

VI. DEVELOPMENT PLAN

This section addresses the Transportation Improvement Plans and future development needs and desires of the St. Louis Regional Airport.

Overview

Successful airport development requires available land or facilities, the potential to generate an economic benefit, financial capability to complete the desired project and a demonstrated need for the development to occur. While not essential, a supportive community is often also a benefit.

An airport has the ability to attract new businesses and new leases which increase the airports' revenue stream, increase tax revenues to the municipality owning the airport, and the increase the employment base. These factors allow the governing authority to collect more property, sales and other taxes. An airport that fails to capitalize on its development opportunities is not realizing its full benefit to the community. This may result in community pressure to close the airport for the perceived greater value of another use – residential or commercial development.

In contrast, airports that develop and expand risk community pressure from those citizens who fear the expansion will result in larger and louder aircraft and more air traffic, hence: more noise impacts to the community.

The airport authority must weigh the pros and cons of each development project, balanced with the overall mission and vision of the airport.

Factors in Airport Development

Four components are essential to considering a development opportunity:

- Physical constraints of the property: is there enough land for the considered use, does property have to be acquired, do easements have to be secured?
- Zoning: does the property have to be re-zoned? Some airports are exempt from zoning restrictions.
- Political factors: does the authority and community support this type of development?
- Restrictions: what are the land use restrictions in place – aeronautical vs. non-aeronautical use?

If each of these components is favorable to development (or can be made favorable through change), the next step is a **market analysis**. A market analysis is often the most effective way to determine if a demand for the property exists. Even for property with a seemingly high demand, a market analysis will help determine the highest and best use of the land and whether future demand exists for the property.

Often times a developer will express interest in a parcel of airport property, which the airport then acts on without conducting a market analysis. This leaves the airport vulnerable to spending time and money on the development project if the deal falls through, or allowing a parcel of property to be developed that turns out not to be in the best interest of the airport. **A market analysis often provides a higher level of confidence to airport commissioners, boards, and the community when moving forward with a major development project.**

The market analysis takes into account a market's particular strengths and weaknesses, historical growth, regional and national trends, road or airspace changes, economic incentives and any other foreseeable influences. A market analysis can be broad based covering an entire airport. This generally saves money, as the airport does not have to repeat a market analysis for each parcel of property intended for similar use.

Once the market analysis is complete, the next step is to conduct a proforma to determine the costs for a project and the future operating expenses vs. revenues generated for the completed project. It may also be desirable for the airport to require the developer to submit a draft operating plan for the life of the facility prior to construction, to demonstrate the financial solvency and capability of the project to be successful.

Permitted land uses, proformas and construction plans are always site specific.

The Airport will conduct a market analysis of the available aviation usable property.

Private vs. Public Development

Every airport owner/operator has a fundamental question to ask regarding airport development: Should the airport develop property itself or allow a private developer the opportunity for a land lease to conduct the development privately? This is a running debate within the airport industry and opinions vary. It is allowable under Grant Assurances for an airport to enter into an aeronautical business venture.

Ideally, if private developers are not available, or if the airport desires a revenue source above the standard land lease rate, the airport should pursue it's own development funding.

If private developers are available and interested in airport property a Request for Proposals (RFP) or Request for Qualifications (RFQ or sometimes referred to as a Statement of Qualifications), can be publicly issued. The RFP/Q should be tailored to attract the type of businesses the airport desires to the available property, and clearly delineate the requirements of the developer and the obligations of the airport.

It will be the policy of the Airport to encourage private development.

Funding for Airport Development

There are several sources of funding available to an airport for development. The most consistent has been Airport Improvement Program (AIP) funding. Federal assistance has been available to airports in various forms since the end of WWII.

AIP funding is made possible through the Aviation Trust Fund. The Trust Fund was established by Congress in 1970 and is funded from aviation users through the collection of fees from commercial passenger tickets, cargo waybills and non-commercial aviation fuel. The Trust Fund is “deficit proof” with expenditures limited to receipts. However, the release of AIP funding is based on Congressional approval, which is often done in multi-year intervals. Airports have been known to be in the middle of AIP funded projects and have future funding get held up in a Congressional budget cycle or debate for months or even years in some cases.

