

Plattsburgh, August 20, 2018

La Crosse Regional Airport (LSE)
C/O Mr Clinton Torp
2850 Airport Drive
La Crosse, WI 54603

Subject: Airport Lands, Highest and Best Land Use Study

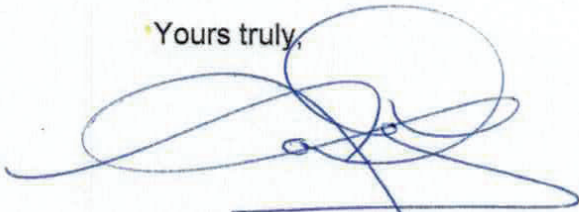
Mr Torp,

It's with great pleasure that we are submitting the final report for the Airport Lands, Highest and Best Land Use Study. Over the course of the last eight months, our team worked hard to provide you with a report, guidance and recommendations that meet the objectives of the mandate. We hope our creativity and pragmatic approach has provided you with solid leads for the development of airport lands that will offer long term financial benefits.

Through our methodology, we had the opportunity to meet and consult with most regional economic leaders. They provided strong insight into the La Crosse businesses, academic institutions and significant stakeholders in the community. I must also commend and highlight the strong collaboration we received from you, your team and the project lead team (Mead and Hunt).

We thank you again for retaining our services in the hope of having the opportunity to work again for you.

Yours truly,



Normand Landry
VP Aerospace and Technologies

NL/cp/jc

Highest and Best Land Use Study Final Report

La Crosse Regional Airport, WI (LSE)

August 14, 2018

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Table of Contents

1.	Executive Summary	1
2.	Introduction	6
3.	Highest and Best Use Methodology	7
3.1	Basic Principles	7
3.2	Stakeholders Consultation	8
3.3	Industry Survey	8
3.3.1	Key Identified Trends	9
3.3.2	Key Identified Issues	10
3.3.3	Considered Factors for Expansion or Relocation of Activities	10
3.3.4	Midwest Business Environment	11
3.3.5	Knowledge and Perception of the Airport	11
4.	Land Use Ordinance Requirements	11
5.	Local Demographics	14
5.1	Presentation of the Data and Analysis	14
5.2	Conclusion on Local Demographics	17
6.	Validation Summary	18
6.1	Retained Development Concepts	18
6.2	Non-Retained Development Concepts	20
7.	Proposed Development Concepts	21
7.1	General	21
7.2	Airport and Surrounding Area Information	21
7.3	Parcel P1 – Warehousing and Distribution Facilities	23
7.3.1	Parcel Location on the Airport	23
7.3.2	General Concept Definition	23
7.3.3	Concept Validation and Market Demand	26
7.3.4	Development Approach	27
7.3.5	Zoning Amendments	28
7.3.6	Infrastructure Requirements and Costs	28
7.3.7	Financial Analysis	29
7.4	Parcel P2 - Office Spaces and Hotel Development	33
7.4.1	Parcel Location on the Airport	33
7.4.2	General Concept Definition	33
7.4.3	Concept Validation and Market Demand	34
7.4.4	Development Approach	35
7.4.5	Zoning Amendments	35

7.4.6	Infrastructure Requirements and Costs.....	36
7.4.7	Financial Analysis	36
7.5	Parcels P3 and P3B - Aviation Services and Aerospace Developments.....	40
7.5.1	Parcel Location on the Airport.....	40
7.5.2	General Concept Definition	40
7.5.3	Market Demand	42
7.5.4	Development Approach	42
7.5.5	Zoning Amendments.....	43
7.5.6	Infrastructure Requirements and Costs.....	43
7.5.7	Financial Analysis	43
7.6	Parcels 4 and 4B – Commercial Aeronautical and General Aviation Hangars Development.....	48
7.6.1	Parcels Location on the Airport.....	48
7.6.2	General Concept Definition	48
7.6.3	Concept Validation and Market Demand.....	50
7.6.4	Development Approach	51
7.6.5	Zoning Amendments.....	51
7.6.6	Infrastructure Requirements and Costs.....	52
7.6.7	Financial Analysis	54
7.7	Parcels P5, P6 and P6B – The DESTINATION – A Waterfront Development.....	60
7.7.1	Parcel Location on the Airport.....	60
7.7.2	General Concept Definition	60
7.7.3	Conceptual Layout.....	66
7.7.4	Additional Development Option: Aerospace and Industrial Development.....	69
7.7.5	Development Approach – The Waterfront Development	73
7.7.6	Zoning Amendments.....	74
7.7.7	Infrastructure Requirements and Costs.....	76
7.7.8	Financial Analysis	77
7.8	Parcel P7 - Remediation Zone.....	83
7.8.1	Parcel Location on the Airport.....	83
7.8.2	General Concept Definition	83
7.9	Parcel P8 – General Aviation and Office Space Development.....	84
7.9.1	Parcel Location on the Airport.....	84
7.9.2	General Concept Definition	84
7.9.3	Concept Validation and Market Demand.....	86

7.9.4	Development Approach	87
7.9.5	Zoning Amendment	87
7.9.6	Infrastructure Requirements and Costs.....	88
7.9.7	Financial Analysis	90
7.10	Parcel P9 – Aeronautical and Industrial Development	93
7.10.1	Parcel Location on the Airport.....	93
7.10.2	General Concept Definition	93
7.10.3	Concept Validation and Market Demand.....	94
7.10.4	Development Approach	95
7.10.5	Zoning Amendments.....	96
7.10.6	Infrastructure Requirements and Costs.....	96
7.10.7	Financial Analysis	97
7.10.8	Financial Projections Summary.....	102
8.	Implementation Plan	104
8.1	Category 1 - Industrial and Commercial Development.....	104
8.2	Category 2 - Aviation and Aerospace Development	105
8.3	Waterfront development	108
9.	Recommendations and the Next Steps.....	110

List of Annexes

Annex A – Consulted Companies	111
Annex B - Land Ordinance Requirements	112
Annex C - Proposed Onalaska Waterfront Development Project.....	125

List of Tables

Table 1 - List of Aviation and Aerospace Companies Surveyed	9
Table 2 - Aerospace Manufacturers Classification Terminology	9
Table 3 - Retained Concepts.....	18
Table 4 - Non-retained Development Concepts.....	20
Table 5 - Parcel P1 - Validation Targets.....	26
Table 6 - Parcel P1 - Financial Analysis Assumptions for the Warehouses	29
Table 7 - Parcel P1 - Financial Analysis Assumptions for the Commercial Development	30
Table 8 - Warehousing and Distribution Center Development - 20-Year Financial Projections ..	32
Table 9 - Parcel P2 - Financial Analysis Assumptions.....	36

