

**Public Works Department**

**Services Summary**

**Airport Fund**

**January, 2011**



## I. Executive Summary – Airport Fund

### A. Current Revenues

The major source of revenue to this fund is the rental of land and buildings at the Airport and Airport Industrial Park (AIP). While this is a fairly steady revenue stream, it is dependent on the City's ability to attract and retain tenants, which is tied in large part to the quality of infrastructure services provided to the site. Other revenue sources are from private and commercial use of the airport, fuel sales and grass seed proceeds. The FY 11-12 increase reflects a grant from the Federal Aviation Administration to upgrade the Airport Master Plan.

### B. Revenue Development Ideas

No development ideas are proposed.

	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Current Revenue	\$377,000	\$698,761	\$493,450	\$416,680
Revenue Development Ideas	0	0	0	0
TOTAL	\$377,000	\$698,761	\$493,450	\$416,680

### C. Current Services

The City owns property used for general aviation purposes and an industrial park. Public Works maintains the airport (runways, taxiways and aprons), offers aircraft storage, leases property at the airport and industrial park, and provides water, wastewater, storm water and street infrastructure.

### D. Enhancements to Current Services

The City has a permit allowing the wetland site in the AIP to be filled over the next five years, in compliance with the wetland mitigation plan. If development in the AIP does not result in the entire site being filled at the end of this time, the City will need to do the work in a project proposed for 2015.

	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Personal Services	\$144,670	\$169,880	\$171,270	\$179,470
Supplies and Services	168,180	167,030	170,220	173,500
Special Projects	132,500	484,000	100,240	75,300
Enhancements	0	0	0	0
TOTAL	\$445,350	\$820,910	\$441,730	\$428,270

## **II. Fund Services Summary**

The City provides land for general aviation purposes and an adjacent industrial park. Public Works maintains the airfield, runways and city-owned airport buildings; offers aircraft storage; leases property at the industrial park; and provides water, wastewater, storm water and street infrastructure. Other services in support of the core activities include soliciting new industrial park tenants and developing master plans to set the stage for the future. The majority of the activities at the airfield are regulated by the Federal Aviation Administration (FAA). The activities associated with the industrial park are guided by the need to maintain and expand the tenant base, and by the City's Airport Industrial Park (AIP) Master Plan.

Revenues to support these services come only from activities at the airport and primarily from the rental of land and buildings at the airport and industrial park. The stability of this funding is dependent on the ability to retain tenants and provide the essential services they require. The revenue from crops grown on airport property accounts for 15-20% of the total annual revenue.

### III. Revenues

#### A. Current Revenues

*Lease Income (Building and Land Rental).* Industrial park and airport tenants have leases with terms from 5 to 50 years, with most leases adjusted based on the Consumer Price Index. The time interval for the adjustment varies depending on the lease. This is the largest source of revenue to the Airport Fund and is expected to grow as more property becomes available with infrastructure improvements, with listing on the Governor’s Certified Industrial Sites list, and with inclusion in the Benton-Corvallis Enterprise Zone.

*Hangar Rental.* People who store their aircraft in the City-owned hangars at the airport pay a monthly rent. Some turnover occurs, but overall this is a steady revenue stream.

*Crop Sales.* The City receives a portion of the revenue from the sale of crops that are grown on airport property. Revenues fluctuate with the size of the crop and market conditions; therefore an average amount is projected for the planning window. The City works with the contract farmer to investigate the need to change crops to match changing markets and to maximize the revenue per acre.

*Intergovernmental.* Federal and State grants are received for qualifying projects at the airport. The revenue fluctuates with the type and quantity of projects. The Oregon Department of Aviation (ODA) has two grant programs that benefit the airport. One program results in funds for pavement preservation of runways and taxiways as determined by ODA pavement condition analysis. The other program provides up to \$25,000 per year in competitive grants for airport improvements. In FY 11-12, a grant from the FAA will support the update of the Airport Master Plan.

*Gasoline Sales.* Fuel is consumed by the fixed based operator (FBO) for their own use or sold to other airport users. For every gallon of fuel sold, the City receives a fuel flowage fee of \$0.05. About 95% of the airports in Oregon handle fuel sales this way, with fees ranging from \$0.03 to \$0.12 per gallon.

