

COUNTY AIRPORT INFRASTRUCTURE INVESTMENTS:

Helping Economic
Development Take Flight



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INTRODUCTION

Counties play a critical role in ensuring safe, efficient and resilient transportation infrastructure across the U.S., investing more than \$100 billion annually to build and maintain public infrastructure. In addition to being responsible for 45 percent of public roads and 40 percent of bridges, counties are involved in the operations of 30 percent of public airports throughout the country.

Through investments in these airports and related infrastructure, county governments play a critical role in projects that foster economic growth across America. Strategic investments in airport infrastructure support economic competitiveness, grow businesses locally and nationally, promote multimodal connections, enhance industry sectors and the innovation economy, improve passenger travel and foster creative partnerships among public agencies and private firms at the local, regional and national levels.

Such investments include expanding runways, increasing access to airports through roadway improvements and providing commercial, industrial and research space to enhance business opportunities at airports. The four case studies in this report demonstrate how counties can take action to improve their local and regional economies through investments in county-owned airport infrastructure, working in partnership with state and federal transportation and economic development agencies to drive new opportunities for growth.



GALLATIN COUNTY, MONT.

Gallatin County, Mont., is home to 97,000 residents and the Bozeman Yellowstone International Airport, located in Belgrade.¹ One of the state's largest airports, it is the only one that operates year-round as a gateway for Yellowstone National Park, and also provides access to nearby Big Sky Resort, Montana State University and the business centers in Bozeman, Belgrade and Livingston. Economic activity at the airport resulting from tourism and business operations is critical for supporting the county and local communities. With nearly 3.5 million visitors per year, on any given day the county could have nearly three times as many visitors as residents.

Over the last few decades, the airport has seen an increase in the number of flights and passengers it handles, particularly due to an increase in tourists using the airport's proximity to Yellowstone National Park. In 2013, it became the busiest airport in the state, and in 2014 it supported a record 966,964 passengers, a 9.3 percent increase in passenger travel from just the year before.² With this record-setting growth, Gallatin County, the Airport Authority and Belgrade recognized they needed to make infrastructure improvements to facilitate issues associated with the influx of traffic.

Larry Watson, the Grants Administrator for the county, noted a multimodal solution was needed to improve traffic congestion and safety. Local roads were experiencing wear from increased traffic; there was no grade separation for the freight rail crossing in front of the airport; and trains on the track had the potential to delay emergency personnel response time.

Given the importance of the airport, Gallatin County, Belgrade and the Airport Authority realized that a new interchange connecting I-90 to the

Yellowstone International Airport would greatly improve access, reduce traffic and improve public safety. A combination of \$2 million from the county, \$2 million from Belgrade, \$2 million plus land easements worth an additional \$3 million from the Airport Authority and \$5 million from Montana Rail Link was used to fund the \$35 million dollar project, as well as state and federal funding. Critical to the project was \$8.9 million in grant funding Gallatin County received in 2012 from the U.S. Department of Transportation's Transportation Investment Generating Economic Recovery (TIGER) grant program. The Montana Department of Transportation funded the remainder of the project with money from their federal highway funds.

The county broke ground on the project, one of its top priorities, in 2013.³ When completed later in 2015, the new bypass roadway between the airport and the north side of Belgrade will reduce wear on local roads by shifting traffic to the interstate, with an added benefit of reducing greenhouse gas emissions. Two underpasses will eliminate at-grade rail crossings that will improve public safety by improving access for first responders, and roundabouts replacing four-way intersections will improve traffic flow and reduce congestion.

Once these infrastructure improvements are in place, Gallatin County, Belgrade and the Airport Authority leaders expect to see a number of economic benefits. With traffic flowing more efficiently from the airport to nearby Yellowstone National Park and Big Sky, they anticipate the flow of goods and people to increase, which increases the economic competitiveness of the region. As Brian Sprenger, the manager of the Yellowstone International Airport, noted, the infrastructure improvements provide much better accessibility.