Table 10 - Office Building Development - 20-Year Financial Projections	39
Table 11 - Parcels P3 and P3B - Financial Analysis Assumptions.....	44
Table 12 - Aviation and Aerospace Development - 20-Year Financial Projections (Part 1 of 2) .	46
Table 13 - Aviation and Aerospace Development - 20-Year Financial Projections (Part 2 of 2) .	47
Table 14 – Parcel P4 - Construction Costs.....	52
Table 15 – Parcel P4B - Construction Costs	53
Table 16 - Parcels P4 and P4B - Financial Analysis Assumptions.....	54
Table 17 – Commercial and GA Hangars Development - 20-Year Financial Projections (1 of 2)	56
Table 18 - Commercial and GA Hangars Development - 20-Year Financial Projections (2 of 2)	58
Table 19 - Infrastructure Requirements for the Industrial Park on P5-P6-P6B.....	72
Table 20 - Revenue Projections - Aeronautical Industrial Park (P5-P6-P6B).....	73
Table 21 - Parcels P5/P6/P6B - Infrastructure Costs.....	76
Table 22 - Parcels 5/6/6B - Financial Analysis Assumptions	77
Table 23 - Waterfront Development - 20-Year Financial Projections (Part 1)	80
Table 24 - Waterfront Development - 20-Year Financial Projections (Part 2)	81
Table 25 - Infrastructure requirements for P8 (GA Development).....	88
Table 26 - Revenue Projections - Office Space and GA Hangars (P8).....	90
Table 27 - Office Space and GA Development (P8) - 20-year Financial Projections	92
Table 28 - Parcel P9 - Financial Analysis Assumptions.....	97
Table 29 - Industrial Park Development - 20-Year Financial Projections (1 of 2).....	99
Table 30 - Industrial Park Development - 20-Year Financial Projections (2 of 2).....	100
Table 31 - Financial Projections Summary	102
Table 32 – Category 1 - Industrial and Commercial Implementation Plan	104
Table 33 - Aviation Concepts Implementation Plan	106
Table 34 - Waterfront Development Implementation Plan	108
Table 35 - Airport Overlay Zones B1, B2, C, and D Dimensional Requirements.....	117
Table 36 - Land Use Compatibility Chart.....	120

List of Figures

Figure 1 - La Crosse Airport Development Parcels	6
Figure 2 - City of La Crosse Population and Surrounding Communities	14
Figure 3 - Age Categorization	15
Figure 4 - Proportion of Families as a Percentage of all Households	16
Figure 5 - Median Earnings per Worker	16
Figure 6 - Median Household Income	17
Figure 7 - French Island Industrial Parks.....	22
Figure 8 - Parcel P1 - Airport Location	23
Figure 9 - Parcel P1 - Development Plan	24

Figure 10 - Parcel P2 - Airport Location	33
Figure 11 - Parcel P2 - Development Plan	34
Figure 12 - Parcel 3 and 3B - Airport Location	40
Figure 13 - Parcels P3 - Development Layout.....	41
Figure 14 - Parcels P3B - Development Layout.....	42
Figure 15 - Parcel P4 - Airport Location	48
Figure 16 - Parcel P4B – Airport Location	48
Figure 17 - Parcel P4 Development Plan	49
Figure 18 - Parcel P4B Development Plan	50
Figure 19 - Height limitation (Zone C) – P4 and P4B.....	52
Figure 20- Parcels P5, P6 and P6B - Airport Locations.....	60
Figure 21 - General Concept Layout - THE DESTINATION	61
Figure 22 - Aeronautical Development Zone for P5-P6B-P6	70
Figure 23 - Aeronautical and Industrial Development Layout	71
Figure 24 - Parcel P7 - Airport Location	83
Figure 25 - Parcel P8 Location.....	84
Figure 26 - Office Space Layout (P8).....	85
Figure 27 - GA Hangar Development Potential Layout for P8	86
Figure 28 - Zoning Types and Height Limitation for the Office Space Development.....	88
Figure 29 - Parcel P9 - Airport Location	93
Figure 30 - Parcel P9 - Development Plan	94
Figure 31 - La Crosse Airport - Overlay Zones.....	115
Figure 32 - Height Limitation Zoning Map.....	116
Figure 33 - Onalaska Proposed Waterfront Concept.....	125

1. Executive Summary

Context

Explorer Solutions was mandated by the La Crosse Airport (LSE) to produce a "Highest and Best Land-Use Plan" for inclusion into the airport Master Plan being produced by Mead & Hunt. The objective of this study is to establish a phased long-term "Development Plan" in order to guide future developments of airport lands that will:

- Provide for the full and efficient utilization of the lands;
- Optimize aviation-related revenue; and
- Create commercial / industrial and other non-aviation development opportunities.

The land on LSE property was divided into twelve (12) zones and then regrouped into nine (9) parcels. All parcels were assigned specific uses and proposed constructions were based on runway accesses and regional market demand. This report aims at providing the basis for an update of the Airport's Land Use Plan and ultimately land release as appropriate.

Methodology Overview

Explorer Solutions held two (2) focus groups and organized a number of one-on-one meetings, reaching out to more than 20 local influencers, business leaders and airport tenants. The results of those consultations provided our team with a number of land-use options that needed to be further validated. Additional consultations were held by phone, reaching an additional 30 people from various organizations and businesses that held strategic positions and allowed us to add more options for initial validation. It further provided new leads to determine the best land use possibilities for each of the parcels based on market opportunities. Every level of consultation with local stakeholders has allowed us to understand the region's main concerns and requirements and provided guidance for the development of non-aviation and aerospace concepts.

Land Use and Zoning Considerations

The airport Land Use Ordinance Requirements have been taken into consideration for each of the proposed development concepts in order to identify if any modifications should or could be made to accommodate the proposed developments. Also, for each of the proposed infrastructure, the airport's height limitation map and obstacle limitation were analyzed. In the event that derogations to the prescribed limitations were required, the proper documentation was identified for submission and approval by the proper authority.

Retained Concepts

Following the consultation sessions, an extended validation process began in order to propose the highest and best concepts for the development of each land parcel.

This validation included a market analysis to determine the viability of each of the proposed concepts. The retained concepts are the following:

- P1 – Following consultation with several companies, it is clear that the airport meets multiple relocation factors considered by local and national companies. There are a number of companies consulted that have identified future warehousing needs for the region. Due to its strategic location and the important size of the parcel, it is recommended to use P1 to develop warehousing and distribution facilities. The proposed layout is to build three (3) warehousing/distribution centers on this parcel.
- P1 - The small parcel of land located at the northwestern end of parcel 1 is surrounded by residential developments on three (3) sides, which makes industrial development less interesting. Hence, it is proposed to use that area for commercial developments with road access from one of the residential roads and through available lots. Over 27,000 sq. ft. of commercial development is possible in that area.
- P2 – The City of La Crosse figures indicate an office and retail space vacancy rate lower than 4%. We recommend the airport acts on this opportunity to use some of its available parcels to meet current and future demands. The airport and the local community have also expressed their interest to locate a hotel in close proximity to the airport/terminal. It is recommended that the best alternative for this narrow parcel is to promote the construction of: a multi-story office building and a hotel.
- P3/P3B – Located south of the airport terminal, P3 and P3B represent prime locations for large Aviation and Aeronautical Developments. The site offers airside access through the expansion of the current ramp and taxiways. Companies surveyed indicated interest in assessing the airport for this type of opportunities. For P3, at least three (3) 40,000 sq. ft. hangar could be erected. Although P3B is currently restricted (maximum building height of 23.3 ft. by the presence of Runway 04/22, which is still active, this could be developed with fewer restrictions, as proposed, if the runway was closed. Up to four (4) more hangars could be built along Airport Road going toward Fanta Road.
- P4 – The proposed concept is to have P4 becomes the extension of the commercial aviation hangar row already located near that parcel. It is recommended to proceed with the construction of three (3) stand-alone 10,000 sq. ft. commercial hangars capable of housing most Business Jets. It is required to extend the ramp to offer airside access to future tenants.
- P4B – Analysis shows that P4B is the most appropriate location for future general aviation development. The parcel is located in the existing GA sector of the airport and would be available for new tenants creating a homogeneous community. Other options are limited by the maximum hangar height of 50 ft. It is proposed to move forward with the development of this area with the construction of three (3) 2,500 sq. ft. stand-alone GA hangar, one (1) T-hangar

and two (2) larger 12,000 sq. ft. hangars for other aviation or aeronautical manufacturing purposes.