*Miscellaneous Revenue.* Various law enforcement agencies use the airport facilities for driver training.

*Licenses and Permits.* With traffic increasing from larger commercial airplanes, the City implemented a landing fee. Companies are charged monthly based on the number of landings and the type of aircraft.

#### B. Revenue Projections

	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Lease Income	240,000	260,000	265,330	270,770
Hanger Rental	75,000	84,000	85,680	87,390
Crop Sales	40,000	40,000	40,000	40,000
Intergovernmental	0	296,761	84,180	0
Gasoline Sales	10,000	8,500	8,760	9,020
Misc Revenue	7,000	7,000	7,000	7,000
Licenses and Permits	5,000	2,500	2,500	2,500
<b>TOTAL</b>	<b>\$377,000</b>	<b>\$698,761</b>	<b>\$493,450</b>	<b>\$416,680</b>

#### C. Revenue Development Ideas

No new development ideas are proposed.

### IV. Services

A. Current Services

1. Statistics

*Infrastructure*

- 1,533 acres in airfield (approximate)
- 1,100 acres of airfield leased for agricultural operations
  - 5 City-owned T-hangar buildings (containing 54 spaces)
  - 5 privately-owned T-hangar buildings (containing 58 spaces)
  - 9 corporate hangar buildings
- 35 tie-downs
- 2 runways
- 220 acres in industrial park property (approximate)
- 30 acres leased in industrial park
- 42 acres of the Airport Industrial Park on the Oregon Certified Industrial Site list
- 379 acres of the Airport and Industrial Park are included in the Benton-Corvallis Enterprise Zone

*Operating Budget*

		<u>2010-11 Budget</u>	
Public Works	Administration	\$ 51,490	(0.13 FTE)
	Transportation	261,360	(1.45 FTE)
	<b>Total</b>	<b>\$312,850</b>	
	Special Projects	\$132,500	

*Capital Budget*

2010-11 Project Budget	\$985,200
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*Fund Summary*

2010-11 City Budget Authority	
<b>Revenues: \$1,434,830</b>	<b>Expenses: \$1,560,140</b>

2. Current Activities

Transportation Division

*Airport.* The Corvallis Municipal Airport is used by privately-owned and corporate aircraft. It has one of the highest 'use' rates (landings/take-offs) of any non-towered airport in Oregon. One fixed base operator (FBO) is located on site. The FBO provides the same types of service to airplanes as gas stations provide to automobiles (maintenance, repair, oil changes, and fuel). The FBO also provides charter services, pilot training, aircraft rental, and operates the unicom base radio for the airport. The lease for the FBO has a 30-year term, and during that time, the lease rate is periodically adjusted.

*Airplane Storage.* The City owns and manages five buildings housing 54 T-hangars that are rented on a monthly basis, with an occupancy rate currently between 95-100%. There are five other T-hangar buildings, with 58 spaces, that are privately owned. The City has a lease with the building owners for the land that the building occupies.

*Airport Maintenance.* Weekly inspections of airport facilities (runways, taxiways, lights and beacons) must be performed to ensure proper operation and compliance with FAA regulations. Routine, general

maintenance needed on buildings, T-hangars, the grounds and runways are completed using one part-time employee.

*Storm Water Testing.* The City has a permit from the Department of Environmental Quality's (DEQ) National Pollutant Discharge Elimination System (NPDES) regulating the discharge of storm water from the airport site. As part of the permit compliance, the City tests water outflow from the airport four times a year to determine compliance with Environmental Protection Agency (EPA) and DEQ storm water quality regulations.

*Airport Industrial Park (AIP).* On the north side of the airport and Airport Avenue, is a City-owned industrial park that provides development for light- to intensive-industrial uses. Present tenants include high-tech manufacturing, environmental research and development, and a pulp-product manufacturer. Leases are negotiated on an individual basis, with up to 50-year terms. A portion of the AIP has been certified as "shovel ready" by the Oregon Economic Community Development Department (OECDD), and all of the AIP is included in the Benton-Corvallis Enterprise Zone. Much of the area has wetlands that must be mitigated and this has occurred through the development of an off-site mitigation project on an easement owned by the airport. In 2010, the City received an Oregon Department of Transportation (ODOT) Rail Division grant to restore to a usable condition a rail spur in the AIP, which would increase the viability of railroad service to and from the AIP.

