



Airport Land Development

LEHIGH VALLEY BUSINESS REAL ESTATE & DEVELOPMENT SYMPOSIUM

March 9, 2016

Agenda

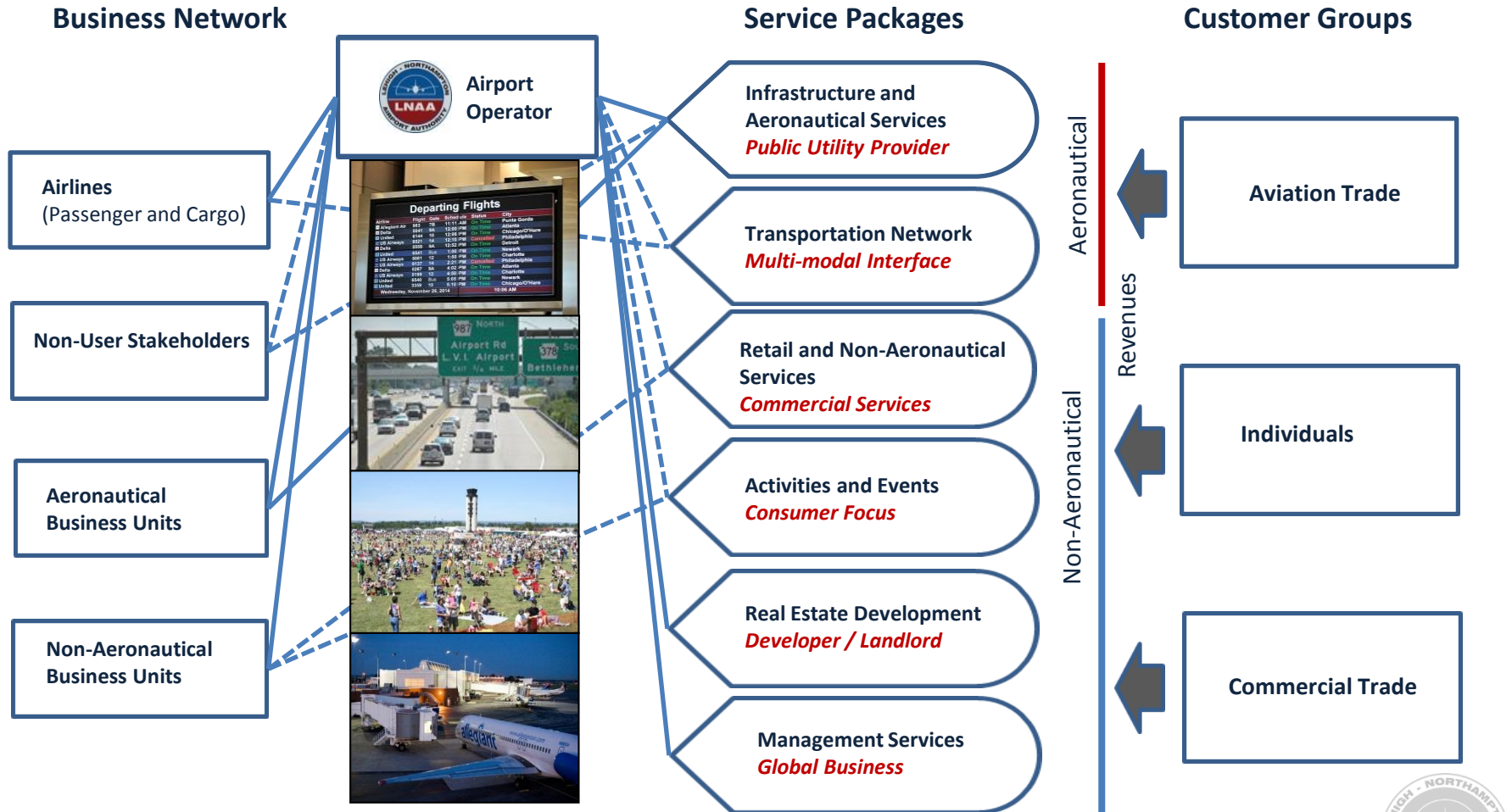
- The Airport Business
- Issues and Challenges
- Airport-Centric Development
- Project Timeline and Description
- Questions and Discussion

Executive Summary

- LVIA is the 4th largest airport in Pennsylvania.
- 4 passenger airlines and 9 non-stop destinations
- Commercial Passengers increased 10% in 2015
- Air Cargo increased 58% in 2015
- Airport system is responsible for 6,200 local jobs and generates \$528 million in direct and indirect economic impact annually.
- \$23 million annual operating revenue
- \$16.8 million (70% of invoices) spent in the Lehigh Valley on goods and services in 2015.