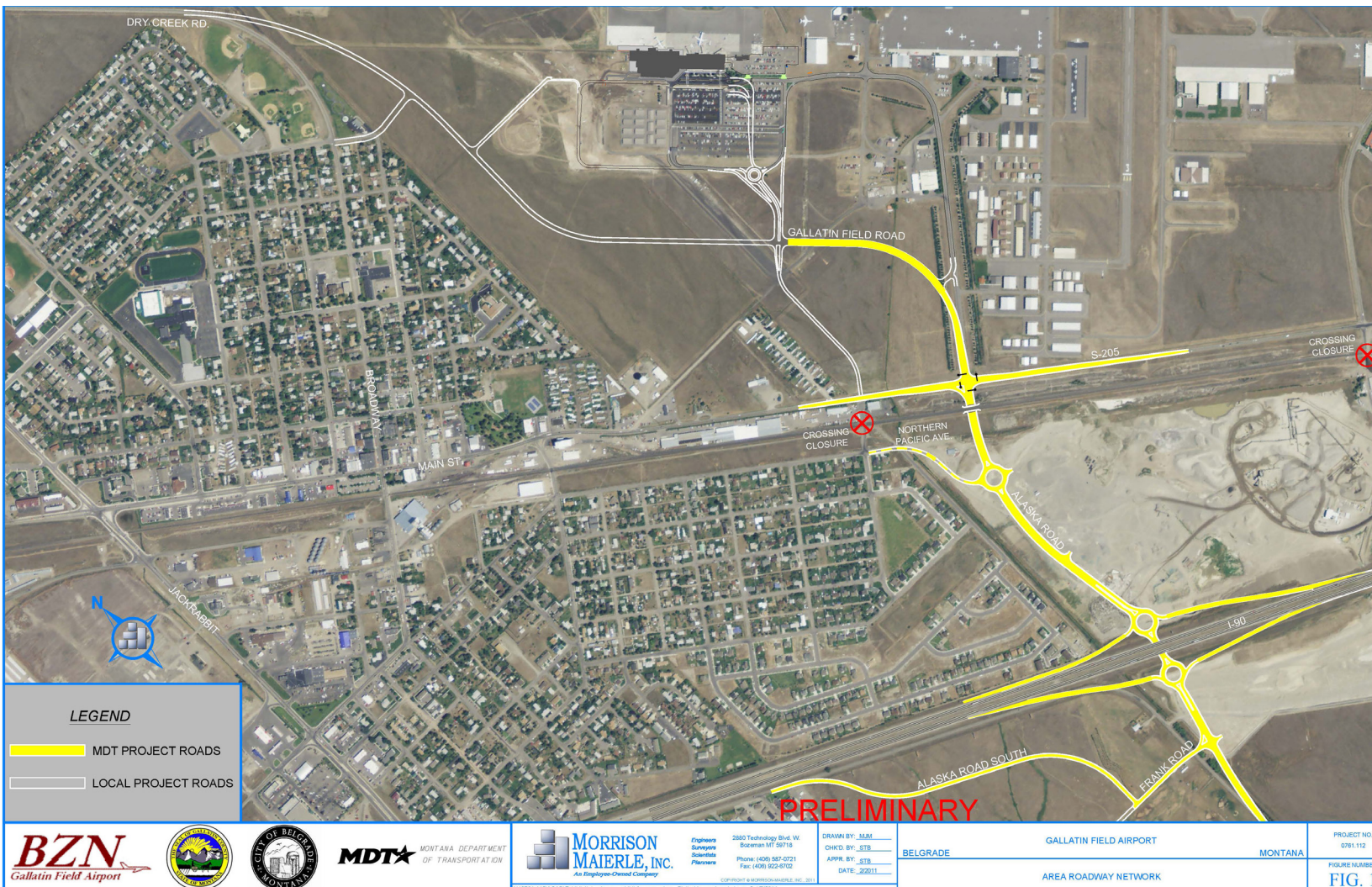
Being one of the fastest growing airports in the region, this accessibility will expand opportunities for new airport-related businesses and services, as well as improved access for customers. Gallatin County and Belgrade, he points out, can also look forward to new potential commercial corridors along the interchange, particularly retail and hotel uses that cater towards the tourism industry.

The coordinated effort of Gallatin County, Belgrade and the Airport Authority for the I-90 interchange project can be used as a model for other counties looking to improve local airport-related infrastructure. Through this successful collaboration to make improvements to better handle growth in tourism and airport traffic, these partners contributed nearly 20 percent of the needed funds and managed to secure TIGER

funding that was critical for the project to move forward. The coordinated effort of the county, city and airport authority to address the needs of their community and their mutual interests will greatly benefit county residents, the local business community and millions of tourists for years to come.