Another concern with AIP funding is the prioritization of funding from the FAA, or in the case of Block Grant states, such as Illinois, the Department of Aviation. AIP priorities relate to the National Plan of Integrated Airport Systems (NPIAS). NPIAS identifies public use airports essential to the safe, efficient and integrated system of airports to meet the needs of civil aviation, the US Postal Service and national defense. There are three criteria an airport must meet to be included in the NPIAS:

- 1) The airport must have at least 10 based aircraft
- 2) The airport must serve a community at least a 30-minute drive from the nearest existing NPIAS airport
- 3) The airport must have an eligible sponsor (governing agency)

St. Louis Regional Airport meets the criteria and is designated as a NPIAS airport.

The NPIAS designator does not necessarily guarantee all funding needs will be met. The NPIAS mandate only requires those projects considered to be part of the Airport Capital Improvement Program (ACIP). **The ACIP prioritizes projects based on preserving the infrastructure of the airport, noise and environmental, bringing airports into compliance with design standards and increasing airport capacity.**

There are often discrepancies between the NPIAS and state aviation system plans as to which airports and projects are the most essential.

AIP funds remain the primary source for public airports to finance costly capital improvement projects.

AIP grants are funded at a 90/10 share with 90% of a project funding from the Federal government and 10% match from the airport. Their use is limited to:

- Airport planning
- Airport development
- Noise compatibility projects

Typical AIP projects include construction, repair or improvement of airport facilities including runways and taxiways, aprons, vehicle service roads, lighting, utilities, navigational aids and aviation weather reporting facilities. For airports that require a Part 139 certificate, safety and security equipment required for certification is eligible for funding. Land acquisitions, runway friction equipment and some limited public use areas at both commercial and general aviation use airports are also eligible.

The capital plan for an airport must be coordinated with local and state planning agencies with the FAA Airport District or Regional Office to establish an airport's needs and priorities with respect to funding.

While many projects are eligible, including some limited public use areas such as aprons, the practical priorities for funding begin at the centerline of the runway, and lessen in priority the farther away from the runway the project is located. Example: Construction of a high-speed taxiway is more likely to receive AIP funding as it relates directly to airport safety and efficiency, whereas a taxilane located away from the runway and only serves a limited number of users, will normally be of lower priority. The airport operator will be encouraged to seek other funding sources for such projects, unless there is a surplus of funds available. However, in the case of St. Louis Regional Airport and the fact that Illinois is a block grant state it appears that historically, funding has been available for other development projects (i.e. economic development).

Frequent contact with FAA representatives and State Aeronautics personnel can help construct a viable Transportation Improvement Plan. This allows airport management to plan from a financial and a developmental perspective, in addition to affecting lease negotiations with new tenants (i.e. requiring new tenants to construct taxilanes and apron areas essential to their facility, rather than counting on Federal funding which may or may not be available) or local funding from the airport.

Acceptance of Federal AIP funds does obligate the airport – and its tenants – to Grant Assurances. Grant Assurances ensure Federal funds are used to meet the needs of the traveling public, the interest of the government to ensure legal provisions such as nonexclusive rights, nondiscrimination, land use compatibility, certain accounting practices and to promote social objectives such as the rights of the disabled and disadvantaged businesses.

When an airport owner (sponsor) accepts federal funds under AIP, the owner agrees to abide by the Grant Assurances, which stipulate the owner's responsibilities and obligations to the federal government (as a condition of accepting federal funds).

Among the many Grant Assurances, the most significant include:

- **Preserving Rights and Powers**
The airport sponsor will not take or permit any action, which would deprive it of any of the rights and powers necessary to perform the assurances in the grant agreement without the written approval of the FAA Administrator. Additionally, the sponsor will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others, which would interfere with such performance.
- **Restriction/Denial of Access**
The sponsor will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.

- **Economic Non-Discrimination**
The sponsor will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- **Uniform Rents/Fees/Charges**
Each operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other operators making the same or similar uses of such airport and utilizing the same or similar facilities.
- **Self Servicing**
The sponsor will not exercise or grant any right or privilege which operates to prevent any person operating aircraft on the airport from performing any services on its own aircraft with its own employees and equipment that it may chose to perform including, but not limited to, maintenance, repair, and fueling of aircraft.
- **Exclusive Rights**
The sponsor will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. This is one of the most significant Grant Assurances and is considered one of the most controversial as well.

Further, the sponsor will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply: (a) It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and (b) If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport.