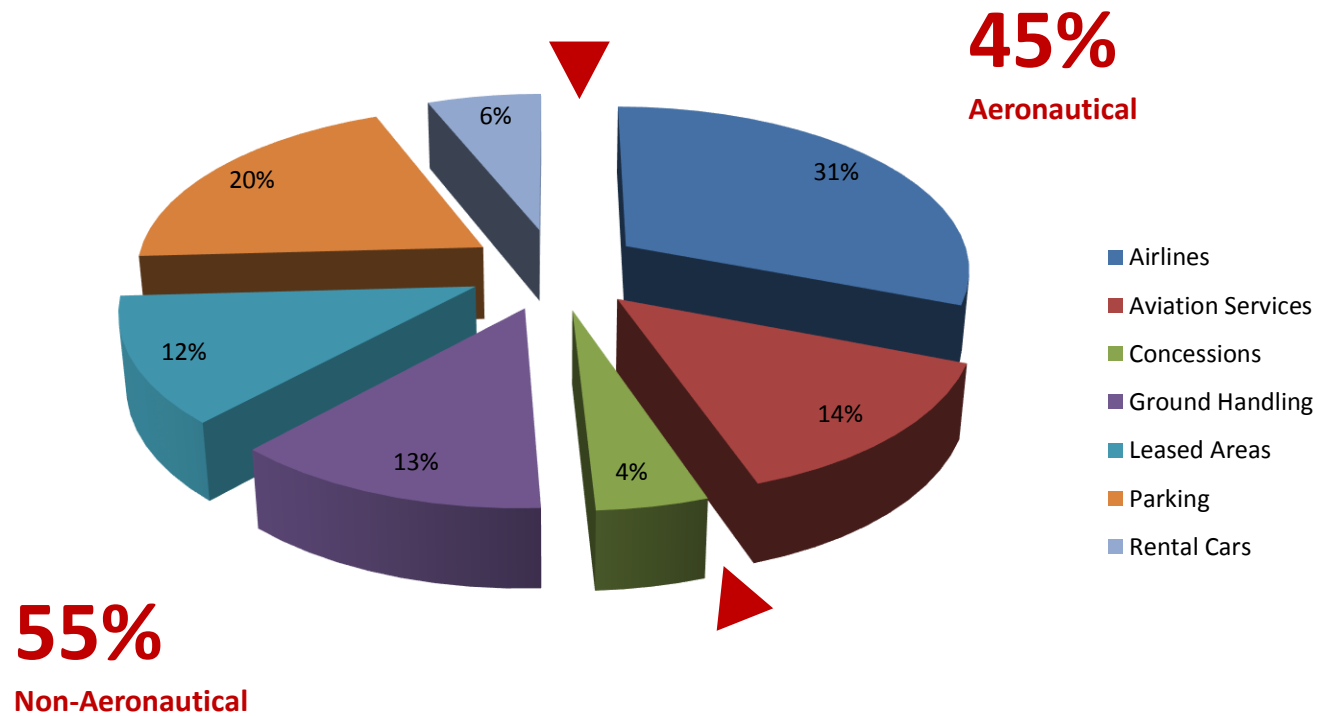
The Airport Business



Source: Lehigh Northampton Airport Authority, 2016, adapted from The Airport Business in a Competitive Environment, Edgar Jimenez et al., 2014.

Airport Revenue

Sources FY 2015 (%)

