

Port of Port Orford
Port Orford,
Oregon, USA



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**Port of Port Orford
Cape Blanco
Airport**

A. Purpose

Ports of Port Orford and Bandon have expressed early interest in working together to re-develop Cape Blanco Airport as a regional transportation and business asset. To get a better picture of where this may lead and to inspire critical thinking, this discussion paper offers a preliminary situation assessment, ideas on where the concept may lead, and suggestions for getting there.

B. Situation Assessment—Where are we now?

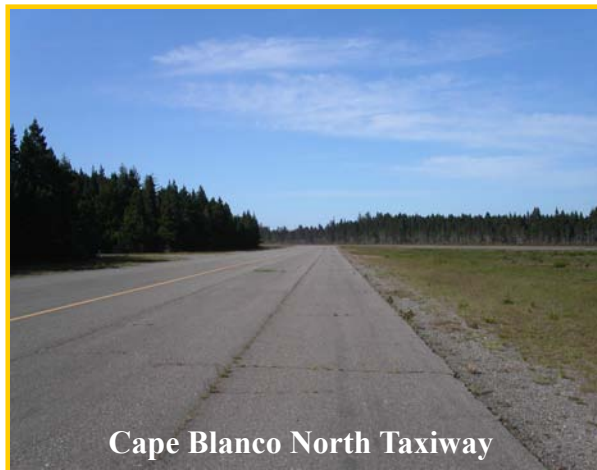
1. Cape Blanco Airport

Cape Blanco Airport is owned by the State of Oregon Aviation Department and located in North Curry County near Denmark, OR. The airport is not currently within the Port of Port Orford Port District.

The 164-acre airport has a single asphalt runway that is among the longest (5,100 feet) and highest load bearing (340,000 pounds double tandem weight) along the Oregon coast.