However, the airport owner may elect to provide any or all aeronautical activities needed by the public at the airport and preclude others from doing so (i.e. the sponsor can exercise their proprietary exclusive right) as stated in Advisory Circular 150/5190-5. Advisory Circulars are the FAA's means of providing non-regulatory guidance to the public, however, when an airport accepts Grant Assurances the airport, in effect, agrees to comply with all applicable Advisory Circulars.

- **Airport Revenue Use**
All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities, which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport.

Additional Grant Assurances require the sponsor (airport) to:

- Suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions.
- Take appropriate action to assure that terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.
- Make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used.
- Furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes.

The assurance against permitting an exclusive right is worthy of further discussion particularly as it pertains to the development of airport property. An exclusive right exists when an airport owner permits an entity to engage in a particular type of business (FBO, SASO – aircraft maintenance and repair, flight school, aircraft rental, charter, etc.) to the exclusion of other parties engaging in (or desirous of engaging in) the same business. Airport owners violate this assurance when they attempt to protect existing tenants from encroachment by outside entities. Any actions (whether direct, indirect, expressed, or implied) are a violation of the Grant Assurances.

Airports can confer exclusive rights through an express agreement and/or by the imposition of unreasonable terms, conditions or standards. The FAA forbids any agreement or practice that restricts the opportunity of an entity to engage in aeronautical activity on a federally funded airport, limits the usefulness of the airport, or deprives the public the benefits of competitive commercial enterprise.

The Grant Assurances allow the airport owner to engage in aeronautical activities including developing and operating an FBO or a SASO, providing other aeronautical products, services, or facilities, or developing and operating hangars for both commercial and non-commercial use.

An airport may have a single operator if it would be unreasonably costly, burdensome or impractical for more than one operator to provide aeronautical services, or if the allowance of an additional operator would require a reduction in the amount of space leased under an existing agreement.

In addition, in the Grant Assurances, there is a requirement that airport revenues be used to cover the capital or operating expenses of the airport or for other airports within the owners' system of airports. While intermodal transportation facilities on airport property are also eligible, airport revenue must not be diverted to cover expenses that are not airport-related.

Violation of the Grant Assurances can result in an airport being declared ineligible for future federal funds and being held responsible for reimbursing the FAA for all of the funds previously received. An airport that is ineligible for federal funding and has no other source available to provide funds for essential capital improvements and maintenance of those improvements (e.g., pavements) will be challenged to provide a safe, secure, and efficient (airport) operating environment.

Grant Assurances are effective for 20 years or the useful life of the facilities, with the exception of real property acquired with Federal funds, in which case Assurances are effective indefinitely.

In most cases, it is realistic to expect Federal or State funding for safety, compliance or capacity related projects, but not always for economic development or new or expanded businesses.

About a quarter of AIP money goes towards bringing airports into compliance with design standards. Airports are designed to handle a specific type of aircraft with respect to approach speed and wingspan also known as the Design Category or Critical Aircraft.

A critical aircraft is the largest aircraft the airport handles, which accounts for at least 500 annual itinerant operations – these airports are eligible for ACIP funding. As aircraft have evolved over time growing in size and speed, airports often “grow themselves” out of compliance. Airport operators must be mindful of the airport’s “critical aircraft” to ensure the airfield design remains in compliance with FAA standards.

St. Louis Regional Airport can accommodate all of the General Aviation fleet, including the new Boeing Business Jet, Global Express and Gulfstream V; all three aircraft weigh in excess of 95,000lbs gross landing weight. In addition, the Airport can accommodate numerous military aircraft and the majority of the commercial airliner fleet. The Airport’s critical aircraft for the primary runway is the US Air Force C-141 Starlifter, a heavy cargo hauler. The runway can handle airliners up to and including the Boeing 747.

The ability to handle larger aircraft is a benefit to the Airport’s capability and marketability, and can have a direct impact on increased fuel sales and potentially as a base of operations for the larger aircraft.

Bonds

Many airports provide incentives to developers or elect to develop their own property. Since the construction of buildings, hangars and site preparation of property will usually cost more than an airport can generate in revenue in a short period of time, bonds have become a method to finance large-scale projects.

A public use airport has other sources of funding available through bonds. There are generally three types of bonds, General Obligation, Revenue, and Industrial Development.

General Obligation bonds are only issued to states and municipalities and usually require voter approval. The issuer supports repayment of the bonds through the assessment of taxes. They carry a lower interest rate and are generally issued for a term of 10-15 years.