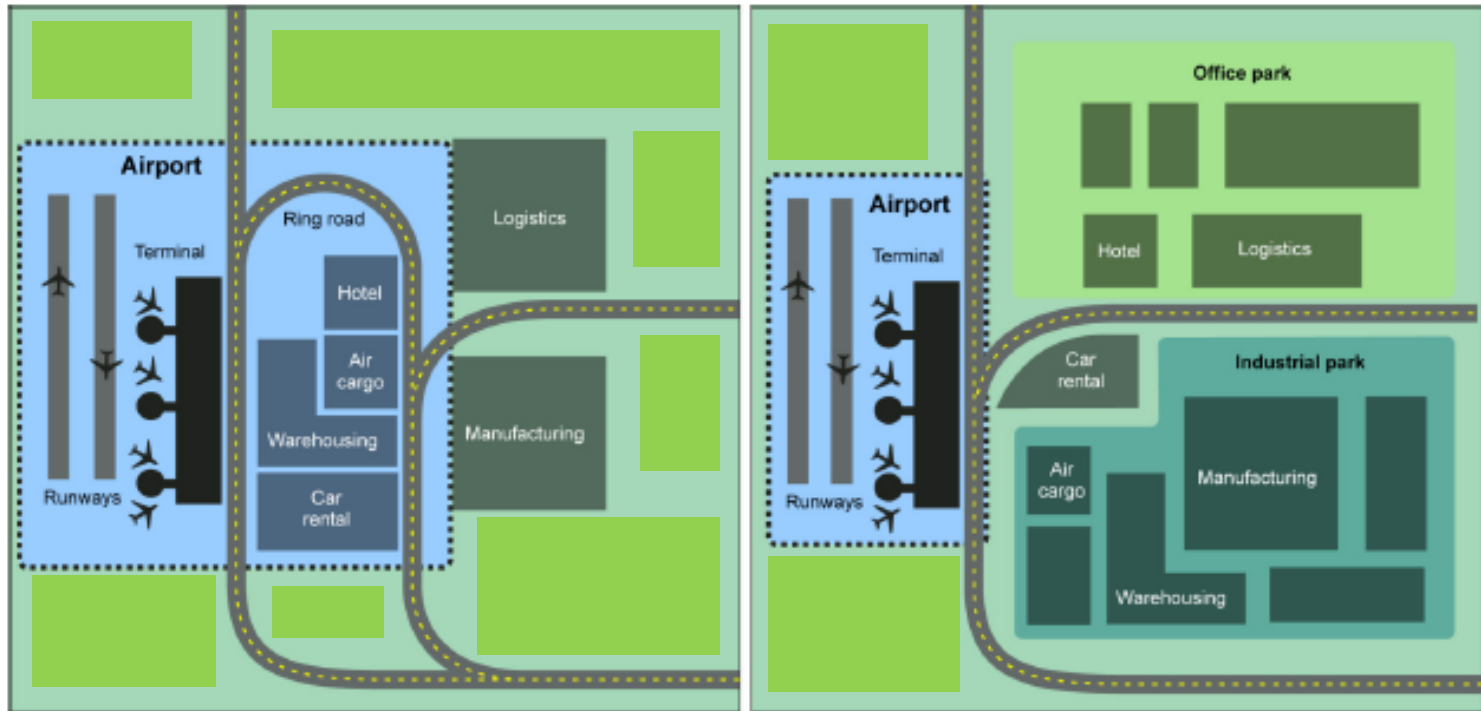


Aviation Industry Business Issues (Challenges)

- Air Service / Competition
- Shift in Focus From Market Share to Profit
- Volatile Fuel Costs
- Global Economic Crisis / US Recession
- Capacity Discipline
- Industry Consolidation
- Infrastructure



