



## Council Agenda Report

**From:** Dick McKinley, Public Works Director

**Subject:** Airport Economic Impact Calculator Sponsored Project Agreement With Cal Poly

**Date:** March 7, 2017

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### Facts

1. The Airport Business Improvement Plan (adopted September, 2013) includes as a Medium Term Work Objective: "Economic Impact Study: A study of the economic and employment impact of aviation services at the airport should be implemented to help quantify the rate of return on certain investments. Utilization of a suitable model such as the Minnesota web based "Economic Impact Calculator for Small and Medium Size Airports", Cal Trans, or AOPA, may be appropriate. See Appendix F for specific details. This effort does not preclude the utilization of contracted professionals to assist in project evaluation on a case by case basis."
2. Through a prior City Council action, the City acquired IMPLAN software and data (for 2014) which will be used to populate the economic impact calculator that was created by the University of Minnesota specifically to analyze the direct, indirect and induced impacts from economic activity at the airport. This will be particularly helpful in evaluating economic development opportunities.
3. The Economics Department at Cal Poly University in San Luis Obispo has significant in doing economic impact studies and will be able to complete this work in a timely manner, and with objectivity that will provide proper credence to the study results. Cal Poly may also work with the University of Minnesota professor who developed the economic impact calculator to verify the study results, or to assist as needed with the work.
4. The City has received significant assistance and professional advice in this effort from David Fretwell.
5. The Airport Economic Impact Calculator was on the agenda of the Airport Commission on February 23<sup>rd</sup>. The Commission had significant discussion on the issue, was not convinced that this was the appropriate time to undertake such a project, and voted unanimously to recommend that the City Council table this to a date uncertain.

### Options

1. Do nothing – do not contract with Cal Poly to conduct the Airport Economic Impact Calculator work at the Airport. Do not do any further work on this part of the Airport Business Improvement Plan.
2. Table this item to an undefined future date.
3. Approve the Resolution authorizing the City Manager to execute an agreement with Cal Poly to conduct the Airport Economic Impact Calculator work at the Airport, and appropriate \$27,769 from the Airport Reserve Fund for this work.
4. Contract with another organization, airport volunteers, or a consulting firm to perform this work, and determine an appropriate amount of funding for this approach.

### Analysis and Conclusions

As an objective in the Airport Business Improvement Plan, the economic impact calculator has largely been championed by one person – Dave Fretwell. It is a good project for the airport, but the issue is the relative value compared to other uses for \$28,000.

Option 1 would entail essentially dropping the project and the effort. At this point, the City has a relatively small amount invested in the project, primarily for acquiring the IMPLAN software and data, and for IT contract work to be able to use IMPLAN data with the Minnesota calculator. If the City Council sees the value of this study as relatively low, then it would make sense to stop doing this work.

Option 2 would hold off on completing this work until a future time when there was a defined need for the results of the economic impact study, per the recommendation of the Airport Commission.

Option 3 would accomplish this task from the Airport Business Improvement Plan and provide data as to the current relative value of the airport to the local economy, and provide a tool to evaluate the relative merit of competing economic development proposals at the airport. If the City Council determines that \$28,000 is a reasonable value for this work, then using Cal Poly's Economics Department is a reasonable way to complete the work in a timely and proper manner with strong third party objectivity.

Option 4 would complete much of Option 3 but could have less value without the third party objectivity, and could take longer, with an unknown cost impact to the Airport Reserve fund. It may be difficult to get volunteers who have the expertise and time to conduct this economic study.

### **Fiscal Impact**

The total cost for this effort is \$1,000 for the IMPLAN county data and zip code data already purchased, the cost of IT contract work already invested (about \$7,200), and \$27,769 for the Cal Poly Sponsored Project Agreement, and the remaining work done by City staff and airport volunteer(s). The results of this work will be data showing the economic value to the community of having the airport, as well as a tool to evaluate the relative economic impacts of various economic development proposals at the airport.

### **Recommendation**

Table this item until an undefined future date.

### **Attachments**

1. Airport Business Improvement Plan – Appendix F
2. Resolution 17-XXX

## Appendix F: Economic Impact Analysis

Multiple recent studies<sup>1</sup> increasingly indicate that airports like Paso Robles (KPRB) can have significant net economic and job creation impact on their surrounding communities. Knowing the economic impact can quantify the *rate of return on both public and private investments in aviation related services*.