A General Airport Revenue Bond is issued by a state or local government authority or a special district, usually for the funding of a specific project and guaranteed by the revenues the project will generate. While General Airport Revenue Bonds do not require voter approval, nor carry the guarantee of "full faith and credit of the issuer" they do have a longer issuance period (25-30 years) and can result in a lower monthly debt payment.

Industrial Development Bonds (IDB's) are becoming a frequent source of funding for airport projects, as the credit and repayment is the responsibility of the entity benefiting from the facilities. Typically the bond is issued with the municipality leasing the facility to the private entity at a rent equal to the debt service on the bonds for a term equal to the maturity of the securities. IDB's allow a private entity to develop a parcel at an airport that may be beneficial to the users or the community while financing the facility at tax-exempt rates.

Other bond funding is through the security of a Passenger Facility Charge (PFC), which are not generally available to General Aviation airports. A PFC is essentially a seat-tax for passengers on commercial aircraft, usually assessed to scheduled air carriers; PFC's are not usually assessed to charter operators at general aviation airports.

St. Louis Regional Airport has used bond funding in the past to finance airport improvements. This has been an effective way to finance capital projects; the use of bonds is a matter of philosophy within the airport management community. Some airport operators desire a "debt-free" facility regardless of the surety of the bond, while others see bonds as a normal part of financing a business operation..

With the past success of bonds with the St. Louis Regional Airport the airport will continue to consider such as a source of capital funding when necessary, but will encourage private developers whenever possible.

Industrial Park Development

Current Business Park

The current business park demonstrates an effective use of airport property that cannot otherwise be used for aeronautical purposes. However, the lease agreements in place for the property were designed to keep the lease payments to a minimum, to the detriment of the airport's revenue stream. Consideration must be given anytime this lease (or future on-airport business park leases) are up for review to the amount of property being tied up by the lessor and the rate of return to the airport.

The lease agreements in place for the current business park affect the potential revenue to be gained from a future business park.

Future Business Park

Economic activity within a community often centers on major modes of transportation, rail, trucking or air. Many airports either inherit an office park or seek to develop one in an effort to fulfill many needs including: compatible land use, additional revenue source, ancillary benefits to aviation businesses based on an airport. Industrial parks further help the community by increasing employment and building upon existing industry and commerce.

When an airport develops off-airport property, it puts itself into competition with other private developers. Airports are at a major disadvantage when competing with other developers, as most airports are unwilling or unable to sell property. Lenders often do not want to loan money if the loan is not attached to a mortgage. Security bonds and contracts that allow the lender to take over the lease upon default is one way around this problem, although it generally results in higher interest rates.

Often times, a joint-venture with a private developer helps with off-airport development as the private developer can assume the risks, in addition to being a company with the background and resources to develop the property; the airport can take advantage of bond options and other resources not available to the private developer.

Additional disadvantages of developing an industrial park is the large up-front capital costs of construction, maintenance and property management costs, utilities, roadways and marketing the property to potential tenants who can supply the revenue needed to cover expenses and still provide a marginal profit to the airport for other capital expenditures.

Industrial parks may have airport access to taxiways but usually have warehouse, office space or manufacturing not directly related to the airport. The upstart of some “just-in-time” services can also benefit by locating within an airport industrial park, as they often will use airport services for product shipping.

Some industrial parks may feature heliports or vertiports in conjunction with their design to facilitate movement of executives to and from the primary centers of business (major cities or manufacturing plants).

The 2002 annual Rates and Charges survey conducted by the American Association of Airport Executives, determined that the majority of property for non-aeronautical use on an airport is used for farming activities. The second largest use is industrial parks.

While farming was the most common use, it also provides the smallest amount of revenue back to the airport as land rents for farming are often far below market rent.

Industrial parks provide the third highest amount of revenue back to the airport, second only to hotels and off-airport access (more common at commercial service airports for commercial ground transportation operators). Thirty-five percent of the surveyed airports derive revenue from industrial parks. As compared to farming revenues, industrial park revenues generated an average of \$770,000 more, per year.

Management of an industrial park can be done on limited resources and staffing, leaving the majority of the revenue to contribute to the airport's bottom line. It is also significant that industrial parks are more prevalent at general aviation airports, rather than the medium or large hub commercial service airports. According to the survey, only 92% of the industrial parks were located at general aviation or non-hub and small hub airports.

