

# Airport Action/ Business Development Plan Section Five

## *Recommendations and Next Steps*



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## 5.0 Recommendations

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### 5.1 Fiscal Overview

The City of Rockdale, Texas has initiated a comprehensive review and examination of its community airport – the H.H. Coffield Regional Airport – with potential interest to modernize and develop the facility as a community asset for economic growth.

A 2011 Texas Department of Transportation, Division of Aviation (TXDOT Aviation) economic impact study calculated that the Airport presently has an estimated annual economic contribution to the City and County of \$187,293. Community leaders have a positive desire to see that level of activity increase through an extensive capital improvement project plan.

This modernization effort was detailed in a companion Airport Development Plan which suggested multiple scenarios in 2013 that offered community leaders a range of investment to bring the Airport up to current industry regulatory compliance and safety standards. This investment will be substantial for the City.

The H.H. Coffield Regional Airport does not benefit from grant funding opportunities from the Federal Aviation Administration (FAA) due to its lack of acceptance into the FAA's National Plan of Integrated Airport Systems (NPIAS). This exclusion costs the City of Rockdale a minimum of \$150,000 annually in FAA Airport Improvement Program (AIP) grant funds.

Rockdale must fund its own improvements and make application for limited TXDOT state grants to maintain and enhance the Airport. Due to the City's limited financial resources, investment has been sporadic to maintain the Airport. TXDOT invested in a runway seal coat project approximately three years ago to maintain and extend the working life of the runway.

The City of Rockdale's ability to finance sustained investment at the airport will come down to a prioritization of its own fiscal resources and the political agendas of its City Council.

**Recommendation:** The City of Rockdale must make a financial commitment to fund capital improvement projects at the Airport to meet: 1) compliance and safety standards; 2) develop the Airport asset as an economic development for the City.

### 5.2 Tax Increment Reinvestment Zone

The State of Texas allows for the creation of a local taxing district known as a Tax Increment Reinvestment Zone (TIRZ). When approved and active, the TIRZ becomes a political subdivision of the county or local municipality where it originated. Typically, TIRZs are enacted by property owners wishing to develop blighted properties within a community but the county and municipality may hold the right to the TIRZ.

The statutes governing tax increment financing are located in Chapter 311 of the Texas Tax Code. In its current structure, TIRZs were created 50 years ago as a taxing mechanism to help local units of government redevelop blighted or underutilized areas of a community when funding shortages occurred at the federal and state levels.

A TIRZ may not simply be created without justification. In its current state, the designated zone must have a deleterious effect on the economic future of the creating body.

The zone must substantially arrest or impair the sound growth of the municipality or county creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use.

However, this does not restrict the use of TIRZs to poor areas. Among the conditions justifying creation of a TIRZ is "the predominance of defective or inadequate sidewalk or street layout," and wealthy areas may be included in a TIRZ; for example, Uptown Houston is a TIRZ.

A county may not create a TIRZ for economic development (for example, infrastructure improvements around a new stadium), but a city may create a TIRZ for this purpose and turn the increment over to the county.

Tax increment financing may be initiated by the city council without the need for a petition. If not initiated by petition, an area may be considered for tax increment financing only if it meets at least one of the following three criteria:

1. The area's present condition must substantially impair the city's growth, retard the provision of housing, or constitute an economic or social liability to the public health, safety, morals or welfare. Further, this condition must exist because of the presence of one or more of the following conditions: a substantial number of substandard or deteriorating structures, inadequate sidewalks or street layout, faulty lot layouts, unsanitary or unsafe conditions, a tax or special assessment delinquency that exceeds the fair market value of the land; defective or unusual conditions of title, or conditions that endanger life or property by fire or other cause; or
2. The area is predominately open, and because of obsolete platting, deteriorating structures or other factors, it substantially impairs the growth of the city; or
3. The area is in or adjacent to a "federally assisted new community" as defined under Tax Code Section 311.005(b).