“THE INFRASTRUCTURE IMPROVEMENTS WILL PROVIDE BETTER ACCESSIBILITY AND EXPAND OPPORTUNITIES FOR NEW AIRPORT-RELATED BUSINESSES AND SERVICES.

The new airport interchange will provide the needed infrastructure for Gallatin County to address the influx of airport traffic. Source: Montana Department of Transportation



HOLMES, JACKSON AND WASHINGTON COUNTIES, FLA.

Holmes, Jackson and Washington counties—located in northwestern Florida with a combined population of about 93,000—jointly own Tri-County Airport.⁴ The airport is located in Holmes County near the city of Bonifay and is operated by the Tri-County Airport Authority, whose 15-member governing board is composed of five representatives from each of the three counties. The 75-year-old, 300-acre airport has one 4,000-foot runway which can accommodate multi-engine airplanes.⁵ The airport supports activities varying from recreational flying and flight training to agricultural purposes like spraying and fertilizing crops. Camelot Aviation provides flight instruction

to local pilots-in-training, and is the airport's only permanent tenant.⁶ The airport also provides space for rental car companies and other flight instructors.

Aviation is a major economic driver in Florida. It provides 1.1 million jobs state-wide, and represents 15 percent of the state's gross state product.⁷ The Tri-County Airport currently provides 34 jobs, generates \$1.2 million in direct impacts, \$418,000 in indirect impacts and produces more than \$3 million in total economic activity for the region.⁸ County leaders recognize that improving the airport can directly improve their economy.

The Tri-County Airport contributes to the local economy by supporting both recreational flying and agricultural businesses. *Source: flickr user D. Miller*



Holmes, Jackson and Washington counties have recently embarked on several improvement projects as part of an effort to expand the Tri-County Airport's operations and economic activity over the next 10 years.⁹ The county has received several funding awards from the U.S. Department of Transportation over the past few years to fund these projects, such as a 2014 \$470,444 grant from the Federal Aviation Administration which enabled Tri-County Airport to build a new taxiway.¹⁰ Grant funds have also enabled the airport to add several hangars, bringing the airport's total to 32 hangars, including three for commercial use. Funding from the Florida Department of Transportation is also enabling an ongoing project at Tri-County: lengthening the runway from 4,000 feet to 5,400 feet, expanding fuel service capabilities and improving security lighting.¹¹ The runway expansion, which will be finished in 2015, will allow the airport to accommodate larger planes and will open up the possibility of commercial passenger aircraft servicing the airport.

The counties' leaders believe that making the airport accessible to larger planes will help stimulate economic activity in the region. Ed Bowers, the Airport Manager, explained that the airport raises funds by renting out these hangars to companies as well as private plane owners, and because hangar rental fees are one of the airport's main sources of funding, the additional hangars are critical for supporting the airport's

continued operation. Currently the airport is used to house 27 planes, and airport officials hope that a longer runway and more hangar space will draw business from more private jet owners. In addition to expanding the runway, the airport authority has plans to transform a parcel of currently unused land into an industrial space with its own taxiway, and is also aiming to build a new factory or warehouse in the space. Local leaders hope that the airport improvements will attract various businesses that can provide new local jobs in a region with few economic opportunities.

The improvements at Tri-County Airport are part of a larger vision to bolster the region's transportation infrastructure in order to increase economic activity. Enhancing the airport's facilities will be attractive to businesses who can locate nearby and benefit from access to shipping and communication. The Airport Authority has worked closely with the local economic development commission and made efforts to publicize the airport improvements, meeting with groups like the Experimental Aircraft Association in order to raise momentum for the airport projects with the goal of ultimately bring much-needed jobs to the area. Improving the airport's runway and building up an airport-adjacent industrial space are important components of Holmes, Jackson and Washington counties' long-term plans for economic growth based in strong transportation infrastructure.

“ THE IMPROVEMENTS AT TRI-COUNTY AIRPORT ARE PART OF A LARGER VISION TO BOLSTER THE REGION'S TRANSPORTATION INFRASTRUCTURE IN ORDER TO INCREASE ECONOMIC ACTIVITY.