**What are the types of impact?** The studies indicate there are three types of impacts, each making approximately equal contributions, including: (i) direct impacts from *providers of services* at the airport (i.e. FBOs, concessionaires, flight schools, maintenance, etc.); (ii) indirect impacts which are associated with the *users of airport services* (i.e. corporate and public users, government agencies, and aviation and non-aviation businesses); and (iii) induced impacts which includes the *additional local economic impact that is generated specifically because of the airport's presence caused* (i.e. public and private investment increases because of the availability of aviation services). Induced impact also includes the successive rounds of spending caused by the direct and indirect impacts.

**What are the key factors that are increasing the economic impact of aviation services in Paso Robles?** The studies cited above, in particular the California DOT Study; summarize the key factors that are increasing economic and employment impact of airports like Paso Robles<sup>2</sup>. Factors include increasing: business/charter aviation, decentralization of State corporations, government agencies use of airport services; aviation tax revenue, provision of services to the agriculture, viticulture, and tourism sectors; provision of linkages to centers of technology growth; rental of airport facilities; support for emergency and critical medical services; provision of aviation-related training functions; and increasing flexibility of air transportation at airports like Paso Robles.

**What is known about the economic and employment impact of aviation services at Paso Robles?** Paso Robles does not have a formal process for analysis of information on the factors listed above to guide airport short/long term planning. The lack of this analysis does not mean the community should not move forward with the planning process, and implement high priority short term activities. But one of these activities should be implementation of a formal economic net impact study to guide long term planning and investments. What is the recommended "next step? The authors of this plan reviewed several tools which are available to expedite an economic impact study including Cal Trans, AOPA, and the Minnesota web based "*Economic Impact Calculator for Small and Medium Size Airports*" is the best one to use in Paso Robles. The software is in the public domain and the Minnesota Department of Transportation will provide it to Paso Robles (<http://dotapp7.dot.state.mn.us/aeic/main.htm>). The software generates an analysis of the *economic and employment* impact of: *airport ownership, fixed based operators and other aviation businesses, retail businesses, overnight use by general aviation pilots and other visitors, business usage, and non-profit and government entities*. This analysis can be done for current services, and for scenarios of increased investment in any of previously listed areas. Implementation requires: (i) collection of basic information on airport businesses, FBOs, and approximate number of tourist arrivals and average bed night expenditures. This information can be gathered at low cost by existing airport partners, (ii) purchase of San Luis Obispo County economic data from IMPLAN (\$350); and (iii) a sub-contract with the software developers. Actual operation of the software can then be done by City or Airport Staff.

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<sup>1</sup> 2008 FAA "Airport Cooperative Research Program of the Transportation Research Board Report";  
 2003 State of California DOT Study "Aviation in California: Benefits to Our Economy and Way of Life Aviation in California: Benefits to Our Economy and Way of Life";  
 2006 Minnesota Report "Development of a Web-Based Economic Impact Calculator for Small and Medium Size Airports";  
 2009 "Wyoming Statewide Airport Economic Impact Study"

<sup>2</sup> There are 250 public airports in California, 211 of which classified as General Aviation Airports, 66 of which have similar characteristics as Paso Robles

RESOLUTION NO. 17-XXX

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH CAL  
POLY TO CONDUCT AN ECONOMIC IMPACT CALCULATOR PROJECT FOR THE  
PASO ROBLES MUNICIPAL AIRPORT**

WHEREAS, The Airport Business Improvement Plan (adopted September, 2013) includes as a Medium Term Work Objective: "Economic Impact Study: A study of the economic and employment impact of aviation services at the airport should be implemented to help quantify the rate of return on certain investments. Utilization of a suitable model such as the Minnesota web based "Economic Impact Calculator for Small and Medium Size Airports", Cal Trans, or AOPA, may be appropriate. See Appendix F for specific details. This effort does not preclude the utilization of contracted professionals to assist in project evaluation on a case by case basis."; and

WHEREAS, Through a prior City Council action, the City acquired IMPLAN software and data (for 2014) which will be used to populate the economic impact calculator that was created by the University of Minnesota specifically to analyze the direct, indirect and induced impacts from economic activity at the airport. This will be particularly helpful in evaluating economic development opportunities; and