Airport Land Development

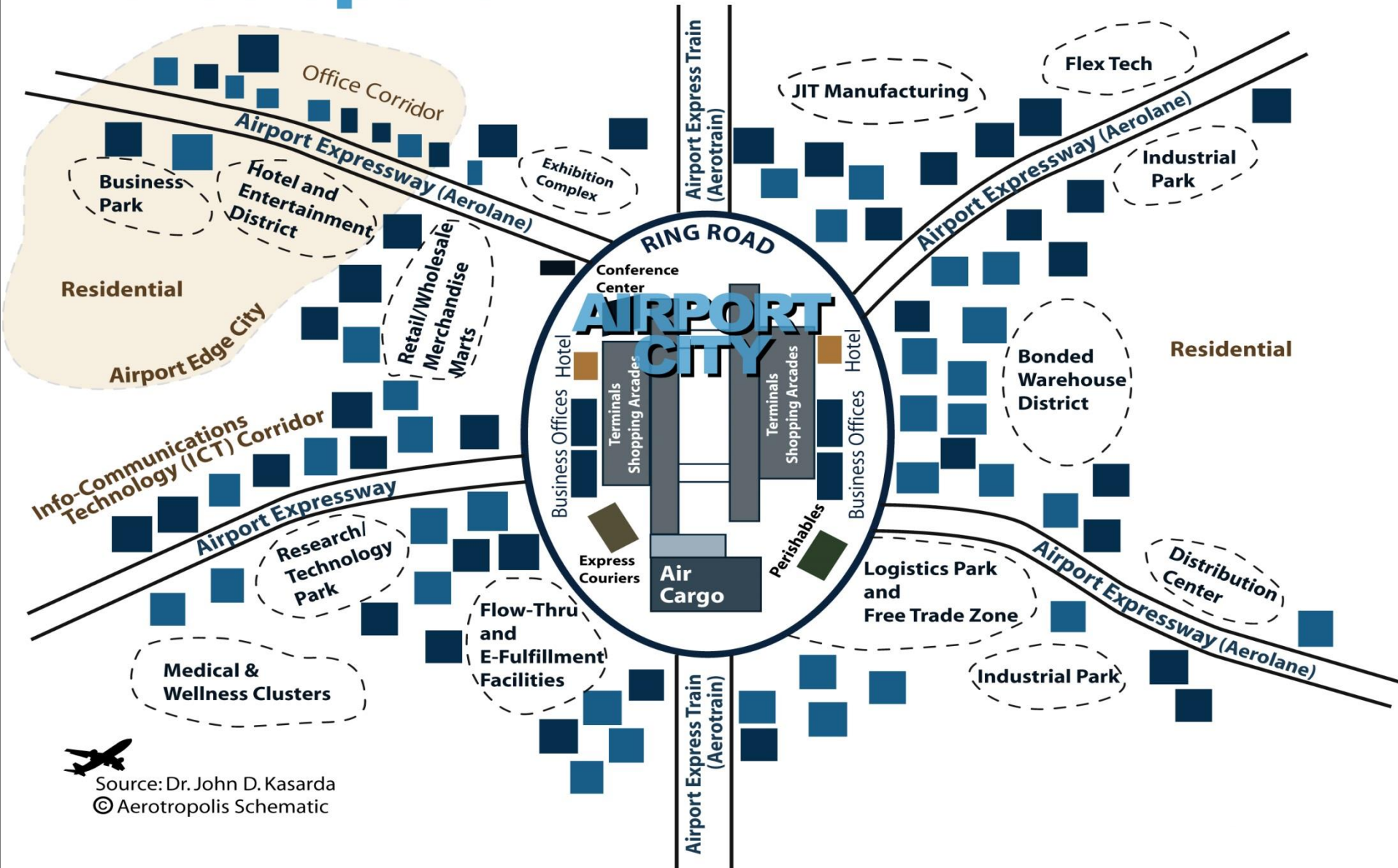


On Airport



Off Airport

Aerotropolis



Source: Dr. John D. Kasarda
© Aerotropolis Schematic

Airport-Centric Development Factors

- Evolution of the business model
- Development on the airport and land availability
- Regional development and demand
- Air and surface connectivity
- Revenue need and funding sources for development
- Site-specific commercial real estate opportunities
- Collaboration among stakeholders

Source: Adapted from Airport-Centric Development, Government Accountability Office (GAO-13-261), March 2013 and Airport Cities: The Evolution, Airport World, April-May 2013



Airport Land Development Requirements/Guidelines/Constraints

On Airport

- **Airport Master Plan/ALP**
- Airport Capital Improvement Plan
- Federal Grant Agreements and Statutes/Assurances (49 USC 47107)
- National Environmental Policy Act
- FAA Advisory Circulars (AC 150/5300-13A, Airport Design)
- FAA Form 7460-1