PORTER COUNTY, IND.



DURING THE RECENT PERIOD OF ECONOMIC DOWNTURN AND CONSTRAINT, I BELIEVE THAT PORTER COUNTY AND THE PORTER COUNTY REGIONAL AIRPORT HAVE INVESTED GOOD TIME AND RESOURCES TO ENSURE THAT THEY ARE POISED TO MEET THE DEMANDS FOR ECONOMIC DEVELOPMENT AND JOB OPPORTUNITIES NOW, AND INTO THE FUTURE.

KYLE KUEBLER, DIRECTOR, PORTER COUNTY REGIONAL AIRPORT

Porter County, Ind. has a population of around 166,600 and is located about 50 miles southeast of Chicago.¹² The Porter County Regional Airport, built in 1949, serves as an important corporate airport for the Midwest region. The airport is managed by the Porter County Airport Authority Board; the four board members are appointed by Porter County's commissioners, and according to Indiana law, are two Republicans and two Democrats. The authority is able to generate 60 percent of its funding through revenue from airport operations, with the remaining 40 percent coming from a tax the Authority levied.

The airport's two runways facilitate around 70,000 flights per year, and the airport is also home to three flight schools. At 7,000 feet, the main runway is longer than the runways at Chicago's Midway International Airport, which has allowed it to support mostly corporate and industrial uses, as well as VIP operations—between 2012 and 2014, Air Force 2 used the airport on five separate occasions to support travel for Vice President Joe Biden.

Throughout its history, the airport has provided critical service to regional businesses and operations. In the 1960s, the airport doubled

the length of its main runway from 3,000 to 6,000 feet to support the needs of Bethlehem Steel, which needed a long runway that could sustain heavy planes to transport goods between the Porter County region and Allentown, Pa. It was subsequently extended another 1,000 feet to support even more traffic, and was twice rehabilitated in 1983 and 1999 to fix cracking and other structural issues.

Despite the past rehabilitation efforts, the runway's pavement condition has continued to deteriorate. To address this, later this summer, the main 7,000-foot runway will be completely reconstructed and repaved, keeping it a viable and safe asset for air transportation. Additionally, the airport's other runway, currently at 4,000 feet, will be lengthened by 1,000 feet. The \$12.5 million project will begin in summer 2015 and last through 2016. The Federal Aviation Administration will provide 90 percent of the funding, with the state and the Airport Authority splitting the cost of the remaining 10 percent.

The runway rehabilitation and extension support the county's larger development goals. In 2013, Porter County, the Airport Authority, and

the City of Valparaiso partnered for a study to examine the long-range goals for the airport and the surrounding area. *In Plane View* outlines “the vision for future land uses, infrastructure investments, and economic development initiatives” for a 15-square mile area around the airport, focusing on how to best support 400-500 acres of future shovel-ready development.¹³ Local leaders hope future development will attract more businesses to existing industrial parks near the airport, and also expect that the plan will enable the county and city to respond more efficiently when new industries want to locate in the area.

In particular, local leaders and planning authorities want to take advantage of the airport’s connection to multiple modes of transportation. The 7,000-foot runway means that large cargo planes can fly

goods in and out of the region. The airport is also only 20 minutes to a deepwater port system, easily provides access to the interstate highway system and is connected to three rail lines—all providing further channels for the distribution of goods.

Kyle Kuebler, the airport’s Director, is optimistic about the continual role the airport will play in supporting the region’s economic growth: “During the recent period of economic downturn and constraint, I believe that Porter County and the Porter County Regional Airport have invested good time and resources to ensure that they are poised to meet the demands for economic development and job opportunities now, and into the future.”

Infrastructure upgrades have enabled the Porter County Regional Airport to support corporate and industrial customers, as well as Air Force 2 operations.
Source: Porter County Airport Authority





Klickitat County, Wash.

“WE’VE IDENTIFIED THIS REGION AS A FOCUS FOR ECONOMIC DEVELOPMENT, BECAUSE IT IS THE SINGLE LARGEST BLOCK OF UNDEVELOPED LAND WITH INFRASTRUCTURE IN PLACE. THE AREA HAS A BRIGHT FUTURE, AND WE WANT TO BE THE DRIVER OF THAT.