WHEREAS, The Economics Department at Cal Poly University in San Luis Obispo has significant in doing economic impact studies and will be able to complete this work in a timely manner, and with objectivity that will provide proper credence to the study results. Cal Poly may also work with the University of Minnesota professor who developed the economic impact calculator to also verify the study results, or to assist as needed with the work.; and

WHEREAS, The City has received significant assistance and professional advice in this effort from David Fretwell and extensive IT support from Dave McCue.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council hereby approves the Sponsored Project Agreement with Cal Poly to conduct an economic impact calculator project for the Paso Robles Municipal Airport in substantially the form attached hereto as Exhibit A, and incorporated herein by reference, and authorizes the City Manager to execute the Agreement, subject to any minor, technical, or non-substantive changes as approved by the City Manager and the City Attorney.

Section 3. The City Council hereby appropriates from the Airport Reserve Fund the amount of \$27,769 to complete the work included in the Sponsored Project Agreement.

Section 4. This Resolution shall take effect on the date it is approved by the City Council.

APPROVED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Steven W. Martin, Mayor

ATTEST:

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Kristen L. Buxkemper, Deputy City Clerk

## SPONSORED PROJECT AGREEMENT (Fixed Price)

THIS AGREEMENT between the City of Paso Robles ("Sponsor") a California municipality doing business at 1000 Spring Street, Paso Robles, California, and the Cal Poly Corporation ("Corporation"), a separate non-profit auxiliary Corporation serving the interests of the California Polytechnic State University ("University") doing business at 1 Grand Ave. San Luis Obispo, California.

The sponsored project contemplated by this Agreement is of mutual interest and benefit to the University, Corporation and to the Sponsor, and will further benefit the instructional and research programs of the University in a manner consistent with its status as a non-profit, tax-exempt, educational institution, and may derive benefits for the Sponsor, University, and Corporation through improvements, inventions and/or discoveries:

The parties hereto agree to the following terms and conditions:

1. **STATEMENT OF WORK:** The sponsored project ("Project") entitled "Economic Impact Analysis of the Paso Robles Airport (KPRB)" as described in Attachment A, shall be performed on a reasonable efforts basis.
2. **PRINCIPAL INVESTIGATOR AND TECHNICAL REPRESENTATIVE:** The Project will be directed by Dr. Stephen Hamilton (Principal Investigator), Economics Department, who will be responsible for the Project. In the event the Principal Investigator becomes unable or unwilling to continue the Project, and a mutually acceptable substitute is not available, the Corporation and/or the Sponsor shall have the option to terminate the Agreement.
3. **PERIOD OF PERFORMANCE:** The research Project shall be conducted during the period February 1, 2017 – May 31, 2017.
4. **FIXED PRICE:** This is a fixed price Agreement. Sponsor will pay the \$27,769 ("Total Costs"). As research by its nature is unpredictable and without guarantee of successful results, this Project is conducted on a "reasonable efforts" basis. No fee or profit is received on research and such work for extramural sponsors is performed on a "no-profit-no-loss" basis. For these reasons, the Corporation will not accept Agreement provisions that guarantee results, impose penalties for failure to make progress against firm deadlines, or provide for withholding of payments if the Sponsor is not satisfied with the results. Corporation provides no warranty of any kind, express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose.
5. **ORDER OF PRECEDENCE:** Any inconsistencies in this Agreement shall be resolved by giving precedence in the order below
  - (1) This Agreement
  - (2) The Statement of Work (Attachment A hereto).
  - (3) Addenda to this Agreement including any licenses
  - (4) Other documents, exhibits, and attachments.
6. **PAYMENT:** City of Paso Robles will pay to the Corporation Total Costs based on the following schedule:
  - A payment of \$13,885 (equal to 50% of Total Costs), payable upon execution of this Agreement.
  - Payment of a final invoice for \$13,884, up to a maximum of Total Costs.

Payment terms shall be net 30. Invoices will be handled in accordance with the Prompt Payment Act (31 U.S.C. 3903) and Office of Management and Budget (OMB) prompt payment regulations at 5 CFR Part 1315.

