

LANDWRITES

New Uses Proposed for Oregon's Rural Airports

BRAD BERTON

Tapping its heritage as an innovator in general aviation, along with emerging technologies and proposed tax increment financing legislation, Oregon envisions clusters of aviation-linked businesses surrounding its extensive network of rural airports.

UNBEKNOWNST TO MOST Oregonians, the Beaver State's approximately 400 airports include what many consider the nation's premier network of general aviation (GA) facilities, which tend to serve flight schools and crop clusters rather than passengers and cargo.

Likewise escaping attention in the Portland metropolitan area is a roster of aviation firms that already have opted to locate their home bases at lesser-known airports across the state, including Lancair International at Redmond Airport—Roberts Field; Epic Aircraft and Electronics International at Bend Municipal Airport; Sky Research at Ashland Municipal Airport; Columbia Helicopters at Aurora State Airport; and Oregon Aero and Composites Universal Group at Scappoose Industrial Airpark.

Within the general aviation community, Oregon is considered the nation's epicenter of GA airport networks, says veteran pilot, aircraft builder, and insurance executive Steve Beckham, a board member with the Oregon Department of Aviation. With so many of the state's rural communities still staggered by

MEASURE: SB 904
EXHIBIT: D
Senate Finance and Revenue 76th Session
DATE: 05-16-2011 PAGES: 3
SUBMITTED BY: GARY OXLEY

drastic cutbacks in the logging industry, it is no surprise that aviation boosters are pushing opportunities to parlay Oregon's general aviation preeminence into more flights and jobs at and around these mostly underused facilities. "We're poised to leverage these assets into an incredible opportunity to become even more of a leader in aviation-related businesses," Beckham comments.

On the legislative side, public and private parties are trying to prime the pump through a law aimed at improving rural aviation-related infrastructure systems with funding from new tax increment finance (TIF) districts. Beckham and others also cite a couple of emerging technologies that they expect to increase the number of flights—and, in turn, economic development—at Oregon's rural airports.

The thinking among GA development supporters is that with most of the big international and hub airports such as Portland International already operating at or near flight capacity, it makes sense to encourage businesses to use general aviation airports, where they can operate more efficiently. Relatively affordable land—undeveloped or farmed—is available at many such rural facilities in Oregon, and pilots would not have to wait in the long lines common at the big commercial ports.

Encouraging this activity entails recognizing that airports can be employment centers as well as transit resources for rural communities, says Aron Faegre, principal author of the TIF legislation and a longtime airport/specialty land use planner. Faegre—who, as principal of Portland-based Aron Faegre & Associates, has an extensive background working with businesses located at or near 30 Oregon airports of all sizes—sees clusters of widely varying aviation-linked businesses as something of a natural progression for many smaller communities.

"I haven't seen other states really make efforts to harness prospects for that kind of economic development around rural airports in particular, so it's something for which Oregon could be a national innovator," he says.

At a micromarket level, key community members ideally would collaborate on recruiting a cluster of businesses appropriate for a particular airport and its surroundings, he adds. "It's really something local leaders would



help determine and encourage, based on the characteristics of a community and airport and all the potential relationships and connections that might work in any particular case," Faegre says. "It's a matter of recognizing and identifying a community's potential and putting together a [corresponding] strategy."

"Most people think of airports in terms of transportation, but all sorts of businesses have stakes in aviation," says Beckham. "So, clusters of businesses at airports wouldn't necessarily be people working on aircraft: it's any type of business that can benefit from immediate access to an airport." Potential beneficiaries include not only smaller communities within the populous Willamette Valley, but also those in desert eastern Oregon, plateau-dotted central Oregon, the mountainous southwest, and the popular Oregon coast.

Meanwhile, whether or not the state ultimately allows TIF funding of rural airport infrastructure development and improvements, technological developments seem destined to increase traffic at these facilities that are typically operating at a fraction of their flight capacity.