- P5/P6/P6B – The La Crosse Regional Airport has many land parcels available for development. Much more than it can use for aviation and aeronautical purposes. It is also positioned in an area that offers direct waterfront views making this location prime for the development of an exciting project for the community, while offering significant economic impacts for the airport and the region. In consultation with a large number of stakeholders within the region, all agreed that the airport could be appealing to offer entertainment and recreational activities if it was developed with enough vision to create a “Destination”. Further validation was performed to establish the type of entertainment, commercial and recreational activities that would be appealing to the community, understanding that outdoor activities are an integral part of the community’s daily life.

The proposed “Destination” (nearly 280,000 sq. ft.) includes the development of restaurants, boutiques, a marina, a boardwalk and various indoor/outdoor activities. This land parcel is perfectly located between the Black River and Lake Onalaska with a potential link with the City of Onalaska, whose vision already includes such a bridge across the Black River to join Onalaska to French Island. This is part of their forecasted waterfront development offering scenic views and a natural and peaceful setting for the population.

These parcels are very large and can accommodate more than the construction of a “Destination” with outstanding waterfront developments. There is still a large portion of land available for use offering other possibilities. It is consequently proposed to focus the additional development efforts toward a mix of aerospace manufacturing and industrial development. Large land parcels are available along runway 31/13 and can readily accommodate aviation and aerospace manufacturing businesses. This area of the airport will be useful once the proposed development for parcels P3, P3B and P9 are full and can no longer accept any more tenants.

The development of commercial and recreational venues is a forward-looking concept and can be accommodated on airport land given the right conditions. In addition, the construction of up to 40 hangars of 30,000 sq. ft. dimensions makes great use of the remaining available land on these parcels. The number of hangars to be constructed will depend on the closure of Runway 04/22.

- P7 – No specific development concept was envisaged for this parcel. The size and location of this space, along with the presence of Prairie Sand on that parcel and on other parcels on airport land, make this parcel ideal as remediation land for any areas that would be affected by other developments on other parcels.

- P8 – P8 was initially set aside for the installation of solar panels. The solar farm development concept was analyzed by an external consulting firm specialized in solar energy. Their report suggests installing solar panels on top of the airport terminal and in the parking area instead of P8. Therefore, P8 could be used as an alternative site for general aviation and office space development. The proposal is to erect two (2) one-story office buildings of 36,000 sq. ft. each, while using the remaining space to build a number of GA hangars. There could be a combination of T-Hangars and individual GA hangars. There is approximately 720,000 sq. ft. of land available to build those hangars with a capacity to accommodate over 225 GA aircraft.

- P9 – The consultation has shown that the region is currently very short in industrial lots. Most of the industrial parks are fully occupied and the remaining lots are small and restrict the implementation of a number of companies. This parcel would be an extension of the existing Airport Industrial Park, with the added benefit of having some lots with airside access if there is a need, as it would be the case for some companies involved in the manufacturing of aeronautical the products. The proposed concept is to have five (5) buildings between 30,000 sq. ft. and 80,000 sq. ft. constructed to suit.

Financial Projections Summary

For each of the proposed development concepts, 20-year financial projections were made in order to define both land leasing revenues (airport) and tax revenues (city). When applicable, the capital and interest repayment of the financed infrastructure were presented.

Category	Total Amount
Land Leasing Revenues (Airport)	\$10,881,000
Tax Revenues (City)	\$75,870,965
Potential infrastructure costs for the airport (Taxiway/Ramp/Access Road)	\$29,486,226
Pre-Tax Profit	\$57,265,739

Implementation Plan

The implementation plan proposes a series of actionable steps to bring the various development concepts to fruition. Three (3) different implementation plans are proposed in section 8, each addressing a subgroup of concepts. Category 1 proposes implementation strategies for “Industrial and commercial development”, Category 2 for “Aviation and Aerospace Development” and Category 3 for “The Destination – Waterfront Development”.

The development plan (included in the Implementation plan) includes a development timeline for the proposed concepts. This plan assumes the implementation of a marketing plan and the active promotion of airport land. It also assumes a steady growth in the market.

Warehousing / Distribution centers (P1): Construction of the first warehouse at year three (3), followed by a construction of the two (2) other warehouses on year six (6) and nine (9).

Commercial Development (P1): The commercial development on P1 would be located nearest the residential area and would greatly benefit the local community. The anticipated total building footprint is 135,908 sq. ft. Half of this surface (67,954 sq. ft.) would be developed at year five (5) and the other half at year ten (10).

Office space and Hotel (P2): Both buildings to be constructed at year five (5) with building footprints of 36,000 sq. ft. each.

Aviation Services and Aerospace (P3/P3B): The first hangar to be constructed at year 5. Afterward, the two (2) other hangars would be constructed on year 10 and 15. It is assumed that the large commercial hangars would be erected every five (5) years for a total of three (3) 40,000 sq. ft. hangars after 15 years. Following this first wave of developments and the closure of Runway 04/22, additional hangars would be developed on P3B.

Commercial Aeronautical (P4): The first 10,000 sq. ft. hangar would be constructed at year 3. Afterward, the two (2) other hangars would be constructed on year six (6) and nine (9). It is assumed that the large commercial hangars would be erected every three (3) years for a total of three (3) 10,000 sq. ft. hangars after nine (9) years.

General Aviation Hangars (P4B): The first GA hangar would be constructed at year 2 in the form of a 12,000 sq. ft. stand-alone hangar. Two (2) years later (Year four (4)), another identical hangar would be erected. Afterward, a 9,500 sq. ft. T-Hangar and the three (3) small GA hangars would respectively be constructed on year 6, 8, 10 and 12. It is anticipated that, with increased activities at the airport and with an effective marketing strategy, hangars would be erected every two (2) years for this parcel.

The Destination – Waterfront Development (P6/P6B): Overall, the total building footprint of the waterfront development will be 280,000 sq. ft., with half of that amount constructed on year five (5) (phase 1 - 140,000 sq. ft.). Thereafter, each of the five (5) subsequent phases (28,000 sq. ft. each) will be developed every two (2) years starting at year seven (7) until year 15.

General Aviation Hangars (P8): Once available land on P4B is fully occupied, the GA Hangar development should continue on P8. Consequently, we assumed that the first group of hangars (total of 15,000 sq. ft.), will be constructed on year 15 (three (3) years after the last constructed hangar on P4B). Afterward, another 15,000 sq. ft. of hangars would be developed on year 18.

Office space (P8): The first office space to be constructed at year 10 and the second building at year 15.

Industrial zone (P9): The first facility will be constructed at year three (3). It is assumed that an industrial building will be erected every three (3) years for a total of five (5) buildings after 15 years.

2. Introduction

Explorer Solutions was mandated by the La Crosse Airport to produce a "Highest and Best Land-Use Plan" for inclusion into the airport Master Plan being produced by Mead & Hunt. The objective of this "Highest and Best Land Use Study" is to establish a phased long-term "Development Plan" in order to guide future developments of airport lands that will:

- Provide for the full and efficient utilization of the lands;
- Optimize aviation-related revenue; and
- Create commercial / industrial and other non-aviation development opportunities.

As shown below in Figure 1, the LSE lands were divided in a total of twelve (12) zones and regrouped into nine (9) parcels. The parcels highlighted in red were not to be considered in the study. The parcels in purple are subject to the decision of LSE on the future use of runway 04/22, and provisional concepts were provided for those parcels. All other parcels were fully included in the highest and best land use analysis.

Figure 1 - La Crosse Airport Development Parcels



The development of Highest and Best Land Use plan considered direct and alternate revenue sources for the airport as well as identified current airport constraints, particularly as they relate

to existing demand for development lots. These have helped in identifying shorter and longer-term needs. The study included a series of consultations with the airport team, airport tenants and users, Wisconsin and regional aviation service providers, aerospace manufacturers, local and regional economic and real estate leaders and other stakeholders who have an interest in the development of the airport.

This analysis will also outline any necessary Official Plan amendments, Zoning By-Law amendments, an implementation strategy and projected cost estimates for each of the proposed utilization.