*Airport Commission.* The Airport Commission is a citizen group appointed by the Mayor to advise the City Council on issues related to the Airport and the AIP. Staff reviews leases with the Commission prior to City Council consideration. Staff support includes providing information and reports for Commission deliberation, and recording minutes and decisions.

*Industrial Park Development.* Management of the AIP is done through a contract with the Business Enterprise Center. Tasks include marketing the AIP to prospective tenants and working with existing tenants. Having sufficient infrastructure to meet the capacity needs of the site is critical to full occupancy and long-term financial viability. The AIP is the largest industrially zoned area in the Urban Growth Boundary and making this land available promotes local economic development opportunities. Using federal funds, SW Hout Street was improved to City standards, eliminating the need to assess the adjacent tenants for the cost of the improvements, providing a development incentive for future businesses in the AIP.

*Agricultural Operations.* Property surrounding the airfield is planted in crops each year. The majority of the land is used for grass seed. The City contracts with Venell Farms, through a ten-year lease, to farm the crop, receiving a portion of the revenue from the crop sales in return.

*Telecommunications Lease.* One wireless telecommunication company currently leases the unused water tower at the airport for a cellular antenna site. Staff manages the agreement and looks for other companies that may want to locate at this site.

#### Utilities Division

*United Chrome Superfund Cleanup Site.* The City has been cleaning up the chromium-contaminated ground water at this City-owned airport site since 1988. At this time, chrome concentrations in the ground water meet the clean-up requirements and are low enough to be treated at the Wastewater Reclamation Plant, and the on-site treatment plant has been dismantled. Current operational activities include collecting samples to be analyzed for permit requirements and monthly, quarterly and annual reporting to the EPA and DEQ. Meetings are ongoing with EPA to discuss the final closure plan for the site, focused on the controls that will be placed on the use of the property in order to allow it to be used for the

purposes detailed in the Airport Master Plan. Even after an agreement has been reached, water quality monitoring will be required into the future.

Administration Division

*Administrative Services.* The primary responsibility of the Administration Division is to provide administrative support services to the Public Works activity areas in the Airport Fund. Administrative services include customer service/reception, accounts receivable and payable, payroll, budgeting, recruitment, citizen information material, bid and proposal generation and process coordination, records management, and web page maintenance. The management of Public Works, also in this division, has responsibility for long-term planning and efficient service delivery.

Special Projects

*Special Projects.* This category encompasses projects that are of a one-time nature or are pilot projects that haven't yet been tested and approved for inclusion in the base operating budget of the department. Special projects include rehabilitation of airfield pavement, management of the wetlands mitigation project, and renovation of the rail spur serving the AIP.

*Airport Master Plan.* The last Airport Master Plan was initiated in 2000 and completed in 2001, and made assumptions about use of the airport that may no longer be valid. The FAA strongly recommends that the Plan be updated every 10 years to ensure that the projects included in it are valid and current. An update, scheduled for FY 11-12, will examine the current and expected long-term functions of the airport and provide recommendations on development that reflect those functions. Generally, 95% of these types of projects are funded by the FAA and this update is estimated to cost \$250,000. The remaining 5% (\$12,500) would come from a local match.

*Airport/Industrial Park Utility Infrastructure Plan.* There is currently no long-term plan for how best to make street and utility systems improvements at the airport and the industrial park. Without such a plan, it is difficult to respond to inquiries for new or expanded development at these sites and to avoid the development of single-user infrastructure facilities. A \$25,000 project is proposed for FY 11-12 to create the plan.

*Homeland Security.* New federal guidelines call for increased security measures at general aviation airports. At the Corvallis airport, there are significant public and private assets, but no 24-hour presence and the fencing around the site is incomplete. The installation of a security camera, which would be tied into the existing Public Works security system and have online access from remote locations and the 911 Center, would improve surveillance and comply with the federal regulations. A project for \$15,000 is scheduled for FY 11-12.