With regards to potential application by the City of Rockdale at the H.H. Coffield Regional Airport, the property is owned by the City and has been underutilized for years. As owner/sponsor of the Airport, the City of Rockdale is obligated regardless for financing improvements. Presently, the City is funding airport projects from its annual budget as funds are accrued and available.

An alternative to the lengthy and cumbersome process to initiate a TIRZ, and its subsequent reporting obligations, the City of Rockdale could assess a mil levy designation for the Airport much easier and accomplish a similar outcome. This mil assessment would be spread evenly across the property base and justification is the airport is a community assessment.

Many smaller communities across the nation rely on this revenue generation strategy to fund the Airport. In most cases, the community vote initially to adopt this new mil levy category and it could have a designated sunset date. Over time, the mil rate can be adjusted to fit the needs of the Airport budget which demonstrates strong fiscal management to the community.

The Airport is probably about two years away from reasonably accepting substantial business development on the property. The City should concentrate on investing in compliance and safety projects to bring the Airport closer to current compliance standards. Additionally, land must be prepared and infrastructure established to support new building and facility development.

The rate of progress will fall squarely upon what level of priority, and commitment to funding, the City of Rockdale places on the H.H. Coffield Regional Airport.

**Recommendation:** The City of Rockdale needs to establish the Airport as a development priority if it wishes to effectively compete with its regional competitors and emerge as an economic development asset for Rockdale.

In the short-term (1 -3 years), generating revenue for the Airport through a mil levy assessment is potentially the shortest path to sustained revenue for financing improvements.

In the mid and long-term ( 5 years and beyond), examining the application of Tax Increment Financing through the establishment of a Tax Increment Reinvestment Zone would be the appropriate path to leveraging emerging business development revenue at the airport.

It would also provide ample study time for the City to examine all angles of implementing a TIRZ and its impact on City and Airport finances with the end goal of developing self-sustaining revenue streams to support maintenance and growth.

## **5.1 Next Steps**

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Upon acceptance of the Airport Development Plan/Airport Layout Drawing and companion Airport Business Plan by the City of Rockdale and TXDOT, implementation of next steps in the revitalization of the Airport as an economic development tool for the City should be:

- Prioritize the top three needed airport capital improvement projects which will meet compliance and safety standards over the next three years.
- Make applications for TXDOT grants to purchase and install a new self-serve fuel system with electronic card reader, and new T-Hangars. Both of these investments have a high rate of return with the pilot community and demonstrate the vitality of an airport.
- Within the City of Rockdale’s annual budget, allocate the necessary matching funds to demonstrate interest and capacity to compete for TXDOT state grants for these improvements. If TXDOT does not issue grant funds, then the City should be prepared to fund these projects.
- Create the Airport Marketing Team and direct the Team to establish target market priorities and marketing channels within three months of formation. The highest priority market should be the recruitment of aircraft owners from the FAA database to base their aircraft at H.H. Coffield Regional Airport.
- A request from the City of Rockdale to the Municipal Development District to commit project funding over a three-year period toward supporting the Marketing Team’s budgets to promote the Airport and recruit new aviation-related businesses.
- Promote the Airport to both the community and aviation groups through an annual event to build interest in the Airport and demonstrate community support for aviation.

- Continue to use the Airport Development Plan to prioritize modernization and compliance projects, and provide the requisite City funding to accomplish these projects.
- Dedicate a City employee or contract services to an individual or firm to directly manage/promote the Airport on either a half or full-time contract. This avoids fragmentation of duties with the City Manager or Public Works Director to directly manage the Airport asset.

Of all the airports in this region, the H.H. Coffield Regional Airport has the greatest potential to emerge as a significant player in service delivery and facilities to the aviation community. The greatest challenge to the Airport's development is garnering the necessary local and political support to follow through on the outcomes generated from the Airport Development Plan and Airport Business along with committing the requisite funds to modernized and enhance this community asset.