

CITY OF EL PASO, TEXAS
DEPARTMENT HEAD'S SUMMARY REQUEST FOR COUNCIL ACTION (RCA)

DEPARTMENT: AIRPORT

AGENDA DATE: 11/16/04

CONTACT PERSON/PHONE: Patrick T. Abeln, A.A.E. – 780-4724

DISTRICT(S) AFFECTED: 3

SUBJECT:

APPROVE Budget Transfer BT2005-130

BACKGROUND / DISCUSSION:

Attached is an excerpt from the proposal submitted to the Federal Aviation Administration (FAA) requesting approval to proceed with planned industrial development and golf development & associated hotel. This information is being submitted to you as background information to assist in your decision-making regarding Budget Transfer 2005-130, which will establish the appropriations for the construction of the golf course. (**Attachment**)

Our visit with the FAA Southwest Regional Director was successful, and we were granted permission to proceed with the planned development projects, including the golf course & associated hotel and industrial development. We believe that these endeavors in total will create the capacity necessary to support the growing air cargo industry as well as associated industrial uses, in addition to providing the revenues necessary for the continued support of the Airport's primary functions.

The Department of Aviation recommends approval of BT 2005-130.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one? If so, when?

2-10-04 - Council approved the design phase of the golf course which was awarded to ECM

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

The item will be funded with Airport funds. This Budget Transfer will establish the appropriation for construction of the golf course.

BOARD / COMMISSION ACTION: The Airport Advisory Board has recommended approval of the Golf Course Project.

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

OTHER: Patrick T. Abeln, A. A. E., Director of Aviation _____
(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

Introduction

This proposal is a conceptual plan for future industrial and commercial development at El Paso International Airport (EPIA). This plan is illustrative, and its purpose is to depict one potential concept that would include the development of approximately 1,500 acres of Airport property.

The 1998 Master Plan Update cites a land bank of 3,000 acres available for non-aviation use. The primary purpose of the concept is to support the associated financial projections and to analyze the initial feasibility of this development. Sections of this proposed development, including a golf course and initial 150-acre industrial park, was reviewed and endorsed by EPIA's airlines at the AAAC meeting held on November 18, 2003. At this meeting, it was once again made clear that EPIA does not charge airlines capital costs above \$114,000 in our rate base, and that EPIA historically maintains some of the lowest landing fees in the Southwest. The source of this financial ability is our existing industrial, commercial and hotel developments.

As background information, a number of facts are relevant. Perhaps the most significant is **EPIA's 25-year history of successful economic development**. Currently, the Airport has over 1,000 acres in mature commercial and industrial development. This development includes the successful Butterfield Trail Industrial Park (600 acres), which went from concept to full occupancy in less than 25 years. Also included are six hotels constructed since 1980 that comprise over 12% of El Paso's hotel room inventory. These developments have allowed the Airport the financial means to construct the United States-Mexico border's largest and most modern Air Cargo Center. This development, with a total cost approaching \$60 million was constructed without debt service, and was paid for with revenues from the Airport's Enterprise Fund. The roadways associated with this development, as well as the core Air Cargo functions, are now positioned to serve as the infrastructure to support additional commercial and industrial development. This, in turn, will add additional financial strength to the Airport's Enterprise Fund, benefiting our air carriers, aviation tenants and terminal users.

The Department of Aviation, in anticipation of the planned development, has initiated the following:

- 1) Master Plan Update – EPIA is in the process of soliciting Requests for Proposals for an update to the 1998 Master Plan. Consultants' RFPs are due to the City of El Paso on January 14, 2004.
- 2) Engineering Consulting Services – The City of El Paso is also in the process of selecting an Engineering firm to provide support as needed for development issues.
- 3) Golf Course Design Team – The City of El Paso is also in the process of selecting a design team to integrate a golf course into the proposed development.

In short, by March 2004, we will have a comprehensive team with all the required resources to begin the actual development phase. We understand the need to have this development fully integrated into the Master Plan process, with aviation needs being the prime driver.

It should be noted, however, that our vision for industrial/commercial development is that it be complementary and linked to our Air Cargo Center. Today, with Mexico as the #1 trading partner of the United States, and with over one-third of Mexico's maquila manufacturing in our trade area, El Paso's air cargo plays a major role in supporting the just-in-time nature of this activity. The prime location adjacent to these modern air cargo facilities has a distinct and discrete value as a result of recent investments in air cargo infrastructure. We would now like to fully capitalize on our earlier investment.

We have been focused on and working toward this development for a number of years and view it as a proactive measure to increase future Airport revenues. **Operating a safe Airport remains our number one priority. Additionally, maintaining and developing aviation facilities is the prime driver in Airport management decision-making as related to capital improvement projects.** Our industrial/commercial revenue base allows us a greater fiscal flexibility in making aviation-related improvements.

Also included within this package is a retouched photo showing an illustrative version of our proposed development. We look forward to refining our work and making a presentation to your office in early January 2004 for the required approval by the Federal Aviation Administration, subject to the Master Plan process and inclusion in our approved Airport Layout Plan.