As a result, this study provides the elements necessary to:

- Develop a comprehensive plan for future airside facilities;
- Identify airside airport land development opportunities;
- Develop servicing plan for airport utilities; and
- Develop a plan for future airport commercial services and facilities: general aviation, fixed base operations, aircraft maintenance, and other developments.

3. Highest and Best Use Methodology

3.1 Basic Principles

Highest and Best Use (HBU)'s definition for a vacant land differs greatly among scholars. In the present study, the approach taken is based on a commonly accepted definition of HBU that rests on the evaluation of four (4) parameters:

"The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity¹".

The four (4) criteria mentioned above are at the core of our HBU analysis for each of the twelve (12) airport's parcels. In addition, our analysis included consultation with the community of La Crosse, whose suggestions and contributions were part of our evaluation process. The insights provided by the various local and regional stakeholders consulted during the study, have been taken into consideration during our evaluation of the possible options for each of the parcels.

¹ *The Appraisal of Real Estate*, 14th Edition, p. 333, by the Appraisal Institute

Many of these stakeholders had a very good understanding of the needs and priorities of the community and were able to provide good insight into our analysis.

3.2 Stakeholders Consultation

Explorer Solutions held two (2) focus groups and organized a number of one-on-one meetings, reaching out to more than twenty local influencers, business leaders and airport tenants. The results of those consultations provided our team with a number of initial land use options for further validation and investigation. A second round of consultations was held by phone, reaching out to an additional 30 people from various organizations and businesses that had a solid insight into the community and were in a position to validate the various options and provide input on market opportunities for the development of airport land parcels. A complete list of participating organizations, along with a more detailed report on the focus groups and one-on-one meetings, is provided at Annex A.

Consultations with local stakeholders have allowed us to understand the region's main concerns and requirements and provided guidance for the development of non-aviation, aviation and aerospace concepts. For the purpose of determining the potential for using some of the parcels for aviation and aerospace purposes, an industry survey was carried out. The following section describes the survey process.

3.3 Industry Survey

The aim of the Industry Survey is to understand, from a qualitative standpoint, current trends in the aviation and aerospace sectors. The focus of the survey was to understand elements that could potentially impact or disrupt their businesses, the main issues companies were facing, and their knowledge and perception of LSE. The industry survey also provided an opportunity to understand the factors companies were considering when selecting a site for expansion or relocation and determining the attractiveness of LSE for those projects.

By going beyond industry statistics and getting a more personal look into these topics, we were able to better define the needs and requirements of aviation and aerospace industry companies. The information shared gave us additional insight as to potential development avenues for the airport that could be better aligned with survey findings. Table 1 provides a list of the 18 surveyed aviation and aerospace companies.

Table 1 - List of Aviation and Aerospace Companies Surveyed

Company	Category	Company	Category
Rockwell Collins	Tier 1	Contrail Aviation Support	Aviation
MW Industries	Tier 3	Dawley Aviation	Aviation
Priester Aviation LLC	Aviation	Jet Air Group	Aviation
Capital Flight	Aviation	Morey Airplane Company	Aviation
Premier Jet Center – Fargo Jet Center	Aviation	Parc Rapids Avionics	Aviation
NMC-Wollard	Aviation	Wipaire	Aviation
TSI Plastics	Tier 3	Munro & Associates	Aerospace consulting & engineering
Liebherr Aerospace	Tier 2	Permac Industries	Tier 3
AAR Corporation	Aviation	Air Wisconsin Airlines	Aviation
Derco Aerospace	Aviation	Gulfstream Aerospace	OEM

A description of the aerospace company categories is provided in Table 2.

Table 2 - Aerospace Manufacturers Classification Terminology

Category	Description
OEM	Assemble, then market and sell the final aircraft platform to end customers.
Tier 1	Engaged in the integrated design, development, manufacturing and marketing of major aircraft systems such as landing gear systems, navigation systems and propulsion systems.
Tier 2	Engaged in the integrated design, development, manufacturing and marketing of engineered and proprietary equipment and subsystems such as sensors, instruments, displays and communications equipment.
Tier 3	Parts and assembly suppliers that act as subcontractors that manufacture or supply components and sub-assemblies such as machined components, minor assemblies and their customers are typically tier 1 and 2 firms along with other tier 3 firms.

3.3.1 Key Identified Trends

One of the biggest market trends that surveyed companies are seeing is additive manufacturing (3D printing) – there is much testing and certification required before they can be widely used to manufacture aircraft components, but it is quickly asserting itself. Today, Additive Manufacturing (AM) is mainly used and developed at the OEM level.

However, there is a trend for MRO companies involved in both commercial and military aircraft to use AM for secondary and tertiary structures that have long lead times or for components that are obsolete. Furthermore, major research initiatives are being pursued between industry and academia to allow for a broader use of AM components on aircraft. It is anticipated that the lower level of the supply chain will be asked to upgrade their equipment within the next five (5) to eight (8) years. Companies are also looking for any material, parts, components or technologies that will lead to overall cost reduction, improved production time while respecting quality standards.

Market diversification, rationalizing suppliers' base and outsourcing (notably outsourcing low-value manufacturing outside of the country), were among the most common trends cited by interviewees. Also, with major airports increasing their lease rates, this has led companies to shift to smaller regional airports, but some aviation companies (especially FBOs and Charters) mentioned that most small airports were not suitable for their operation given limited infrastructure and services. Additionally, FBOs tend to concentrate on Eastern Seaboard states, southern and western states. Fewer large FBOs have taken up residency in the mid-west.

3.3.2 Key Identified Issues

Manufacturers mentioned that offering on-time delivery while maintaining quality standards was the most pressing issue. Still related to supply chain management, finding suppliers that can meet their lead times and respect production volumes was another important issue impacting surveyed companies.

Securing long-term agreements, consolidating suppliers, improving communication, encouraging suppliers to increase their level of certification (AS9100, ISO 9000 or 9001 and Nadcap) and developing robust inventory management systems and share the development costs with suppliers were other issues often cited in the conversations. Also, as utilization of composite materials is more widespread, companies are seeking lighter and more durable parts and components from their suppliers.

3.3.3 Considered Factors for Expansion or Relocation of Activities

Relocating assets or production capabilities closer to the addressed markets was not perceived as a strong competitive advantage for most of the surveyed organizations. Medium-Large aviation-related businesses deal with multiple markets and customers based in different geographic locations, which indicates that proximity of the clients is not a must. On the other hand, for smaller aviation companies, customer proximity is important. If expansion was needed, most surveyed manufacturing companies would prefer to grow their presence at their actual base of operations (when development space is available) or, for larger companies, expand overseas to develop new markets.

When sharing details on LSE and the La Crosse region, multiple aviation companies mentioned that it would meet their requirements, which mainly include the presence of other aviation companies (strong business environment – potential synergies), low lease rates and access to transportation infrastructure (especially major highways). Even if none of the surveyed companies are currently looking for new locations, the following results were obtained:

- Among the six (6) surveyed aerospace manufacturers, two (2) would consider expansion projects in Wisconsin; and
- Among the fourteen (14) surveyed aviation companies, five (5) would consider expansion projects in Wisconsin. Three (3) of those five (5) companies mentioned more precisely that LSE would be considered for expansion when the time comes.

3.3.4 Midwest Business Environment

During interviews, the large majority of respondents had difficulty providing details on their perception of the Midwest business environment. However, approximately 80% of the respondents have a good perception of the Midwest market. Most of the surveyed aerospace manufacturing companies have experienced revenue growth over the past years, mainly due to international market sales. As opposed to large manufacturers, local and regional aviation charter companies have seen sales show signs of recovery in the past few years, but pre-2008 sales have not been reached yet.