One technology is automatic dependent surveillance-broadcast (ADS-B), a cornerstone of U.S. Federal Aviation Administration (FAA) efforts to transform the nation's airspace control from ground-based operations to a satellite-based system. With ADS-B permitting pilots to be far more aware of their surroundings than is the case with a ground-based system, airspace capacity is expected to increase substantially because the system allows aircraft to fly closer to one another safely.

At Oregon's hundreds of rural airports, most of which do not have the benefit of air traffic control towers, pilots looking to land have had to communicate by radio with other aircraft and, in many cases, "buzz" the airport at least once before touching down, explains Dan Clem, director of the state aviation department. Hence, ADS-B could make air traffic far more efficient at these facilities where construction of control towers is not cost-effective, he says.

Oregon is the first Far West state where ADS-B transmitters entirely cover the statewide "footprint" at lower altitudes, Clem adds; nine of the transmitters have been installed so far. The corresponding economic development im-



plications are not lost on Clem's department, especially given that key FAA contractor Garmin AT is developing ADS-B components near the state capital at Salem's McNary Field. "It's a pretty attractive combination when we can make the airspace safer, boost traffic capacity, and create jobs right here at the same time," he says.

Overnight shippers such as FedEx and DHL are likely to use smaller airports more in the future to transport products purchased online, creating demand for maintenance and logistics facilities, Clem predicts. Emergency response teams likewise are expected to take advantage of the greater capacity, generating additional facilities needs near airports, he continues.

A single-runway airport without a tower typically has the capacity for about 200,000 flights annually, according to research compiled by Faegre's firm. But among Oregon's approximately 100 publicly owned general aviation airports, most operate at 10 percent or less of capacity today.

Another emerging aviation technology seemingly set to boost use of GA airports is the new generation of very light jets (VLJs)—powerful but inexpensive aircraft. These mostly two- to six-seat craft portend myriad applications for individuals and business owners, and even use as charter taxi transit for small groups.

Ed Freeman, perhaps Oregon's most ambitious aviation-focused real estate developer, anticipates strong demand not only for hangars housing VLJs, but also for facilities in

More than 300,000 square feet (28,000 sq m) of aviation-related development has been undertaken at the south end of Aurora State Airport in Aurora, Oregon, including renovation of four old hangars and the addition of a new 40,000-square-foot (3,700-sq-m) hangar with offices.

which to manufacture, sell, and service them. "There's great potential for job creation in Scappoose and other Oregon communities—and these are high-value jobs," he says.

If visions of these rural airport business clusters seem a bit speculative and wishful, Freeman's Sierra Pacific Development is backing up its words with its plans for Scappoose, a town of 5,000 near the Columbia River, 20 miles (12 km) north of Portland and traditionally associated with logging, farming, and fishing. Freeman notes that there are immediate prospects for accommodating businesses needing new facilities near an airport—and he says he is not about to wait around for formation of a redevelopment district. "I'd say [the legislation] makes a lot of sense, but we're not going to depend on it."

In the wake of multiple acquisitions, Freeman now controls about 720 acres (290 ha) surrounding the Scappoose airport—owned by the Port of St. Helens—and is seeing burgeoning demand from businesses interested in locating at aviation-related facilities. Tigard, Oregon-based Sierra Pacific has largely sold out the first phase of its 36-acre (15-ha) Aero Business Center, with a couple of the growth-minded businesses already located in the port's airpark buying sites there.

LANDWRITES

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Among these companies are Oregon Aero, which makes a range of safety- and comfort-related accessories for aviation and related fields, and Composites Universal, which manufactures advanced composites for aviation and other sectors. Oregon Aero is planning a 100,000-square-foot (9,300-sq-m) manufacturing facility and new corporate offices on its 17 acres (7 ha). Composites Universal is to break ground soon on its new 50,000-square-foot (4,650-sq-m) facility, with Freeman's development team due to pave the new taxiway linking the site to the airport.