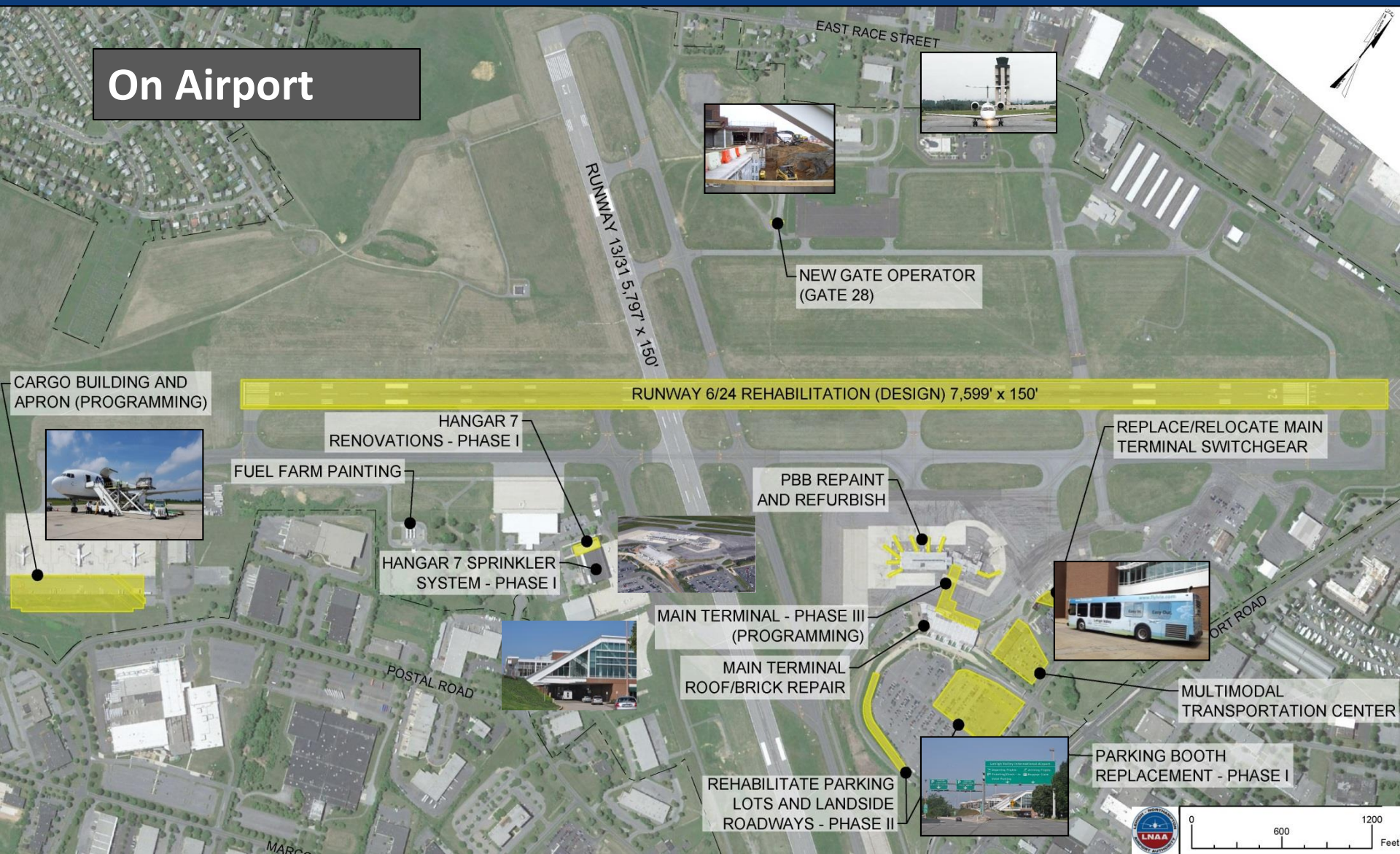


Off Airport

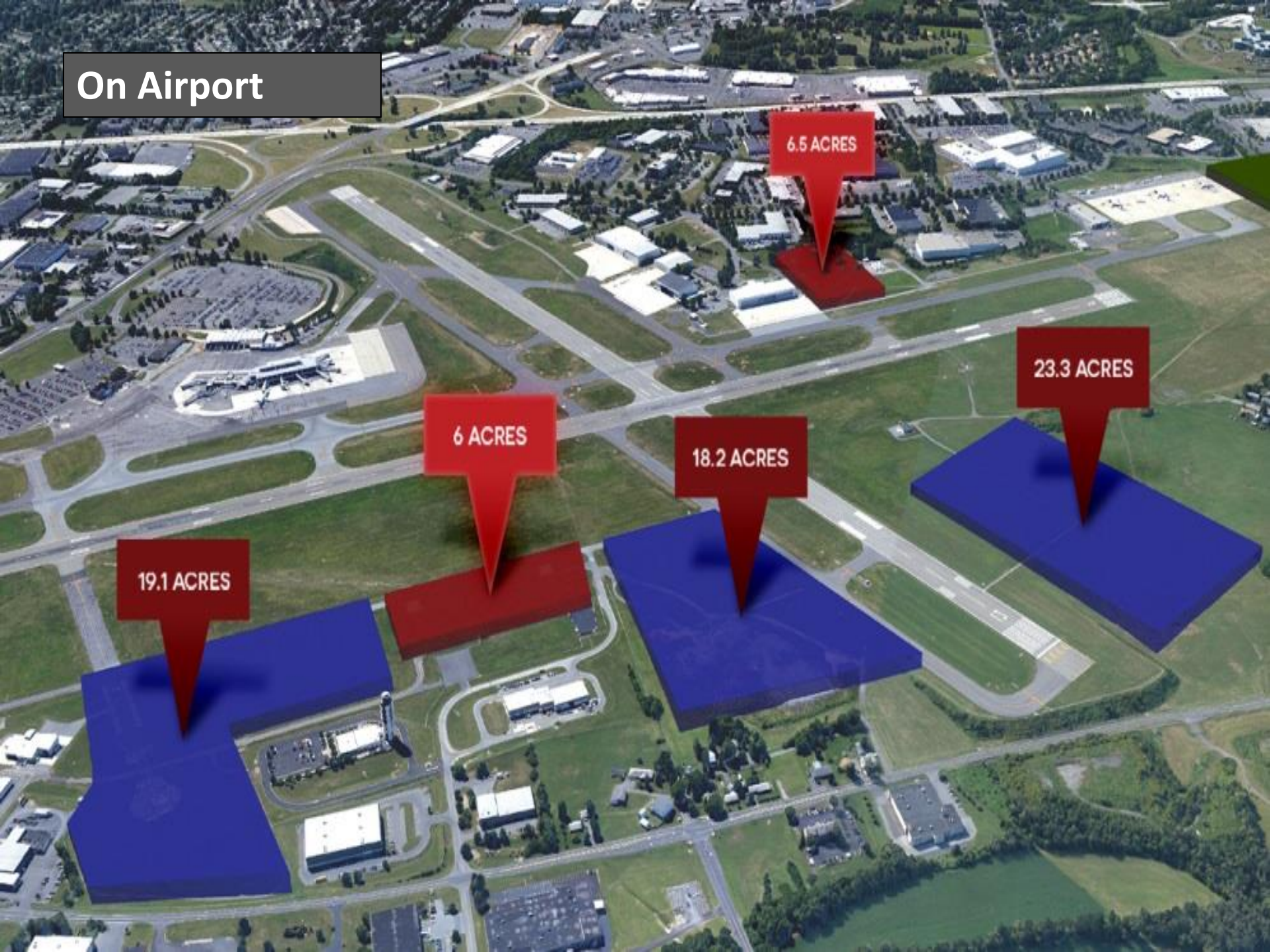
- **Noise and Overflight**
Land Use Compatibility
(14 CFR PART 150)
- **Safety and Airspace Protection**
Obstructions, Wildlife Hazards, Visual or Electronic Interference
(14 CFR PART 77)
- Land Release/NEPA
- Comprehensive Plan
- Zoning
- Easements
- Subdivision Regulations
- FAA Form 7460-1