3.3.5 Knowledge and Perception of the Airport

Survey results show that among the 20 surveyed companies, five (5) knew about the airport. These companies are located in Wisconsin and Minnesota, and all are aviation companies and would consider LSE for future expansion.

4. Land Use Ordinance Requirements

In moving forward with the development of airport parcels, it is required to take into consideration the Land Use Ordinance requirements and identify if any modifications could be made to accommodate the proposed developments. The following provides a summary of the relevant Land Use Ordinance requirements while further details are provided in Annex B.

To determine the compatibility of a specific land use, various elements must be considered, including:

- Management of the land use;
- Location of the land relative to the airfield and the approach areas;
- Attributes of development; and
- Ancillary types of impacts associated with the land use.

The proposed developments for each of the parcels will need to be validated to meet the ordinance requirements. Buildings distance and elevation limitations were reviewed for each of the proposed options on the available parcels.

The land use charts for the airport provides three (3) categories of options for each of the parcels. P – Permitted use; R – Permit required for use; and N – Use not permitted. The activities identified in the ordinance are categorized are as follows:

- a. Residential Activities;
- b. Commercial Activities;
- c. General Office/Medical Office/Dental Office;
- d. Retail Uses;
- e. Industrial/Manufacturing Activities;
- f. Manufacturing and production uses;
- g. Institutional Activities;
- h. Day Care Use;
- i. Educational Facilities;
- j. Infrastructure Activities;
- k. Agriculture and Open Space Activities; and
- l. Parks and Recreation Activities.

In the event that the proposed activity requires a permit or an ordinance derogation, such requests must be addressed early in the process. FAA Form 7460-1, “notice of proposed construction or alteration”, needs to be used for construction or alteration of:

- More than 200 feet above the ground level at its site; and/or
- Greater height than an imaginary surface at a slope of 100 horizontal for every one foot vertical (100:1) for a horizontal distance of 20,000 feet from the nearest point of the nearest runway.

The City of La Crosse, along with the surrounding municipalities, can establish and enforce height restrictions that extend beyond the basic FAA standards.

More traditional parks and recreational activities such as camping and playgrounds also have quality of life impacts due to aircraft noise and hazards associated with aircraft accidents. Parks generally contain groups of people and attract wildlife due to the litter found on the ground. All of the parks and recreational land uses introduced above are discouraged within the vicinity of the Airport.

The non-aeronautical concepts presented in this report would require an FAA-approved release from aeronautical use to allow construction. Any property, when described as part of an airport in an agreement with the United States or defined by an airport layout plan (ALP) or listed in the Exhibit "A" property map, is considered to be "dedicated" or obligated property for airport purposes. At La Crosse Regional Airport, this applies to all of airport property. In general, if the Airport desires to develop any of its property for non-aeronautical purposes, a release is required. According to FAA Order 5190.6B, Airport Compliance Manual, Section 22.23, airport sponsors must submit a written request to the Airports District Office (ADO) if they desire a release from, or modification, reformation, or amendment to, its federal obligations. According to Section 22.24, the written request must include the following information:

- a) All obligating agreement(s) with the United States.
- b) The type of release or modification requested.
- c) Reasons for requesting the release, modification, reformation or amendment.
- d) The expected use or disposition of the property or facilities.
- e) The facts and circumstances that justify the request.
- f) The requirements of state or local law, which the ADO or regional office will include in the language of the approval document if it consents to, or grants, the request.
- g) The involved property or facilities.
- h) A description of how the sponsor acquired or obtained the property.
- i) The present condition and present use of any property or facilities involved.

In addition to the above, the sponsor must include the following in its request for release involving disposal of capital items:

- a) The fair market value of the property.
- b) Proceeds expected from the disposal of the property and the expected use of the revenues derived.
- c) A comparison of the relative advantage or benefit to the airport from the sale of the property as opposed to retention for rental income.
- d) Provision for reimbursing the airport account for the fair market value of the property if the property is not going to be sold upon release, for example, if the municipality intends to use it for a new city office building or sports complex.
- e) A description of the intangible benefits the airport will realize from the release.

This report also does not explicitly consider the future location of the runway protection zones (RPZs) beyond each end of the runways. Some of the concepts described in this report may require FAA approval of specific land uses within the RPZ. For example, if reconstruction and/or

expansion of Fisherman’s Road is desired, FAA approval will be required for the segment within the Runway 31 RPZ. Following completion of the Master Plan being developed as of this writing, Mead & Hunt will identify specific areas requiring future FAA non-aeronautical release and RPZ land use approval requests.

5. Local Demographics

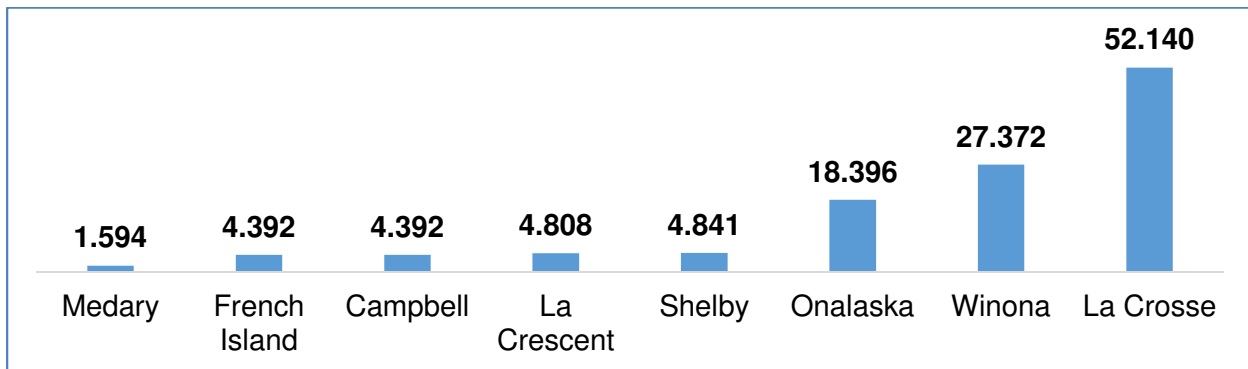
This section presents a brief overview of the local demographics that may impact some of the proposed development concepts. Specific land uses may be influenced by the demographic portrait of the area. All presented data were obtained from the Census Bureau.

5.1 Presentation of the Data and Analysis

Population Data

The County of La Crosse, located in west-central Wisconsin, had a population of 118,122 people in 2016. Figure 2 provides a detailed breakdown of the region’s total population for 2016.