*HON. DAVID SAUTER, COMMISSIONER,
Klickitat County, Wash.*

Klickitat County, Wash.—located in the southern portion of the state, with a population of approximately 20,000—co-owns the Columbia Gorge Regional Airport with The Dalles, a city just over the Oregon border.¹⁴ The bi-state regional ownership of the airport is uncommon. During World War II, the U.S. Army Corps of Engineers had built a landing strip as an emergency landing area for mid-sized bombers. The Dalles took ownership in 1941, but by the 1990s was struggling to financially sustain the airport. In 2000, Klickitat County stepped in and agreed to take co-ownership, splitting the operational costs with The Dalles and keeping the airport in operation.

With this new ownership in place, the county and The Dalles created a governance board to direct airport operations and development, composed of board members with a background in either aviation or business development to coordinate infrastructure and economic development investments at the airport. The seven-member board is made up of three appointees from Klickitat County, three from The Dalles and one-at large member that the other six board members appoint.

Today, the Columbia Gorge Regional Airport is classified as a general aviation airport. While it provides no regularly scheduled passenger flights, its two runways serve local businesses, including manufacturers that house private jets in the airport’s hangars, as well as spray planes for the local agricultural industry. The airport’s operational budget is about \$200,000, and the airport earns revenue through rental fees for 51 hangars, the sale of aviation fuel and parking spaces.¹⁵ The airport also leases land to a nearby hospital and private aerospace firms.

In the early 2000s, Klickitat County and The Dalles identified the Columbia Gorge Regional Airport as a regional asset which could leverage new economic development opportunities. With aerospace and tech firms such as Insitu (which builds unmanned aerial vehicles), American Aerospace Engineering and Google located nearby, improvements to the airport infrastructure would better serve these firms’ travel needs and help to attract new businesses.

In 2007, the governance board began planning a new 35-acre business park to spur new economic development in the region. Having securing \$1.5 million in funding—comprising a \$500,000 grant from the State of Washington’s Community Economic Revitalization Board (CERB), a \$500,000 loan from CERB, a \$180,000 grant from Klickitat County’s Landfill Gas Improvement Fund and a \$320,000 loan from the county’s cumulative reserve—the board broke ground for the first phase of the project in 2013. By June 2014, they had completed setting up the infrastructure to support the first phase of 17 lots. These lots are now “shovel ready” for companies to develop on, with connections to water, sewer, electricity and high-

speed Internet utilities, aimed at serving aviation companies and light manufacturing firms, which represent economic clusters in the Columbia Gorge region.¹⁶ The county hopes to eventually develop 55 lots in total at the business park.

In addition to the new business park, the county and The Dalles are also building a new flex-space center at the airport. At a cost of around \$1.7 million, the project is funded by a \$500,000 grant from the U.S. Economic Development Administration, \$250,000 from Klickitat County's infrastructure fund, and the remainder from a general obligation bond from The Dalles. The flex-space will provide 15,000 square feet of flexible manufacturing and business space. Life Flight, which provides air ambulance and medical services, will anchor the flex-space, using it as its base for regional operations and occupying just under half of the flex-facility.¹⁷

To provide service for the new opportunities at the business park, Klickitat County and The Dalles needed to repair the existing runways. With \$4 million from the Federal Aviation Administration and \$3.5 million from Oregon Department of Transportation's ConnectOregon program, the

airport strengthened the main runway in 2012 to accommodate the increased weight from heavier planes. It is now capable of handling aircraft weighing upwards of 70,000 pounds – more than five times its previous capacity of 12,000 pounds.¹⁸ The runway was also lengthened to 5,097 feet.

With the new business park, flexible office and manufacturing space and improved runway, the Columbia Gorge Regional Airport is poised to be the driver of economic development in the Columbia Gorge area. Klickitat County is demonstrating that regional partnerships and strategic growth can provide new opportunities for business development and job creation. As Klickitat County Commissioner David Sauter, who also sits on the airport's governance board, notes: "Perseverance pays off. We started the airport redevelopment in 2007, but didn't break ground with the signature piece, the business development part, until 2013. Some folks in the community lost heart that we'd get it done, but perseverance pays off. We've identified this region as a focus for economic development, because it is the single largest block of undeveloped land with infrastructure in place. The area has a bright future, and we want to be the driver of that."