The survey indicated that industrial parks at medium and large hub airports are often smaller than their general aviation or small hub counterparts. However the divergence comes in the lease rate each facility is able to generate. A medium or large hub airport can expect to receive nearly \$22,000 per acre from a fully developed and leased office park, whereas the general aviation and small or non-hub airports can reasonably expect approximately \$3,000 per acre – a significant difference.

With the economies-of-scale medium and large hub airports receive only about 2% of their revenue from an industrial park, whereas the general aviation and small or non-hub airports can achieve a significant amount of their revenue from an industrial park.

The AAAE survey also illustrated the impact of a hotel on airport property. Approximately 15% of the airports surveyed have hotel property on-site. Hotels also generate the most revenue of all the surveyed components (Farming, Industrial Park, Military, Free Trade Zone, Hotel and Off-airport access). However, hotel revenues are very closely tied to passenger traffic and the hotel industry experienced many of the same challenges after the 9/11 terrorist attacks that the airline industry did. Also, hotels are generally more successful at a medium or large hub airport with more air carrier passenger traffic, rather than the much smaller demand for hotel facilities characteristic of the general aviation business/corporate operator.

If there is a lack of hotel facilities around the airport, there may be a community need for such facilities and the airport could be in a position to meet that demand and profit from such a business venture.

Other considerations for industrial park development (or hotels, golf courses or other uses) are the effect and impact new facilities will have on existing infrastructure and resources. New roads, landscaping, utilities and other necessary items that always accompany development take up resources that the airport staff may need for the operation and maintenance of the airport.

St. Louis Regional Airport has contracted THK, an economic & market research (land planning) company, to conduct a Strategic Business Plan for the utilization/disposition of real estate (not aviation related) at the Airport. The study includes industrial parks, hotels and recreational facilities.

THK Report

The study determined that there is a need for additional office park development in the St. Louis Regional Airport area – especially if the I-255 expansion project is completed – however, there is significant competition from multiple business parks and it is not realistic to expect that any more than 20% of the available property can be developed and leased in the next 20-year period.

However, based on the study, the income generated from the development of just 20% of the available property is justification enough to move forward with development plans.

Since airport managers must fulfill a variety of a roles, often becoming a jack-of-all-trades, the “master-of-none” concept can also hold true. Airport managers don’t typically have the training, experience or time necessary to market, develop and oversee the construction and management of a non-aeronautical development project. Additionally, the airport manager’s time and resources are best spent ensuring the airport is being operated and maintained in a safe, efficient and secure manner – the purpose for which the airport manager was hired.

Although profits from off-airport developments will be shared with the master developer (or lessee) and a property management company, it is still considered to be more cost effective than trying to develop and manage the site using Airport staff. However, the costs should be monitored and a financial analysis completed prior to securing either a master developer or a property management company. This will produce evidence to support a decision to outsource the developer/manager function, or support a decision to develop and manage with Airport staff.

The THK report also demonstrates that the population in and around the Airport has grown steadily over the past 20 years and will continue to do so. The need for additional commercial facilities (shopping centers, malls) may increase and the Airport should be aware of potential opportunities to use available property to meet that need.

A common airport-land use is for recreational facilities such as golf course, fitness facilities or other recreational centers. The report showed that there are adequate numbers of golf courses in the area to handle the current and projected future demand, however, at present the population is not large enough to support a major fitness center.

It is desirable for the management of the site to be handled by a property management company (rather than Airport staff), for many of the same reasons listed above. The priority of the Airport staff is to operate and maintain the Airport. Managing off-airport property unnecessarily stretches the resources of the staff and is not normally within their skill set.

The Airport will issue an RFP to bring on-board a developmental partner – a master lessee – who will be responsible for marketing the available property, negotiating leases (within parameters established by the Authority and subject to approval of the Authority), developing and managing the site.

Foreign Trade Zones

Foreign Trade Zones (FTZ) are often a benefit of an industrial park. FTZ’s allow goods to be imported and stored in the United States, but not taxed until they leave the FTZ. There are several other benefits of the FTZ that promote their use by corporations in the US.

Warehousing requirements for FTZ’s are covered under regulations enforced by the US Customs Service but are often adequately provided for in an airport industrial park. If the level of cargo exceeds certain levels the airport may qualify for a full-time US Customs inspector, who can also serve in a dual role of providing Customs services to airport users, without subjecting the airport to the normal user-pay service.

The primary revenue source of most General Aviation airports comes from leasing real property. Airports can receive a higher lease rate by providing property that is “ready-to-construct” (utilities already installed or provided for and completed grading and infrastructure). The goal of airport development is to increase revenue to the Airport, stimulate the economy and provide essential aeronautical businesses to the public.