Figure 2 - City of La Crosse Population and Surrounding Communities

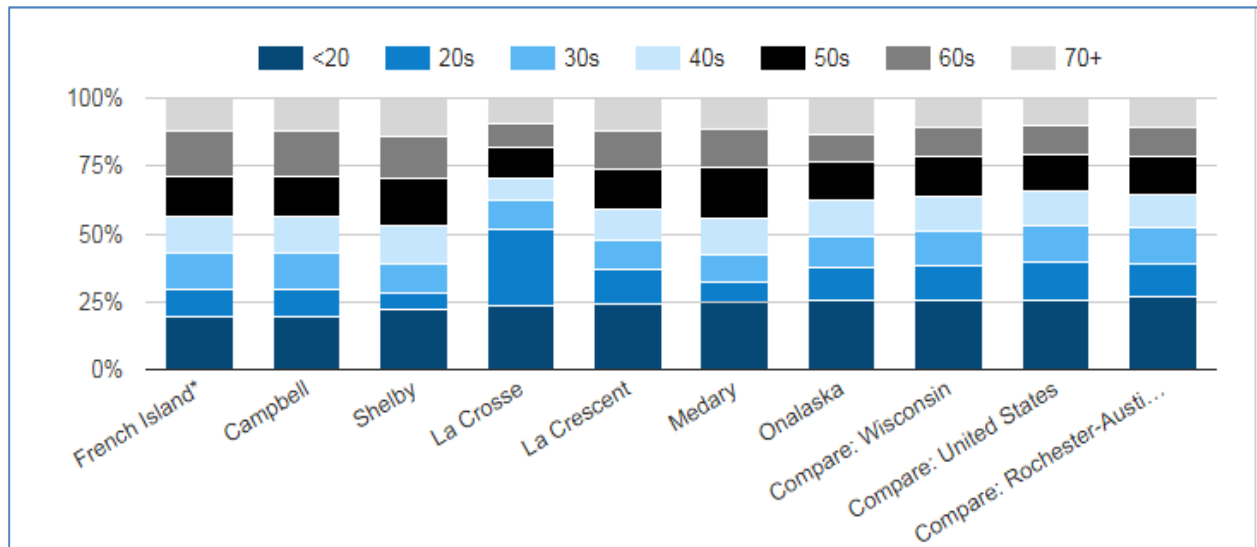


The overall population surrounding the La Crosse Regional Airport totals nearly 120,000 people (including Winona, which is actually in the state of Minneapolis). The City of La Crosse represents 44% of the local population.

Age Categorization and Families

The age categories may have an impact when evaluating non-aviation concepts as it may help cater to specific clientele’s needs. Figure 3 provides the breakdown of the population figures by age categories for the surrounding communities.

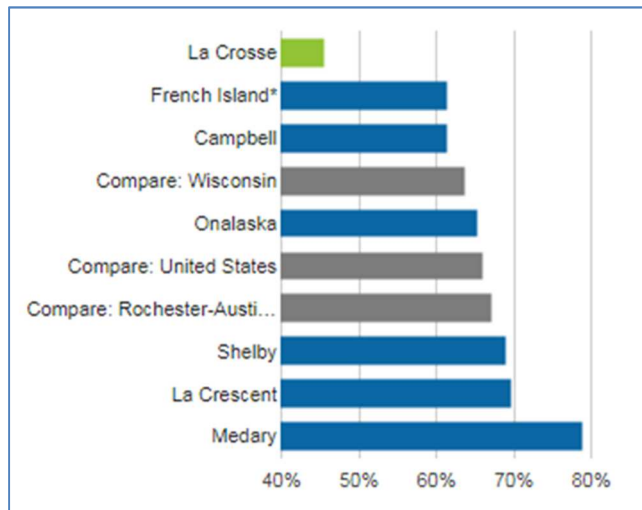
Figure 3 - Age Categorization



There is a noticeable difference between the population in the City of La Crosse and that of the surrounding municipalities. The City of La Crosse has a population that is much younger. 28.8% of the population is in their 20s, which is twice the national average (14%). The main reason explaining this statistic is that La Crosse is home to multiple Universities and Colleges, which tends to attract younger people in the region. It should also be noted that people in their 40s, 50s and 60s represent a relatively small proportion of the City compared to other local communities. Younger crowds have a good disposable income, they enjoy going out, eating out and entertain themselves. They don't mind spending on good meals in pleasant surroundings. They are also active and are likely to be attracted to novel concepts that may define trends.

Figure 4 histogram corroborates the data presented previously. It shows that, for the City of La Crosse, only 46% of all households are composed of families compared to 65% for the national average. Considerations need to be taken for concepts that cater to young families. However, they should also address the needs and expectations of other demographic segments, which also compose large segments of the population.

Figure 4 - Proportion of Families as a Percentage of all Households



Earnings and Incomes

The Census Bureau also provides recent data on local economics, especially the Median Earnings per Worker and the Median Household Income, which are presented in Figure 5 and Figure 6 respectively.

Figure 5 - Median Earnings per Worker

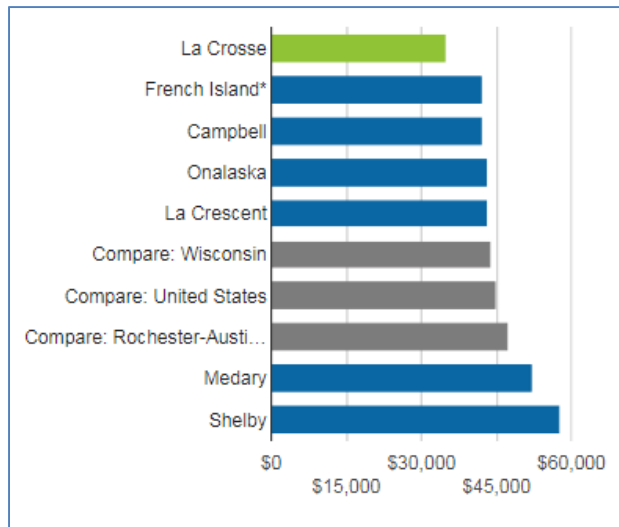
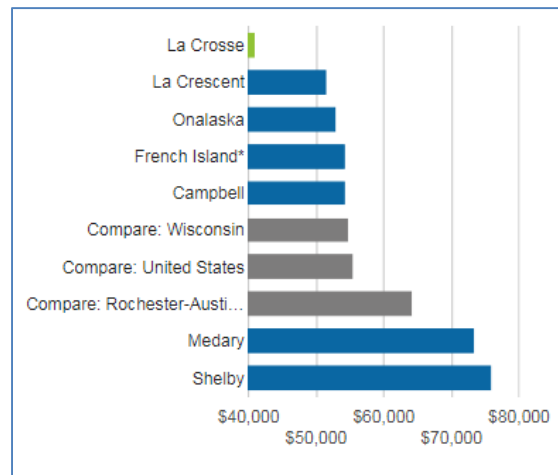


Figure 6 - Median Household Income



The towns of Medary and Shelby have the highest median earnings per worker with respectively \$52,000 and \$57,500. The City of La Crosse median earnings per worker was \$35,000 in 2016. Results are similar when analyzing the median household income.

Medary and Shelby have the highest median household income with respectively \$73,274 and \$75,815. The City of La Crosse median household income was \$41,000 in 2016.

5.2 Conclusion on Local Demographics

The following conclusions can be reached following an analysis of the region's demographics:

- The population in the City of La Crosse is composed of younger people compared to the surrounding municipalities.
 - The City of La Crosse is home to two (2) universities (University of Wisconsin – La Crosse and Viterbo University) and one college (Western Technical College) for a total 14,820 students in 2016. That explains the demographic factors.
 - Although students have other revenues than their part-time jobs, the younger population and the impressive number of students per capita may explain the lower median earnings per worker.
- The City of La Crosse has few families as a proportion of all household compared to surrounding communities.
 - Therefore, families tend to move to neighboring municipalities when they have a family.
- It is also noted that almost 65% of the City of La Crosse's population is single, which is at least 20% more than the surrounding municipalities. This comes from the high concentration of students.

6. Validation Summary

A wide reach validation process was undertaken to understand the region and its environment while seeking alternative options from the community. The consultation process included Focus Groups, one-on-one meetings and telephone interviews. Following those consultation sessions, a number of potential concepts were identified. The next step in the process was to carry out an extended validation process to determine which concepts should be retained and the ones that should be rejected. This exercise also raised additional leads for alternative concept ideas. This section presents an exhaustive list of concepts that were considered during the completion of this mandate.

6.1 Retained Development Concepts

Table 3 presents a list of retained development concepts for each of the available land parcels (total of 12). The list of parcels in the table refers to those illustrated in Figure 1. It also provides a short summary of the proposed development concepts. The full details are provided in the following section.