## 7. TERMINATION:

7.1. Sponsor: Performance under the Agreement may be terminated by the Sponsor for convenience. In the event of such termination, the Corporation shall immediately stop all work hereunder and shall immediately notify any and all of its suppliers and subcontractors to cease work. Subject to the terms of this Agreement, the Corporation shall be paid a percentage of the agreement price reflecting the percentage of the work performed prior to the notice of termination plus reasonable charges, including non-cancellable obligations, the Corporation can demonstrate to the satisfaction of the Sponsor using its standard record keeping system, have resulted from the termination. The Sponsor may also terminate this Agreement, or any part hereof, for cause in the event the Corporation fails to comply with any Agreement terms and conditions, or fails to provide the Sponsor upon request, with adequate assurances of future performance. In the event of termination for cause, the Sponsor shall notify the Corporation of the failure and the Corporation will have 30 days to cure the notice. If it is determined that the Sponsor improperly terminated this Agreement for default, such termination shall be deemed a termination for convenience.

7.2. Corporation: Performance may be terminated by the Corporation if circumstances beyond its control preclude continuation of the research Project such as in the event that the Principal Investigator becomes unable or unwilling to continue the Project, and a mutually acceptable substitute is not available, the Corporation and/or the Sponsor shall have the option to terminate the Project or in the event of non payment of the Sponsor. Sponsor shall pay all costs accrued by the Corporation as of the date of termination, including all non-cancelable obligations incurred prior to the effective date of termination. In the event the Principal Investigator becomes unable or unwilling to complete the Project on time and a mutually acceptable substitute is not available, the Corporation shall have the option to terminate the Project.

8. EXPORT CONTROLLED INFORMATION: Given Cal Poly's inclusion of students, faculty, staff, and visitors of foreign nationality when providing educational experiences for all students, it is not in the University's best interests for the Corporation to receive information in the form of technology, software source code or technical data identified on any US export control list, including the US Department of Commerce Control List at 15 CFR 774 and the US Munitions List (USML) at 22 CFR 120-130 ("Export Control-listed Information" or "ECI") or from entities governed by the Office of Foreign Assets Control (OFAC), 31 CFR 501.

In the event that Sponsor work requires that it provide Corporation with ECI having a classification other than EAR99, Sponsor shall so inform Corporation's Sponsored Program Representative, as listed in PRIMARY POINTS OF CONTACT section of this Agreement, in writing at least thirty (30) days prior to each planned disclosure of Sponsor's ECI, and will not forward or provide any ECI to Corporation without the express written consent of its Sponsored Program Representative. Corporation retains the right to decline receipt of any ECI that Sponsor wishes to provide. Such notice shall include the US Department of Commerce Export Control Classification List (ECCL) number or USML number of the ECI and the inclusion of any entities or transactions governed by OFAC.

All ECI that Corporation has agreed to receive shall be clearly marked in writing, or if disclosed orally, shall be identified as ECI prior to its disclosure and thereafter summarized in a written document that is provided to the recipient of the disclosure within fifteen (15) days of the disclosure.

Corporation and Sponsor agree to develop an appropriate Technology Control Plan to ensure that any information, data, software or materials that are export controlled and received in the performance of this Agreement shall not be exported from the United States or re-exported from any other country without first complying with applicable Export Control laws and regulations.

9. PUBLICITY: Sponsor shall not use the name of the University or Corporation, nor any of its employees, or other persons or entities affiliated with the Project, in any publicity, advertising, or news release without the

prior written approval of an authorized representative of the Corporation. Except for on-campus newsletters and reports, the Corporation/University will not use the name of the Sponsor, or its employees or subcontractor of the Sponsor, in any publicity without approval of the Sponsor.

10. ENDORSEMENT: Nothing contained in this Agreement shall be construed as conferring on any party, any right to use the other party's name as an endorsement of product/service or to advertise, promote or otherwise market any product or service without the prior written consent of the other party. Furthermore nothing in this Agreement shall be construed as endorsement of any commercial product or service by the CSU, University, its officers or employees.
11. NON-DISCLOSURE: Pursuant to this Agreement, the parties may need to disclose to one another certain information which is not in the public domain and is deemed confidential and proprietary to the disclosing party ("Confidential Information"). Confidential Information may only be used by a receiving party for the Purpose set forth in this Agreement. Confidential Information may be disclosed to the employees, agents, and financial or legal advisors of the receiving party only on a "need to know" basis, if such persons are subject to obligations of confidentiality and restricted use substantially identical to the terms specified in this Agreement. Each party receiving Confidential Information under this Agreement hereby agrees to take reasonable measures to prevent against further disclosure of such Confidential Information, and to restrict access to and control the use of such Confidential Information to the expressly permitted scope under this Agreement.