Freeman's group acquired the property, which has the benefit of unimpeded "through-the-fence" security access to the airfield, then sold sites that the park's users are custom developing. "They want to control their own destinies" rather than be port tenants, Freeman explains. "That's a major attraction, but they also need to have business space next to aviation facilities."

At his biggest holding adjacent to the Scappoose airport, 450 acres (180 ha) of undeveloped land immediately to the east, Freeman, as of October, was in negotiations with large corporate industrial users interested in anchoring another aviation-related business park. Together, the prospects would need facilities large enough to swallow up most of the acreage.

Faegre likens what is now happening in Scappoose to what Aurora State Airport, located between Portland and Salem, has experienced. With workers operating out of both publicly controlled and privately owned prop-

erties, aviation-related employment has risen to about 600 jobs, he says. However, it appears that any further industrial development at Aurora would require rezoning of nearby farmlands, a move certain to generate controversy in a state known also for its innovative urban growth boundaries.

Like Faegre, Beckham, and the state aviation department's board, Freeman supports the proposed TIF legislation because it would almost certainly speed improvements of airfield facilities, including those related to security and safety, while also encouraging economic development and boosting local tax bases. Indeed, he says he would welcome reinforcement of Scappoose's runways to accommodate heavier aircraft—an improvement that has helped increase activity at Aurora.

Now that it has cleared committees with minor amendments and widespread support, Faegre expects the legislation to be considered by the Oregon Senate either next year or in 2009. It would allow creation of public/private endeavors to jump-start job-generating development needed in communities near the approximately 70 rural airports to which the legislation would apply. Without the TIF funding, many of these cash-strapped rural Oregon communities do not have the financial resources to develop the infrastructure needed to attract aviation business clusters, Faegre says.

Sponsors of the legislation structured it so that it would avoid perceptions of support for special interests over public interests, divert incremental taxes only from airport-related properties, and reinvest only half the incremental amounts traditionally collected at urban redevelopment districts.

Therefore, 50 percent—rather than the standard 100 percent—of the incremental gains in assessed values would be diverted to the relevant redevelopment authority for reinvestment in aviation-related infrastructure improvements. All the affected taxing authorities in a proposed TIF district would have to approve its creation, with any individual project requiring unanimous consent of a district's governing body.

"It's a carrot to encourage private entities that would benefit from better infrastructure in and around these airports," says Faegre. Beckham agrees that once any other concerns are addressed and structured into the legis-

lation, it could be a "phenomenal" economic development tool.

There is no guarantee that the bill will become law: Oregon is not immune to NIMBY-ism, and the state has notoriously strict land use planning laws. Indeed, some of the most intense opposition to the legislation has come from residents of the planned upscale Charbonneau community for seniors, and from city officials in Wilsonville, both just north of the Aurora airport.

On the other hand, Oregon Governor Ted Kulongoski has been an avid supporter of the clustering concept in Oregon's smaller communities, and, accordingly, of recently passed legislation providing another \$100 million in lottery-backed bonds to an ongoing program—dubbed Connect Oregon—intended to spur economic development in rural areas by improving nonhighway conduits for commerce, such as railroads, aquatic ports—and airports.

"Kulongoski gets it," says Beckham. "He understands the economic development potential that rural airports can bring, and he's committed to making it happen." Adds Freeman, "The governor likes to talk about clustering, and we're certainly seeing that happen with what we're doing in Scappoose."

Accordingly, Oregon likely will see even more so-called residential airparks, where homeowners can park their planes in hangars near their homes much as they park cars in garages. Freeman is planning to devote about 70 acres (28 ha) at Scappoose to such a development. It is a concept that has worked well at the Independence State Airport southwest of Salem, and should become even more popular as key new technologies bring down the cost of privately owned aircraft, says Freeman.

Beckham notes that he and a lot of other pilots enjoy living near general aviation airports. "I love the sound of prop-driven airplanes," he says. "It's the sound of freedom." **UL**

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