Table 3 - Retained Concepts

Concept	Parcel	Justification for Retention
Warehousing and Commercial Development	P1	<p>The results of the consultation with companies show that the airport meets multiple relocation factors (lot size, easy access to the highway, etc.) sought by local and national companies. There is a potential for the development of an intermodal hub (mix of ground and air transportation). Additionally, there are a number of companies consulted that have identified future warehousing needs for the region.</p> <p>The small parcel of land located at the northwestern end of parcel 1 is surrounded by residential developments on three (3) sides, which makes industrial development less interesting. Hence, it is proposed to use that area for commercial developments with road access from one of the residential sides.</p>
Office Spaces and Hotel Development	P2	<p>The City of La Crosse figures indicate an office and retail space vacancy rate lower than 4%. We recommend the airport acts on this opportunity to use some of its available parcels to meet current and future demands. The airport and the local community have also expressed their interest to locate a hotel in close proximity to the airport/terminal (P2 would be the best location for such a project).</p>
Aviation and Aerospace Development	P3 / P3B	<p>These parcels are well located to host aerospace manufacturing and aviation services companies. They provide airside access through an expansion of the current ramp and taxiway. Industry and companies surveyed during the consultations (Section 3.3) support this recommendation and some have shown interest.</p>

Concept	Parcel	Justification for Retention
Commercial Aeronautical and General Aviation Development	P4 / P4B	<p>P4 has the potential to become the extension of the commercial aviation hangar row already located near that parcel. There is the possibility of extending the ramp to offer airside access to future tenants.</p> <p>From the analysis, P4B is the most appropriate location for future general aviation development. The parcel is located in the existing GA sector of the airport and hence would be available for new tenants creating a homogeneous community.</p>
"The Destination" (Waterfront Development)	P5 / P6 / P6B	<p>In consultation with a large number of stakeholders within the region, all agreed that the airport could be appealing to offer entertainment and recreational activities if it was developed with enough vision to create a "Destination". Further validation was performed to establish the type of entertainment, commercial and recreational activities that would be appealing to the community, understanding that outdoor activities are an integral part of the community's daily life.</p> <p>The proposed "Destination" includes the development of restaurants, boutiques, a marina, a boardwalk and various indoor/outdoor activities. This land parcel is perfectly located between the Black River and Lake Onalaska with a potential link with the City of Onalaska, whose vision already includes such a bridge across the Black River to join Onalaska to French Island. This is part of their forecasted waterfront development offering scenic views and a natural and peaceful setting for the population.</p>
Aerospace Manufacturing and Industrial Development	P5 / P6 / P6B	<p>These parcels are very large and although the construction of a "Destination" with outstanding waterfront developments, there is still a large portion of land available for use offering other possibilities. It is consequently proposed to focus the additional development efforts toward a mix of aerospace manufacturing and industrial development. Large land parcels are available along runway 31/13 and can readily accommodate aviation and aerospace manufacturing businesses. This area of the airport will be useful once the proposed development for parcels P3, P3B and P9 are full and can no longer accept any more tenants. From an FAA standpoint, the development of commercial and recreational venues can be approved. However, the primary role of the airport is to provide land to support flying operations or aeronautical businesses. These would offer the best use of the additional land on those parcels.</p>
Land Remediation for Prairie Sand	P7	<p>No specific development concept was envisaged for this parcel. The size and location of this space along with the presence of Prairie Sand on that parcel and on other parcels on airport land make this parcel ideal as remediation land for any areas that would be affected by other developments on other parcels.</p>

Concept	Parcel	Justification for Retention
General Aviation and Office Space Development	P8	P8 was initially set aside for the installation of solar panels. The solar farm development concept was analyzed by an external consulting firm specialized in solar energy. Their report suggests installing solar panels on top of the airport terminal and in the parking area instead of P8. Therefore, P8 could be used as an alternative site for general aviation and office space development.
Aeronautical and Industrial Business Park	P9	Consultations have shown that the region is currently very short in industrial lots. Most of the industrial parks are fully occupied and the remaining lots are small and restrict the implementation of a number of companies. This parcel would be an extension of the existing Airport Industrial Park, with the added benefit of having some lots with airside access if there is a need for some companies in aeronautical products.

6.2 Non-Retained Development Concepts

From the initial consultation sessions, a number of ideas and potential development concepts were identified. The subsequent validation exercise demonstrated that there was no market for some of those concepts, or they were impractical or they could not meet with regulations requirements. Table 4 provides a summary of the non-retained concepts and the reason for their rejection from the concepts list.

Table 4 - Non-retained Development Concepts

Concept	Parcel	Justification for Rejection
Residential or retirement/nursing homes development	P1	This parcel falls in line with the approach path for runway 04. Although it is possible to build infrastructure that will be below the height limitations for that parcel, the potential consequences of an accident over a high concentration of people is not a situation that the airport, the FAA, nor the city, wishes to envisage. There is a process to get a derogation, but this was deemed as a non-starter and was consequently removed from the retained list.
Indoor Sport Center (artificial grass)	P1	There is a strong presence of Multi-Sports complexes in the region, specifically the La Crosse Wellness Center (Fieldhouse) and the Keva Sports Center. The University of Wisconsin (La Crosse) is also planning to develop a new multi-sport indoor facility in the upcoming years (it is possible that this could be a coordinated effort, given it is not yet in the works) make the competition too strong to propose such a venture.
Waterpark	P6	Wisconsin Dells is just over an hour away from La Crosse and possesses some impressive water slides. It has been dubbed “the waterpark capital” of the world. This concept was also discussed with Explore La Crosse and the Outdoor Recreational Alliance (ORA). Besides the strong existing competition, both mentioned that this concept would not bring added value to the region and is not really aligned with local needs.

Concept	Parcel	Justification for Rejection
Indoor amusement park for children and/or adults	P6	There is already strong local competition with the Shenanigans Entertainment Center and the Riverside Amusement Park that are offering Laser Tag, Karting, Virtual Sports Activities, Mini-Putt and various other activities. Shenanigans Center is located minutes from the airport.
Casino	P6	Casinos in Wisconsin are reserved for land owned by First Nations. For a casino to be erected on airport land, that would mean to sell some of the land to a local tribe. The sale of airport land is not normally well received by the FAA. Strict FAA regulation combined with the lengthy and complex zoning amendment process that would be required to make such an attempt, make this concept unviable.
Solar Farm	P8	The solar panels study concluded that this was not a suitable location as panels would create glare for aircraft on approach. The proposed location of the solar panels is the roof of the airport terminal.

7. Proposed Development Concepts

7.1 General

The airport, in consultation with Mead and Hunt, has identified nine (9) parcels on airport land for future land use developments. Each of the parcels has been labeled and a vocation provided for each of them. The following sections provide a description of the vocation for each of the identified developable parcels along with full details on the proposed concepts.

7.2 Airport and Surrounding Area Information

Airport Infrastructure

A review of the airport infrastructure and an understanding of the airport surroundings provide a good starting point for the analysis of each of the proposed development concepts.

The La Crosse Regional Airport has a total of three (3) runways:

- Runway 18/36: 8,742 ft. x 150 ft. (concrete/grooved);
- Runway 13/31: 6,050 ft. x 150 ft. (asphalt/grooved); and
- Runway 04/22: 5,199 ft. x 150 ft. (asphalt).

The two (2) main runways are in good condition while Runway 04/22 is in fair condition and will soon need resurfacing. It is infrequently used and is mostly for GA. The resurfacing cost is significant and given there are two (2) other runways for use, there are considerations given to reduce its length or to close it. By doing so, it reduces the airport maintenance costs and provides additional land use opportunities.

In addition, the airport has a modern two-story passenger terminal with three (3) gates. The terminal is host to the following facilities and tenants:

- Delta Air Lines passenger counter and kiosks;
- American Airlines passenger counter;
- Car rental:
 - Avis;
 - Hertz;
 - National Alamo; and
 - Enterprise (shuttle to downtown).
- Coffee Shop/Restaurant/Gift Shop; and
- Meeting rooms.