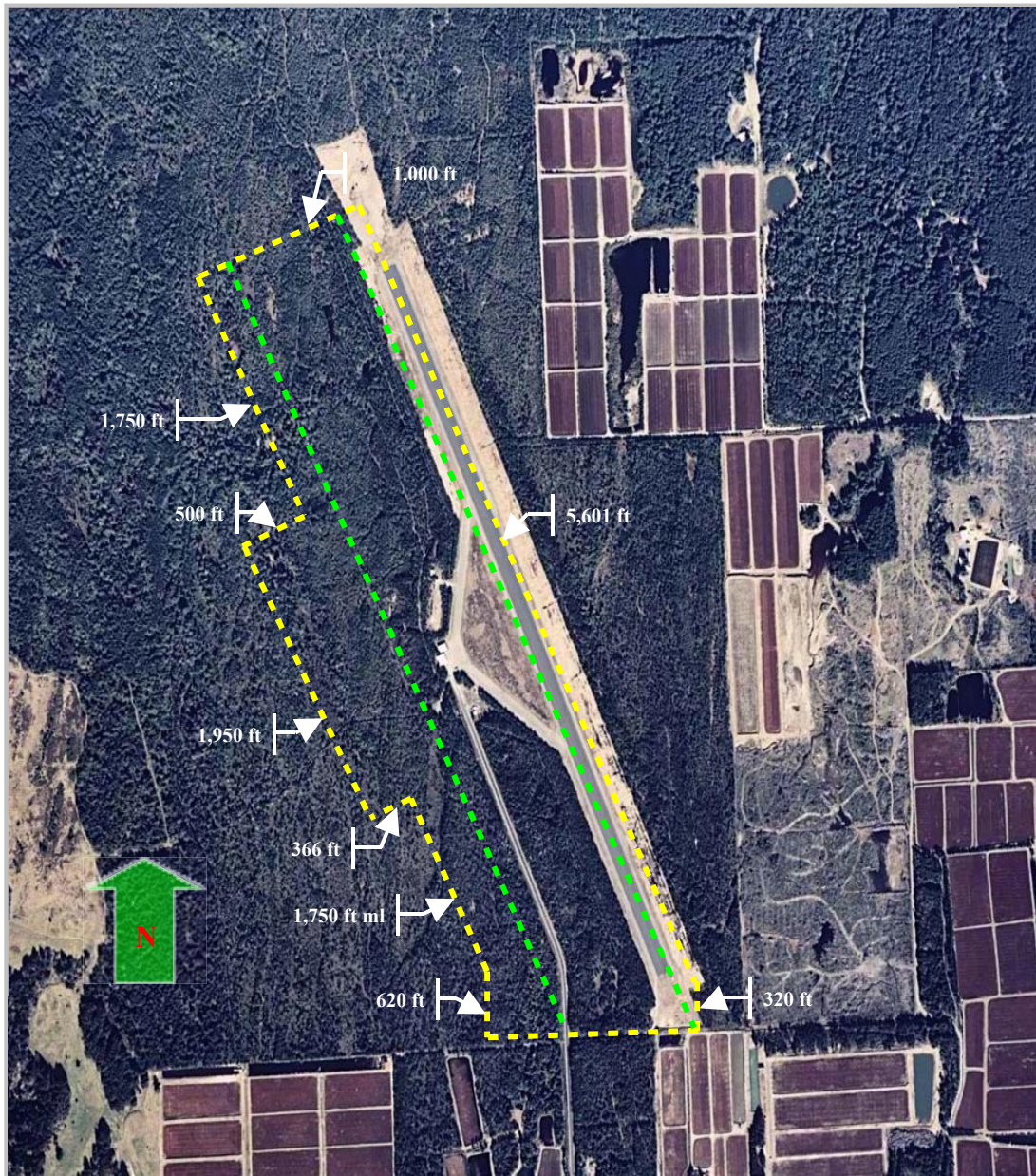


By comparison, nearby North Bend-Coos Bay Airport has a longer runway (5,321 feet) but with a lower load bearing capacity (190,000 pounds double tandem weight). North Bend Airport's heavy runway (335,000 pounds double tandem weight) is shorter (4,586 feet).



Cape Blanco Airport is a base for five (5) single piston engine aircraft and has 600-700 general aviation flight operations each year. The airport is unattended, has no airside services, and has no instrument landing aids. At Cape Blanco Airport, a small amount of revenue is produced by ground leases for owner-constructed aircraft hanger facilities. Fuel surcharges can be a large revenue producer; however fuel is not dispensed here.

2. Property Arrangement



No.	Description	Width	Length	SF	Acres
1	Airport Property by Curry County	Various	5,900	7,056,720	162
2	Runway	150	5,100	765,000	17.6
3	Runway Safety Area	300	5,600	1,680,000	38.6
4	Obstacle Free Area	800	5,600	4,480,000	102.8
5	Taxiways, Triangle Outside 4	300	500	75,000	1.7
6	Limited Access Area, East	100	5,600	560,000	12.9
7	Road Accessible Area, West	Area 1- Area (4+5+6)		1,941,720	44.6

3. General Aviation Airports

Typically, individual hanger ground leases are long-term with provisions for incremental increases at predetermined intervals. Lease payments are small—just hundreds of dollars per year.

Because airside ground leases are so cheap, across the state system many hangers are used as businesses and residences. This results in entrenched users and a hodge-podge of construction, maintenance, and appearance.

Like Cape Blanco, general aviation airports in Oregon do not generate enough revenue to pay for operating and maintenance expenses. No landing fees are charged. Success relies on serial tax levy support. In the current climate, voter approval may be difficult.

Capital improvements are subsidized largely (60-75%) by the federal government (AIP-Airport Improvement Program, AIR21-Aviation Investment Fund) and to a lesser degree by the state (\$10,000 grants). These funds are subject to unpredictable renewal legislation and budgets. Low interest loans are provided through a state revolving fund and repayment is backed by resulting airside business and hangar lease revenues.

No subsidies are available for maintenance—like public marinas, maintenance is allowed to accumulate until it becomes a subsidized replacement necessity. The airport owner is expected to provide a modest level of matching funds for these improvements. The taxpayer-voter, through the serial bond measure process, is the usual source of matching funds.

Funding arrangements require that the airport be a financially separate and a distinct accounting entity. In the case of North Bend/Coos Bay Airport, this takes the form of a separate airport district with its own elected governing Board, management, and budget. The City of North Bend owns the airport property and the Port of Coos Bay provides maintenance services.

4. Accumulated Pavement and Perimeter Fence Maintenance

Airports are all about pavement and perimeter fences. Because there is no federal government funding support for airport maintenance, there tends to be large amounts of accumulated pavement and perimeter fence maintenance to perform...waiting for a renewal crisis.

The Oregon Aviation Department conducts regular reviews and assessments of airport pavements. The 2002 results for Cape Blanco Airport are: 0.0% Excellent, 56.8% Very Good, 0.0% Good, 8.2% Fair, 35.0% Poor, 0.0% Very Poor, 0.0% Failed.

The Five-Year Global Maintenance and Rehabilitation Plan calls for: Reconstructing 79,000 SF, Overlaying 43,400 SF, and Fog Sealing 270,000 SF. The total projected budget for these activities through 2007 is \$901,532.80.

5. Oregon Aviation Department

The Oregon Aviation Department will entertain proposals to assume ownership of state-owned aviation assets. Since most of these airports are loss-leaders, they are motivated to remove the liability from the state portfolio.

The state's preference is to convey the airport property to another government entity, not a private company. Conveying the property requires continued use as an airport. If the asset stops being used as an airport, title automatically reverts to the state.

6. Port of Port Orford

Port of Port Orford is in the midst of financial turmoil. The Port Board has adopted a new Strategic Business Plan that charts a remedial course.

Timely management execution of defined steps for success is the Port's top priority. Until the Port's financial situation is resolved it would be imprudent for the Port to become actively involved in Cape Blanco Airport—surplus revenue is non-existent.