3. Expenditure Projections

	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Personal Services	\$144,670	\$169,880	\$171,270	\$179,470
Supplies and Services	168,180	167,030	170,220	173,500
Special Projects	132,500	484,000	100,240	75,300
TOTAL	\$445,350	\$820,910	\$450,090	\$437,220

If Program/Service Was Not Provided

Without the airport activities, a transportation service vital to the operations of local businesses and individual pilots would not be available. The majority of the activities at the airfield are regulated by the FAA; development is guided by the Airport Master Plan. Without the industrial park, City-owned land would not be available for business development, jobs, and to provide the revenues that are possible with this type of land use. The activities associated with the industrial park are guided by the need to maintain and expand the tenant base, and by the AIP Master Plan.

Partnerships

*Oregon Department of Aviation*

Pavement maintenance

Minor airport improvements

*Benton County*

Road and roadside ditch maintenance

*SureCrop Farms*

Off-site mitigation for loss of wetlands in the AIP 'shovel-ready' site

*Federal Aviation Administration*

Airfield operations coordination

Airfield capital improvements

Stakeholders

Airport Industrial Park tenants

Airfield users and tenants

T-hangar renters

Airport Advisory Commission

Corvallis Chamber of Commerce

Corporate entities

Oregon State Flying Club

Oregon Pilot's Association and the Ninety-Nines

Venell Farms

Benton County

Oregon Department of Aviation

Federal Aviation Administration

Oregon Economic and Community Development Department

Various Willamette Valley law enforcement agencies

Cost Containment Examples

Airport beacon lights were replaced with halogen lamps and all airport lights have been put on photo cells to reduce energy demand.

Gravel road maintenance and taxiway painting is performed by Benton County road maintenance in exchange for gravel storage areas on the airport property.

B. Prior Service Reductions

There have been no service reductions in this fund.

C. Enhancements to Current Services

1. Maintain Current Service Level

“Shovel-ready” wetlands. The City has a permit allowing the wetland site in the AIP to be filled, in compliance with the wetland mitigation plan. The permit expires in five years. As development occurs in this area, the tenant will be required to do the fill work as a part of their lease with the City.

If wetlands remain at the end of the five-year period, the City will need to consider filling the site to avoid having to do future mitigation activities. A project to fill the wetlands and allow for continued farming pending development is anticipated in 2015.

2. Expand Current Services

No enhancements are proposed.

3. New Services/Programs

No enhancements are proposed.

	<u>10-11</u>	<u>11-12</u>	<u>12-13</u>	<u>13-14</u>
Maintain Current Services	\$0	\$0	\$0	\$0
Expand Current Services	0	0	0	0
New Services/Programs	0	0	0	0
TOTAL	\$0	\$0	\$0	\$0

## V. Other Issues

### *Airport Master Plan implementation*

- update to Plan will better guide uses and development
- infrastructure projects from the Plan will need to be scheduled and financed
- challenge is to balance cost of rehabilitation projects against new construction

### *Funding for street and utility infrastructure*

- improvements to street, water, storm water and wastewater systems planned for airfield operations and to enhance the industrial park
- no new revenues to construct these projects
- Capital Improvement Program projects assume assessments to adjacent tenants and grant funding

### *South Corvallis Drainage Master Plan*

- will need to be implemented in the near future consistent with FAA restrictions on attracting waterfowl near the airport
- one requirement is to separate the airport drainage from the industrial park drainage
- cost of the improvements estimated in 2010 at over \$1.8 million
- option to assess industrial park tenants for improvements is in more recent leases

### *Land use decisions near the airport*

- property owners may want to change land use designation of their property
- need to monitor this activity to ensure that airport operations are not impacted
- residential neighborhoods below a flight path would be inappropriate
- the Airport Commission and the Airport Master Plan anticipate Benton County zoning changes at the airport and industrial park to allow use types not currently allowed

### *Annexation of airport property*

- when is appropriate time to annex property; with or after intervening properties
- after annexation, property would be subject to City development standards
- impacts tax rates that tenants would pay

### *Revenue enhancement potential*

- new Industrial Site Certification and Enterprise Zone designation makes property more attractive to potential tenants
- wetland mitigation and delineation provides more readily available acreage for development

### *City hangar maintenance upgrade*

- T-hangar is 63years old; not competitive with newer, privately-owned hangars
- smaller projects (painting, door repairs) done as current funding allows
- seeking funding from State/local economic development agencies for major projects

### *Contamination at former gun club site*

- study shows soil contamination at site of former gun club
- former tenants notified that they are responsible for clean-up
- until contamination mitigated, development of site is hindered