Information will be deemed as Confidential Information and governed by the obligations of nondisclosure and restricted use set forth in this Agreement, if it: (A) is clearly and conspicuously marked as "confidential" or "proprietary" by the disclosing party at the time of initial disclosure; (B) is transmitted via electronic or hard copy cover letter or memorandum indicating that the contents are "confidential" or "proprietary;" or (C) orally identified as confidential at the time of disclosure and then subsequently summarized in written form in a clearly and conspicuously marked document and submitted to the receiving party within twenty (20) days of the initial disclosure.

Nothing contained herein will in any way restrict or impair either party's right to use, disclose, or otherwise deal with any Confidential Information which:

- (A) was lawfully known by the receiving party before receipt of it from the disclosing party;
- (B) is or becomes generally known to the public through no wrongful act or omission of the receiving party;
- (C) is rightfully provided to the receiving party by a third party, without restriction on disclosure or use;
- (D) is independently developed by personnel of the receiving party, without breach of the obligations of confidentiality set forth in this Agreement
- (E) is explicitly approved for release by written authorization of the disclosing party, but only to the extent of and subject to such conditions as may be imposed in such written authorization; or
- (F) is made available by the disclosing party to a third party, without restriction concerning use or disclosure and not in violation of any confidentiality agreement.

No party will be liable for disclosure of Confidential Information to the extent made: (a) to comply with a valid Public Records Act request (as applicable to public entities); or (b) in response to a valid order of court or authorized government agency, provided that notice must first be given to the party owning the Confidential Information, so a protective order, if appropriate, may be sought by the owner. Any such



required disclosure shall not, in and of itself, change the status of the disclosed information as Confidential Information under the terms of this Agreement.

The above obligations for Confidential Information shall be in effect for a period of one (1) year from the termination or expiration of the Agreement.

10. OWNERSHIP OF RESEARCH RESULTS: The Corporation may hold University intellectual property, and manage the rights to such intellectual property consistent with University regulation and policy. All rights and title to Intellectual Property whether patentable or copyrightable or not, relating to Project made solely by employees of University or Corporation shall belong to California Polytechnic State University and shall be subject to the terms and conditions of this Agreement.

All rights and title to Intellectual Property, whether patentable or copyrightable or not, relating to Project made and/or owned solely by employees of Sponsor shall belong to Sponsor. Such inventions, improvements, and/or discoveries shall not be subject to the terms and conditions of this Agreement.

All rights and title to Intellectual Property, whether or not patentable or copyrightable, relating to Project made jointly by the parties shall belong jointly to the parties.

10.1 PUBLICATIONS: The Project personnel will be free to publish the results of that part of the research Project which is performed under this Agreement. Publication of information that had previously been researched by the Sponsor but presented to the Project personnel as a component of the Project research performed under this Agreement requires prior written approval of the Sponsor.

10.2 COPYRIGHTS: Title to and the right to determine the disposition of any copyrights, or copyrightable material, first produced in the performance of the research Project shall remain with the University, or Corporation as an agent for the University in Intellectual Property.

10.3 PATENTS: Title to any invention conceived or first reduced to practice by Project personnel will remain with the University, or Corporation as an agent for the University in Intellectual Property, which will have the sole right to determine disposition of any patents or other rights resulting therefrom. Such disposition shall be calculated to protect the public interest, as well as the rights and equities of both parties. This will not, however, give the Corporation any rights to the title of any invention conceived or first reduced to practice prior to this Agreement or performed by the Sponsor, and/or employees or other subcontractors, during the time period of this Agreement, which may be required to further the research under this Agreement.

The Corporation agrees to grant to Sponsor a time-limited option to negotiate an exclusive, world-wide, royalty-bearing license, to make, use, or sell any invention or discovery made and conceived under this Agreement directly resulting from the performance of the research hereunder, including the right to sublicense on a royalty-bearing basis with accounting to Corporation.

Sponsor shall have sixty (60) days from disclosure of any invention or discovery to notify Corporation of its desire to enter into such a license agreement.

A license agreement shall be negotiated in good faith within a period not to exceed one hundred and twenty (120) days from Sponsor's notification to Corporation of its desire to enter into a license agreement, or such period of time as the parties shall mutually agree.

