on Enterprise as viable.
  - Independent vs Dependent
    - Independent districts have their own separate governing boards elected by the districts' own voters.
    - Dependent districts are governed by other, existing legislative bodies (either a city council or a county board of supervisors).
    - Independent district structure was more viable for the Airport

- **Contract Management**

Contract Management was ruled out for the following reason. This Plan is predicated on growth and ownership of the objectives. Contract Management lends itself better to **maintaining** an airport within strict rules, regulations, and budgets.