Lehigh Valley International Airport

On Airport



On Airport



6.5 ACRES

6 ACRES

18.2 ACRES

23.3 ACRES

19.1 ACRES

Off Airport

**Settlement
Properties
(632 acres)**

**Flightpath
Properties
(298 acres)**

ZONING LEGEND

AFHBD	Aircraft Flightpath Highway Business District
AG	Agricultural District
I	Industrial District
PC	Planned Commercial District
PI	Planned Industrial District
PR	Planned Residential District
SR	Suburban Residential District

LEGEND

	Hangar Development
	Multimodal Transportation Facility
	Roadway Improvements
	FedEx Ground Facility
	FedEx Ground Parking

Land Features

	Available for Development in Hanover, LC
	Flightpath Properties
	Settlement Properties
	Reserved for Aeronautical Development
	Airport Property
	Municipalities

NOTE:
This exhibit has been provided for the convenience of illustration and discussion purposes only. No representation is made as to the accuracy of the information contained within.

Timeline

1993

- Master Plan Update – Proposed parallel runway

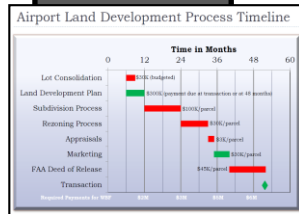
1996

- Inverse condemnation Judgment
- 632 acres transferred to LNAA.



2011

- Payment order (4 year schedule)
- RFQP for master developer released.



2012

- Master Agreement with Rockefeller Group Development Corporation (RGDC) signed.
- Master Development Plan approved.



LNAA Properties

Property	Acres	Current Use	Proposed Use	Acquisition Status	Acquisition Date	Acquisition Cost	Acquisition Method
Area 1	100	Industrial	Industrial	Acquired	2012	\$100,000	Voluntary
Area 2	200	Industrial	Industrial	Acquired	2012	\$200,000	Voluntary
Area 3	300	Industrial	Industrial	Acquired	2012	\$300,000	Voluntary
Area 4	400	Industrial	Industrial	Acquired	2012	\$400,000	Voluntary
Area 5	500	Industrial	Industrial	Acquired	2012	\$500,000	Voluntary
Area 6	600	Industrial	Industrial	Acquired	2012	\$600,000	Voluntary
Area 7	700	Industrial	Industrial	Acquired	2012	\$700,000	Voluntary
Area 8	800	Industrial	Industrial	Acquired	2012	\$800,000	Voluntary
Area 9	900	Industrial	Industrial	Acquired	2012	\$900,000	Voluntary
Area 10	1000	Industrial	Industrial	Acquired	2012	\$1,000,000	Voluntary