Leaders in Klickitat County, Wash., have developed partnerships and leveraged multiple funding sources to create new development opportunities around the Columbia Gorge Regional Airport to propel the regional economy forward. *Source: Washington State Department of Transportation*





FUNDING OPPORTUNITIES

Funding Opportunities

Investments in new infrastructure and upgrades to existing infrastructure can run into the millions of dollars. By partnering with public agencies and leveraging private sources of capital, counties can build strong partnerships to achieve regional and national economic goals. Federal resources mentioned in this report include:

- Transportation Investment Generating Economic Recovery (TIGER) grants from the U.S. Department of Transportation:
www.transportation.gov/tiger;
- Airport Improvement Program grants from the Federal Aviation Administration:
www.faa.gov/airports/aip/; and
- Economic development grants from the U.S. Economic Development Administration:
www.eda.gov/funding-opportunities/



CONCLUSION

Being involved in 30 percent of public airport operations, counties play a pivotal role in linking airport infrastructure investments with regional economic growth. By collaborating with federal and state agencies, local municipalities and area businesses, counties can leverage needed airport investments with local economic development priorities. For example, runway improvements can enable larger passenger and cargo planes to transport travelers and goods. Development and expansion of industrial and businesses centers co-located at airports can create jobs and promote regional business growth. Road projects can improve access for tourists and businesses. Through strategic investments in airport infrastructure such as these, counties foster economic competitiveness and improve economic resilience both locally and nationally.



ENDNOTES

¹ "Gallatin County, Montana." United States Census Bureau, <http://quickfacts.census.gov/qfd/states/30/30031.html>

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³ Katherine Mozzone. "County Secures Grant for I-20 Interchange." NBC Montana, 20 Jun 2012. www.nbcmontana.com/news/County-secures-grant-for-I-90-interchange/15181424

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⁵ "The Economic Impact of Tri-County Airport." Florida Department of Transportation, www.dot.state.fl.us/Aviation/pdfs/Tri-County.pdf

⁶ Ibid.

⁷ Ibid.

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¹³ "In Plane View: A Clear Vision for the Future." City of Valparaiso, www.ci.valparaiso.in.us/DocumentCenter/View/2373

¹⁴ "Columbia Gorge Airport." Columbia Gorge Regional Airport. www.columbiagorgeairport.com/

¹⁵ "RaeLynn Ricarte. "An Air of Industry." The Dalles Chronicle, 07 Dec 2013. www.thedalleschronicle.com/news/2013/dec/07/air-industry/

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¹⁷ Andrew Christiansen. "Dallesport Airport Moves Ahead With Life Flight." The Goldendale Sentinel, 25 Jun 2014. www.goldendalesentinel.com/story/2014/06/25/news/dallesport-airport-moves-ahead-with-life-flight/4344.html

¹⁸ "RaeLynn Ricarte. "An Air of Industry." The Dalles Chronicle, 07 Dec 2013. www.thedalleschronicle.com/news/2013/dec/07/air-industry/

ABOUT

ABOUT THE NATIONAL ASSOCIATION OF COUNTIES

The National Association of Counties (NACo) unites America's 3,069 county governments. Founded in 1935, NACo brings county officials together to advocate with a collective voice on national policy, exchange ideas and build new leadership skills, pursue transformational county solutions, enrich the public's understanding of county government, and exercise exemplary leadership in public service.

ABOUT NACo'S TRANSPORTATION AND INFRASTRUCTURE INITIATIVE

Under the leadership of NACo President Riki Hokama (Council Member, Maui County, Hawaii), NACo is strengthening the capacity of county leaders to deliver transportation and infrastructure services to their communities. The Transportation and Infrastructure Initiative addresses the county role in promoting investments that support economic competitiveness, improve passenger travel, foster creative partnerships, ensure safety and enhance community quality of life. This initiative focuses on the fundamentals of today's county transportation and infrastructure needs and explores the future of America's infrastructure advancements, including broadband expansion and technology innovations. For more information about this initiative, visit www.naco.org/transportation.

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