The Port's new strategy calls for the annexation of the tax townships between the current district boundary and the Curry-Coos County line—the area where the Cape Blanco Airport is located. This annexation requires the active assistance of Curry County Commissioners, Assessor, and Counsel. Complete annexation may take a year or more to succeed—arrival of new property tax revenues may take longer.

In the longer term, when the Port is financially upstanding and with Board approval, their participation is possible.

C. Setting a Course—Where do we want to go?

Before presenting the Cape Blanco Airport opportunity for Port Board consideration, some important staff work needs to be completed.

1. Airport Necessity & Desirability

Is this airport necessary or redundant? Is there a market for it? Is there a market for added hangers at this location? Is there a market for airside businesses at this location?

According to the *Oregon Atlas* Cape Blanco Airport is just 20 miles south of Bandon Dunes Golf, the route transits downtown Bandon. North Bend-Coos Bay Airport is about 22 miles north—a near dead heat for prime user convenience.

Bandon Dunes Golf is incredibly successful. They are now building a third 18-hole links course and multi-story hotel. This Pebble Beach-cum-St. Andrews destination resort is a logical motivation for rejuvenating Cape Blanco Airport.

It is fitting to ask Bandon Dunes business principals if they think rejuvenating the airport is a good idea.

2. Competing with North Bend-Coos Bay Airport

Is competing with a nearby airport facility necessary or desirable? What are the *political* capital requirements?

Before navigating too far along this course, it is prudent to take the measure of the relevant State and County political divisions. Without their support—particularly funding support—the idea has little chance for success.

3. Airport Business Case

Can enough lease revenue be generated for the Cape Blanco Airport to be self-sustaining or even close to it? A complete written business case should be developed for management review.

The small 164-acre facility limits future expansion. It will remain a one-runway operation unless large tracts of property are acquired for airport expansion. Without significant alteration, current road access limits revenue-producing airside development to the west side of the property.

A narrative, spreadsheet, and cash flow analysis must include estimates of operating revenues, estimated and required tax revenues, operating expenses, maintenance expenses, and capital improvement funding requirements. Assumptions should be detailed and rated for their reliability.

Capital improvements should include hangers, airside commercial buildings, roadway improvements, fuel installation, safety and fire improvements, navigation improvements, taxiway, aircraft parking, and tie-down installations.

4. Environmental Issues

Are there any environmental issues? Early in the process, an investigation should be done to determine if there are any environmental concerns or issues at the airport.

Aircraft operation and maintenance requires the use and proper disposal of many hazardous and environmentally sensitive materials. In the early years, disposal practices were lax.

D. Next Steps—How do we get there?

If the Cape Blanco Airport concept can pass the necessity, desirability, political, and financial litmus tests above, some serious consideration should be given to how the idea might be executed.

1. ORS 777 Ports and ORS 198 Special Districts

The path forward is murky. Early on, the participants will need to pay for legal opinions on how to proceed. The author of this briefing paper is not dispensing legal advice, simply experience and the results of studying relevant statutes at: <http://www.leg.state.or.us/ors/>

Oregon has a county-centric approach to Ports and Special Districts. County Boards establish district limits and authorize district creation. North Bend-Coos Bay Airport District may have been created by Coos County and its Electors (voters).

The fact that Port of Port Orford and Port of Bandon are in two different counties complicates the situation a little. There are Ports and Special Districts that encompass more than one county. Port of Portland and Metropolitan Service District (Metro) are examples. These were created by the state legislature (in the case of the Port of Portland) or district's voters (Metro).

2. Forming a New Special District

The statutes indicate that because the airport is located in Curry County, the County or the Port of Port Orford would take the lead in forming a new Special District. Both Counties' Boards would have to authorize proceeding with Special District formation. Moving forward also requires a petition signed by 100 voters and an election within the new Special District. The Counties probably bear the cost of the election.

The new Special District might encompass (overlay) the current Port of Bandon and the newly expanded Port of Port Orford district. This new taxing district could have its own elected Board or in the alternative a Board appointed from and composed of members of each Port Board.

3. Airport Ownership

The issue of asset ownership should be resolved early. Who will receive the airport from the state? There is a range of possibilities. The most sensible and equitable seems to be making the new Special District the owner.

More complicated schemes, like the one at the North Bend-Coos Bay Airport where the City of North Bend owns it and the Port maintains it, are available. For example, Salmon Harbor in Winchester Bay, OR is a Special District formed under an intergovernmental agreement between Douglas County and the Port of Umpqua. Port of Umpqua is the County's only Port district. Douglas County retains all of the equity and ownership in Salmon Harbor and the Port is used as a sponsor and as a funding vehicle for dredging and making any harbor improvements.

E. Preliminary Conclusion

More time and more effort will produce better results. The concept of rejuvenating Cape Blanco Airport is appealing. The results of some critical thinking, analysis, and completed staff work will determine if the idea has enough merit to proceed.