2015

- Agreement of sale with RGDC and FedEx Ground.
- FAA Land Release/ Environmental Assessment (NEPA)
- LNAA refinances \$47 million in airport debt.
- Legal action to release deed restriction



2016

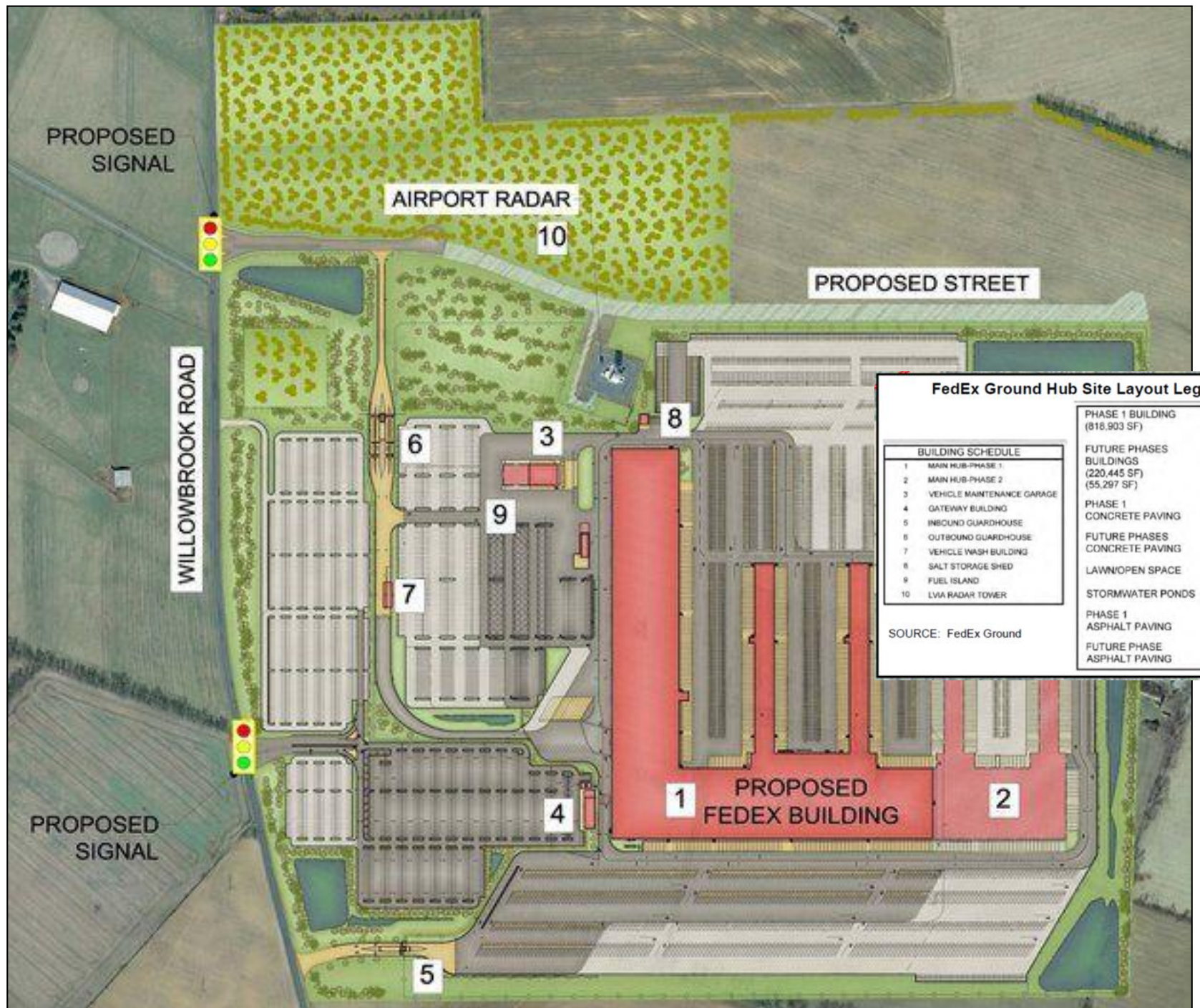
- Final payment made to Fuller Trust and Willowbrook Farms (WBF). (Judgment and legal fees paid over life of dispute totaled almost \$32 million.)
- Right-of-way acquisition.
- Closing anticipated.