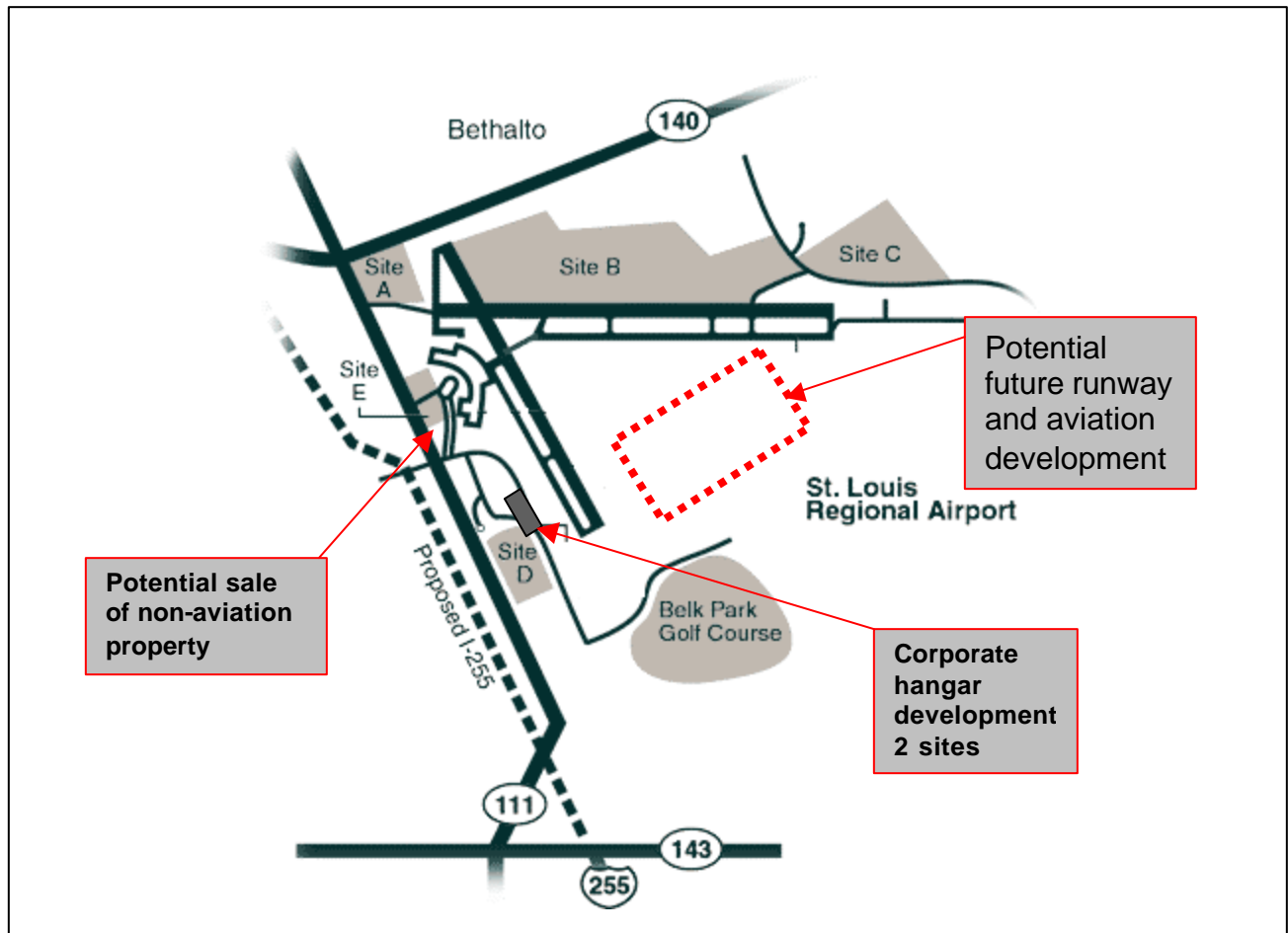
Presently, Spirit of St. Louis Airport has US Customs services. For St. Louis Regional Airport to be competitive with other airports in regards to international traffic (which often includes business travelers or based aircraft design, refurbish or manufacturing companies) a US Customs office would have to be added and if possible, a Foreign Trade Zone.