In the event Sponsor elects to exercise its option as to any invention or discovery, in accordance with above, it shall be obligated to pay all patent expenses for such invention or discovery.

Should Sponsor elect not to file or maintain, or decides to discontinue the financial support of the prosecution, maintenance or protection of a patent application or patent for Intellectual Property,

Corporation shall be free to file or continue to prosecute or maintain any such application(s), and to maintain any protection issuing thereon in the United States and in any foreign country, at Corporation's sole expense, and Sponsor shall have no rights in the application or resulting patent.

11. **INDEPENDENT CONTRACTOR:** For the purposes of this Agreement and all services to be provided hereunder, each party shall be, and shall be deemed to be, an independent contractor and not an agent or employee of the other party. Neither party shall have authority to make any statements, representation or commitments of any kind, or to take any action, which shall be binding on the other party, except as may be explicitly provided for herein or authorized by the other party in writing.
12. **INDEMNIFICATION:** CAL POLY CORPORATION shall defend, indemnify and hold Sponsor, its officers, employees, and agents harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees) or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of CAL POLY CORPORATION, its officers, agents or employees.

Sponsor shall defend, indemnify and hold CAL POLY CORPORATION its officers, the trustees of the California State University, employees, volunteers, and subcontractors harmless from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of Sponsor, its officers, agents or employees.

13. **DISPUTES:** Any dispute concerning a question of fact arising under terms of this Agreement that is not resolved by mutual agreement of the parties shall be brought to the attention of the authorized signatories of both parties. If resolution of the dispute cannot be accomplished, the parties agree to resolve the dispute by final binding arbitration before the American Arbitration Association (AAA), utilizing its Commercial Arbitration Rules. One arbitrator shall be selected using AAA procedures. The arbitrator shall use all reasonable efforts to minimize discovery and to complete the arbitration proceedings as expeditiously as possible. The Arbitrator shall render a written decision within thirty (30) calendar days of the hearing. The arbitrator will not award attorney's fees, or punitive, incidental, consequential, treble or other multiple or exemplary damages, and the parties hereby agree to waive and not seek such damages. Either party may seek judicial relief to compel the other party to comply with the provisions of this Section, or injunctive or other equitable relief to protect its intellectual property rights, provided (unless prohibited by applicable law) that the remainder of the dispute or claim is submitted to arbitration. The arbitration shall be held in San Luis Obispo, California; both parties hereby give their irrevocable consent to jurisdiction of courts of or in the State of California, as well as processes of the AAA in California. Awards shall be final, binding and non-appealable (except on the minimal grounds required under the Federal Arbitration Act or other applicable law). All awards may be filed with one or more courts, state, federal or foreign having jurisdiction over the party against whom such award is rendered or its property, as a basis of judgment and of the issuance of execution for its collection.
14. **GOVERNING LAW:** This Agreement will be deemed fully executed when signed by both parties. This Agreement shall be governed in accordance with the laws of the State of California.
15. **AGREEMENT MODIFICATION:** Any changes in the terms of this Agreement in any way shall be valid only if the change is made in writing and approved by mutual agreement of authorized representatives of the parties hereto.
16. **SEVERABILITY:** The parties agree that if any part, term, or provision of this Agreement is held illegal or invalid, the validity of the remaining portions or provisions shall not be affected, and the rights and

obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be illegal or invalid.

17. PRIMARY POINTS OF CONTACT

**Authorized Sponsor Representative**

Thomas Frutchey  
City Manager  
City of Paso Robles  
1000 Spring Street  
Paso Robles, CA 93446  
Ph: (805) 237-3888  
Tfrutchey@prcity.com

**Cal Poly Corporation Representative**

Melissa Mullen  
Director, Sponsored Programs  
Cal Poly Corporation  
1 Grand Avenue  
San Luis Obispo, California 93407-0830  
Ph: (805) 756-1123  
sponprog@calpoly.edu

**Sponsor Technical Representative**

Dick McKinley  
Public Works Director  
City of Paso Robles  
1000 Spring Street  
Paso Robles, CA 93446  
Ph: (805) 237-3861  
DMcKinley@prcity.com

**Cal Poly Technical Representatives**

Dr. Stephen Hamilton  
Professor and Chair, Economics Dept.  
California Polytechnic State University  
1 Grand Avenue  
San Luis Obispo, California 93407-0303  
(805) 756-2555  
shamilto@calpoly.edu

18. FINAL AGREEMENT: This Agreement states the entire agreement between the parties relating to the Project and supersedes all prior written or verbal agreements relating to this Agreement. This Agreement may only be modified in a writing signed by all parties. The parties agree to be legally bound by this Agreement. Notwithstanding any statute, regulation, or other rule of law, a signature provided by facsimile or other electronic copy will be deemed to be an original signature, and this Agreement may be executed in counterparts, and all counterparts taken together will be regarded as one and the same instrument.