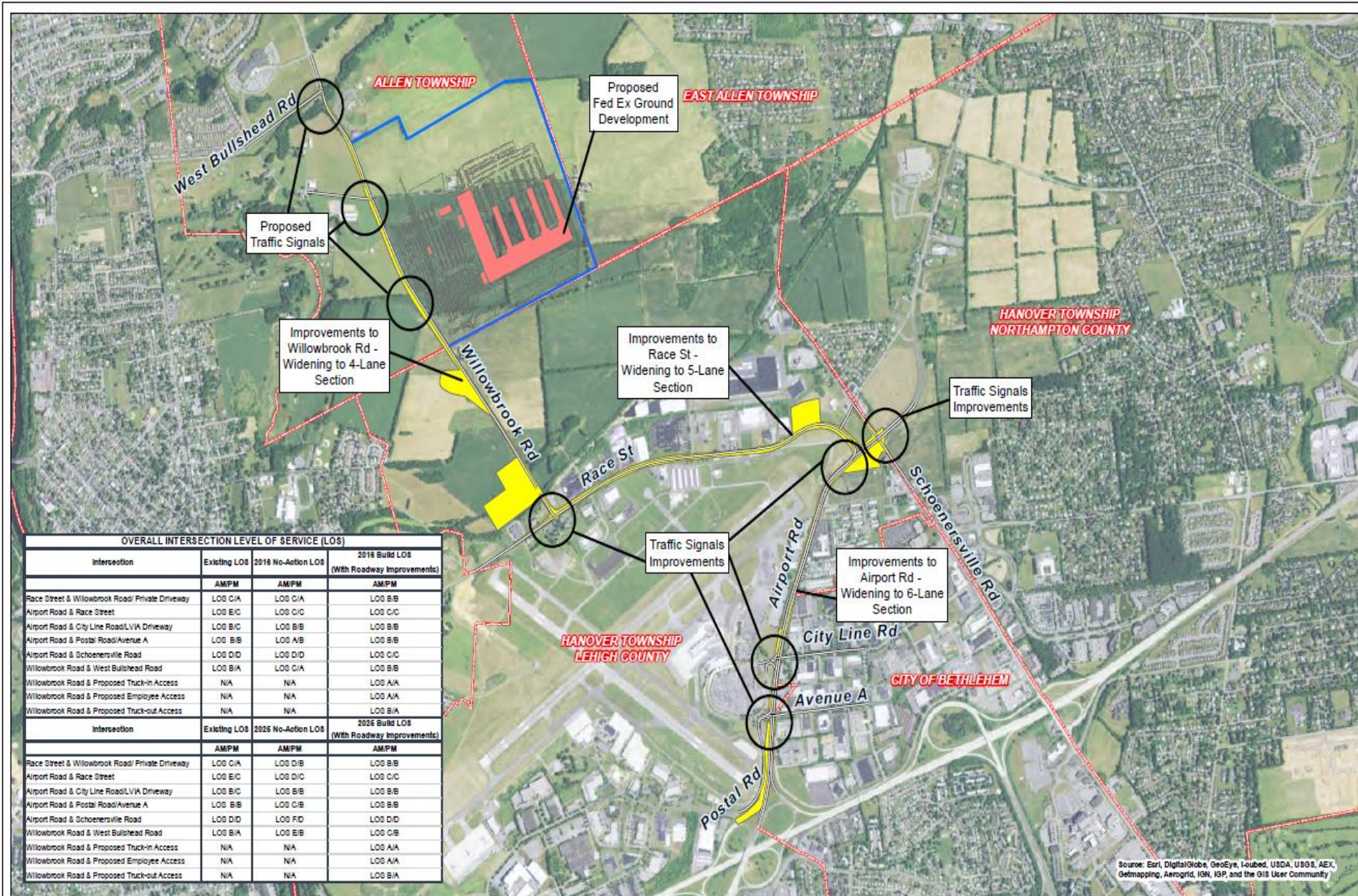


Project Description

FedEx Ground Regional Distribution Facility

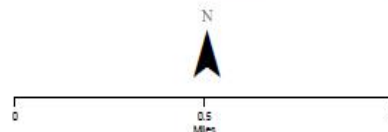
- 260 acres
- 1.1 million square feet
- \$335 million (buildings, package processing equipment and road improvements)
- Package Capacity, 30k per hour, 75k full phase
- 250 Construction jobs (on-site)
- 600 new permanent jobs (100 existing)
- 3,000+ new jobs, full phase (2030)





Legend

- Municipal Boundaries
- Roadway Improvements Project Area
- Study Area Boundary



Lehigh-Northampton Airport Authority
Environmental Assessment for Land Release
FedEx Ground Distribution Center

Figure 4.9-1
Roadway Improvements Map

Questions and Discussion

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