Unless the FTZ is established, Customs is available through a user-fee program. A Customs officer requires on-site office space, a costly computer hook-up so the officer can run the required checks on personnel and aircraft and cover the officer’s salary and other personnel related expenses. The total cost to the airport is approximately \$80,000/year. However, many tenants and transient operators are hesitant to pay the full share cost of the program so the airport often must subsidize the Customs operation.

St. Louis Regional Airport will conduct a Cost/Benefit analysis on the possibility of hosting a US Customs office.

Transportation Improvement Proposal, Fiscal Year 2002-2005

<p>2001</p> <ol style="list-style-type: none"> 1. Exhibit “A” update with GIS applications 2. Install AWOS III 3. Furnish and install a new 12” waterline loop to supply sufficient water for fire fighting
<p>2002</p> <ol style="list-style-type: none"> 1. Reconstruct a portion of the main apron (Phase IV) 2. Construct an access taxiway, apron, parking lot and entrance road for a corporate hangar 3. Land acquisition for runway approach protection runway 29 4. Construct a 155 ft x 525 ft apron expansion; 95 ft x 50 ft taxiway extension; remove 4,462 sq/yd of taxiway C-1 to remove taxiway dog-leg
<p>2003</p> <ol style="list-style-type: none"> 1. North quadrant development: <ol style="list-style-type: none"> a. Taxiway b. Apron c. Entrance Road d. Water service e. Sanitary sewer service 2. Widen a portion of taxiway’s B and C to 75 ft 3. Strengthen a portion of taxiway B
<p>2004</p> <ol style="list-style-type: none"> 1. Land acquisition (90 acres) east of runway 35
<p>2005</p> <ol style="list-style-type: none"> 1. Land acquisition south of runway 11/29



On-Airport Land Use – Aviation Use Parcels

There are presently two parcels of property (shown above) that the Airport hopes to develop for future corporate hangar space. There is also a large parcel of property (Site B above) for future aviation development.

The Airport is currently in negotiations with a potential non-commercial corporate hangar operator for one of the two sites. An RFP should be issued for the second parcel to determine interest and if possible, secure a lessor for the site.

Another parcel above shows a potential future runway and additional aviation use, leasable land. Site B is already owned by the Airport and the Airport is not at 80% of its operational capacity, so it is prudent to develop Site B before acquiring and developing future sites. If funds are available, property should be acquired to protect it from future non-aviation compatible developments and for future use.

Land Use Plan

The needs of the airport can be better served with a Land Use Plan. More detailed than an Airport Layout Plan (develop through the Master Plan process) a Land Use Plan provides a description of each parcel in the development areas outlining the specific uses for each parcel (i.e. FBO, non-commercial hangar, SASO, ramp space, etc.), but does not include individual parcel boundaries or building layouts. This is commonly referred to as a “bubble chart” depicting the general areas of certain types of activities (i.e. FBO’s, private hangars, maintenance areas). The plan shall be prepared, in accordance with the Advisory Circular on Airport Design.

Landside access and air quality studies will also be undertaken to ensure the increase in ground traffic doesn’t negatively impact the community (or to mitigate as appropriate) and to mitigate any potential decrease in air quality. Additionally, the land use plan will ensure airport design criteria are met in accordance with AC 150/5300-13. The FAA will be consulted regarding potential runway incursion issues, which may arise from operations commencing on the other side of the active runways and the airport’s runway incursion plan revised.

There are several other smaller parcels of land on the airport that may be developable for non-aviation use. The properties were acquired with federal funds but the present-day layout of the airport does not lend itself to these properties being used for aviation businesses.

Although the administrative process involved in releasing airport property from federal obligations is lengthy (and a long process), consideration should be given to selling these non-aviation usable parcels for their real property value. The parcels in question are depicted on the map above.

St. Louis Regional Airport will develop a land use plan for the aviation developable land.

Off Airport Land Use

The Airport currently is experiencing a very low volume of noise complaints. However, as county commissioners, town councils and planning and zoning manager’s change, so do the policies of their predecessors. Efforts should always be taken by an airport to prevent residential encroachment by securing aviation easements or through the acquisition of real property.

Sites A, C and D in the above map are designated for off-airport, non-aeronautical use development.

The Airport will assess property zoning and planned use along the normal routes of flight into and out of the facility. The Airport will work with the FAA in this study, both in terms of air navigation and the Airport’s Division Office to determine future funding needs.