In witness whereof, the parties hereto have executed this Agreement by authorized official or designee:

**City of Paso Robles**

**Cal Poly Corporation**

\_\_\_\_\_  
Tom Frutchey  
City Manager

Date

\_\_\_\_\_  
Melissa Mullen  
Manager, Sponsored Programs Office

Date

## Statement of Work: Economic Impact Analysis of the Paso Robles Airport (KPRB)

### Introduction

The City of Paso Robles has proposed to conduct a study on the impact of the Paso Robles Airport (KPRB) on overall economic activity in the County. The City of Paso Robles (“City”) seeks an estimate of the economic value and the amount of jobs generated in the community from operation and potential expansion of KPRB. The City may also want to consider the employment impacts and return on investment associated with future expansion of the KPRB as a gateway for travel to Paso Robles. In addition, the project may also provide tax revenues to county or local governments that will affect the project’s economic impact.

### Method of Analysis

The economic analysis team at Cal Poly (“Cal Poly team”) will rely on IMPLAN modeling combined with web-based economic impact calculators for small and medium sized airports provided by the Minnesota Department of Transportation (DOT) to estimate employment impacts associated with KPRB. IMPLAN is a widely used economic model to prepare such estimates and the web-based calculator from Minnesota DOT is designed to operate in an integrated fashion with IMPLAN data. These models provide the basis to estimate direct, indirect, and induced employment impacts of the proposed solar facility. The *direct impact* reflects the initial economic activity from local payroll and capital equipment expenditures. The *indirect impact* results from local "business-to-business" transactions necessary to support the direct activity, for instance local purchase of building materials, engineering and consulting services, and other goods purchased from supporting industries. The *induced impact* results when the increased earnings generated by the direct and indirect economic activity is spent on local goods and services, for example when workers at KPRB purchase food, clothing, automobiles, real estate, and education, health and social services. The interaction between these various economic impacts in the county and the economic structure of expenditures at KPRB is derived through multiple regression analysis.

The Cal Poly team will utilize the most up-to-date version of IMPLAN for San Luis Obispo County, as made available through collaboration with Dr. William Gartner at the University of Minnesota. The IMPLAN county-level data provides the basis to estimate the economic impacts of KPRB.

The Cal Poly team will conduct surveys of businesses at KPRB and import the resulting data into IMPLAN and web-based calculators. The survey of business activity at the airport includes expenditures on maintenance and equipment, the number of employees, and the number and

nature of scheduled trips to the airport. The Cal Poly team will conduct the necessary research to provide analysis of the economic and fiscal impacts of KPRB to San Luis Obispo County.

### **Description of Work Product, Budget and Schedule**

The Cal Poly team will prepare a written report presenting its estimates of employment impacts and the value of economic activity from KPRB, including the basis for those estimates. The total cost of the economic study including analysis of fiscal impacts will be \$27,769, including indirect costs. The study will be completed with a draft made available to the City and interested stakeholders no later than April 30, 2017. The final project that incorporates stakeholder comments will be available no later than May 31, 2017. Total performance period will be February 1 – May 31, 2017.

Professor Stephen F. Hamilton of Cal Poly will be available to present the findings to the City or any relevant planning or regulatory agencies, the additional costs for which are not covered in this budget.

### **Qualifications**

Professor Stephen F. Hamilton is the Chair of the Economics Department at Cal Poly and would serve as project director. He has extensive publications in the areas of environmental economics, public economics, and industrial organization. He has over 20 years of experience as an economic consultant, including recent projects of similar scope that calculated economic benefits for proposed solar power plants in San Luis Obispo and Monterey counties. He would be assisted by a student assistant in the department who is familiar with using IMPLAN and other economic valuation models, as well as by Dr. William Gartner from the University of Minnesota, who designed the original web-based airport economic impact calculator.