The RFP Process for Aviation Usable Property

1. Develop parcels leasable land currently available on airport property and suitable for use as corporate hangar sites.
 - a. Draft a land use plan to determine the highest and best use of the property.
 - b. Conduct a market assessment to determine the fair market value of each parcel.
 - c. Develop a market strategy for advertising the available parcels.
 - i. Identify target market using the Airport Strategic Plan's Marketing Section and Marketing Assessment
 - d. Advertise the parcels and include (but not limited to) the following requirements in the RFP:
 - i. Cost per square foot the bidder is willing to pay; the square foot cost must be equal to or greater than the rate listed in the market assessment
 - ii. Use of the property
 - iii. Term (no more than 30 years with one 10 year option; must include a revert clause returning improvements to airport at expiration or termination of lease), or in accordance with the airport's lease rates and charges policy
 - iv. A site plan
 - v. Acceptance of a triple-net lease and conduct all utility, drainage and other associated developments costs
 - vi. No through-the-fence agreements and no sale or attempt to purchase, condemn or otherwise take the property from the airport
 - vii. Agreement to pay all associated costs (fuel flowage fee, environmental insurance, etc).
 - viii. Agreement to place a deposit with the Airport Authority, which can be cashed out by the Airport if the successful bidder fails to fulfill the requirements of the contract
 - ix. If the bidder is an aviation business, rather than a non-commercial hangar operator, then the RFP response must also include:
 1. A complete description of the type of business to be conducted and the express agreement not to conduct said business outside the Airport's Minimum Standards
 2. A marketing plan
 3. A proforma showing how the business will be able to operate and pay all necessary expenses, including the lease to the airport
 - x. The contract that is most responsive to the RFP is the one that should be awarded
 - xi. Negotiations should take no more than three months with construction beginning in the next available construction season

Conclusion

The goal of development is to maximize the rate of return for the Airport and to encourage economic development of new businesses to the airport. Airport staff should enter into each RFP and lease negotiation with those two factors in mind.

The significant factors to developing property are physical constraints, zoning, political factors and restrictions to the land. Airport staff should always work diligently to assess these factors for each parcel to be developed then take action to mitigate or eliminate any potential obstacles to development.

A market analysis and proformas are effective methods of ensuring the airport maximizes its returns.

Private development is encouraged over airport-sponsored development to promote new business and reduce administrative workload on airport staff. The airport should concentrate on funding infrastructure improvements to support private developments.

If private developers are not interested and the airport has a definite demand for a particular product or service, the airport should assess the feasibility of providing that product or service, conduct cost-benefit analysis and develop proformas beforehand. This helps to determine if there is a market and possibly why private developers aren't interested. Perhaps the airport can provide the product or service at a lower cost, or the perceived market may not really exist.

There are a variety of funding methods available for future development. Illinois is a block grant state and the St. Louis Regional Airport has historically received funding for infrastructure improvements. This funding should continue to be pursued for future aviation development on the airport.

As part of infrastructure maintenance the Airport will continue to keep pavement maintenance a high priority.

Bond funding has been shown to be a successful way to finance capital improvement projects at the airport and will continue to be evaluated and secured as needed.

The current industrial park should be used as a model in developing new industrial parks in terms of use and layout, but not in terms of lease rates to the airport. The airport must compete with off-airport developers who have the ability to sell property, an advantage the airport can neutralize by selling off non-aviation parcels of property, or providing a much lower lease rate and long-term leases. Regardless of the option selected, the ultimate outcome is to provide a good long-term revenue source to the airport.

A US Customs Office and Foreign Trade Zone can attract international corporate traffic and more manufacturing firms, particularly, companies with overseas manufacturing and need finishing work to be done in the United States.

There are currently two parcels of property ready to be leased for corporate hangar development. The Airport will work diligently to lease these parcels to compatible users at a fair market rate. Additionally, the Airport will commission a Land Use Plan to identify the areas of the airport designated for specific types of development, i.e. FBO, Commercial hangar space, SASO's, non-commercial hangar space).

The Airport will work with an off-airport land consultant to identify use and market feasibility of airport owned property, not usable for aviation (taxiway) access to the airport.

The RFP process will be the normal method of determining what entity will be offered an opportunity to negotiate a lease or land sale. The Authority may supersede the RFP process for the benefit of attracting specific companies that will bring a large business benefit to the airport.

Development plans should remain flexible to allow for changes to the Federal, state and local economies and markets, and specifically the aviation needs of consumers in the St. Louis Regional Airport area.