Airport Businesses and Industrial Parks

The La Crosse Regional Airport is located on French Island, which is surrounded by Onalaska Lake and the Black River. It is within easy reach of interstate 90, hence, providing access to the rest of the country. Consequently, French Island and the airport provide an excellent location and a dynamic business environment for aviation and non-aviation companies. The bulk of French Island industrial developments are located in two (2) different locations as presented in Figure 7.

Figure 7 - French Island Industrial Parks



There are eleven (11) corporate hangars and nine (9) multi-aircraft T-hangars on the airport property. Car rental companies also have facilities to wash and maintain their rental cars. Colgan Air Services owns an FBO (which also provides first-line services) and hangars, which are leased to aircraft owners and operators. Those hangars are also used during the arrival and departure of military soldiers attending training at Fort McCoy.

French Island Activities

The eastern segment of the airport is accessible through Fisherman's Road. It gives fishing enthusiasts access to a boat launch and a small beach. It is important to mention that this infrastructure is in poor condition and would require important rehabilitation work in order to support an increased volume of traffic.

7.3 Parcel P1 – Warehousing and Distribution Facilities

7.3.1 Parcel Location on the Airport

Parcel P1 is located at the southwestern corner of the airport perimeter. This large parcel of 41 acres is located in line with Runway 04/22 and is surrounded by residential developments. Most of the available land is located south of the Fanta Reed Road. Figure 8 illustrates the parcel location on the airport.

Figure 8 - Parcel P1 - Airport Location



7.3.2 General Concept Definition

For Parcel P1, it is proposed to develop the land in the form of an industrial park dedicated to Warehousing and Distribution Centers. With 41 acres, the parcel could host at least three (3) large warehousing facilities. Parcel 1 neighbors a residential area we also recommend converting the most westerly portion into a park area to segregate the industrial area from the residential area.

Figure 9 provides the proposed basic layout for the development of this parcel. It is composed of the four (4) following elements:

- Warehouse A;
- Warehouse B;
- Warehouse C; and
- Commercial Development Area.

Figure 9 - Parcel P1 - Development Plan



The following provides additional details on the overall concept.

Warehouses - Distribution Centers

The warehousing and distribution center concept consists of three (3) separate buildings that will serve companies for their storage and distribution needs. Both of these warehouses would include plenty of space for truck movements at their respective loading dock areas. As depicted in Figure 9, the facilities include a parking area for the employees, which may vary in size depending on the needs of the future tenants/owners. In order to access the parking and the loading docks, paved access roads linking to Fanta Reed Rd and Airport Drive will be required. Warehouses and Distribution Centers are facilities specifically designed to simplify storage and distribution operations. They have the following specificities:

- High ceilings;
- Dock Space - Normally, each dock has a width between 16 and 20 feet; and
- Truck Doors.



It's important to know that the interior design of warehouses and distribution centers are quite different. A distribution center (DC) is "a facility from which wholesale and retail orders are filled". The term is used to describe a high-velocity operation opposed to a static storage warehouse.

Rather than simply offering static storage, DCs provide a myriad of services for clients whether those customers are external or internal company departments and functions. A well organized and managed distribution center will provide such services as transportation, cross-docking, order fulfillment, labeling and packaging along with whatever services are necessary to complete the order cycle, including order processing, order preparation, shipping, receiving, transportation, returned goods processing and performance measurement.

Commercial Development Zone

On the northwestern area of P1, it is proposed to promote Commercial Development. This portion of the parcel is small and is surrounded by residential properties. Any type of industrial or even an extension of the warehousing/DC complex would likely clash with close proximity of housing subdivisions. Consequently, commercial development seems to be more suitable. It will be necessary to coordinate any commercial developments between P1 and P5/P6/P6B to ensure the proper targets are identified to match with the vision of each of the concepts. This zone could be accessed by the Callaway Boulevard. No specific commercial business types have been identified during the validation process for this 350 x 775 ft. parcel (6.23 acres).

7.3.3 Concept Validation and Market Demand

The proposed concepts were validated through a series of discussions with companies in the surrounding area, economic development officials and backed by market demand. This section presents the results of the market analysis for this concept.

Warehouses – Distribution Centers

Being centrally located between Iowa, Minnesota, and Wisconsin, La Crosse is strategically located to support local, national and international companies in their Mid-West distribution operations. La Crosse is home to a vast range of business sizes with various requirements for distribution centers. For example, Ace Hardware has a large distribution center located just across from the airport (Interchange Industrial Park). Another important player in the region is Kwik Trip who has important distribution facilities in the region. These companies along with a number of others consulted have indicated that there will be a need for additional warehousing and distribution centers within the next three (3) to five (5) years and they would look favorably at airport properties as it is very well positioned with a good the highway network.

During the validation process, our team had the opportunity to discuss with various organizations that provided insights about the feasibility of the concept. Those organizations are presented in Table 5.

Table 5 - Parcel P1 - Validation Targets

Organization	Comments
Logistics Health Inc. (LHI)	In 2015, LHI built an important Distribution Center in La Crosse. This facility is owned by the company, but currently used to approximately 80% of its capacity with space that is quickly filling. Although they have no short-term needs for additional space, they would be very much interested in the proposed project as it provides sufficient space and easy access to the interstate.
Kwik Trip	Landlocked and within the next year will be at capacity and looking for new locations. They resupply over 650 convenience stores with 400 trucks leaving La Crosse daily. The airport location is at proximity to the interstate and an area that would be easily adaptable to their needs.
Central State Warehousing	The company wants to expand their operations, and they are actively looking at warehousing opportunities. Ideally, they would prefer to be the promoter of the project, as they wish to build the facility and to own the land. However, under the right conditions, they would consider all the options. A precise project size was not divulged. The company needs to better understand the lots division (lot sizes) before commenting on project size.

Organization	Comments
American Warehousing and Distribution Inc.	The company mentioned that they have had a steady growth over the past few years, but they have no short-term expansion project in La Crosse. They mentioned, however, that the airport is a great location and if land was available they would consider the site for any future expansion projects. Although they prefer to own the land, an attractive proposition in terms of land lease rates would be considered.
City Brewery	The company has a steady growth with more than 100 semi-trailer trucks shipping daily. They agree that the airport location is good, but they have no short-term warehousing expansion project.
Pearl Street Brewery	No interest in our survey, they didn't comment.
7 Rivers Alliance	There is a great potential for the Airport to become an intermodal hub. The airport is located close to the interstate and gives easy access to air travel. There could be opportunities for air cargo companies.
Real Estate Agencies	Most of the local companies are looking for small warehouses where they can store stuff or perform light manufacturing. There are few distribution centers in La Crosse. If there is an offer, they suggest that it would be rented quite rapidly. Most of the companies prefer to purchase spaces rather than rent.

Based on the analysis, using parcel P1 for the construction and operation of warehouses and distribution centers is highly attractive and certainly viable. The main advantages are the proximity to the interstate and the state of Minnesota, as well as easy access to airport services. There has been sufficient interest or evidence that this would be an excellent site for the intended use to conclude that this concept fits perfectly with the location.

7.3.4 Development Approach

This parcel should be marketed as future warehousing and distribution centers development site, but also as commercial development for the small parcel in the northwestern corner of the parcel. For warehouses, construction of any building would be based on demand from interested companies, but marketing efforts should be made to identify an interested company within the first three (3) years. For the financial projections linked to this concept, we considered that a new warehouse or distribution center will be constructed every three (3) years. This represents a realistic scenario considering the market demand data presented before and the lack of warehousing facilities in the region.

On the other hand, for the commercial development zone, construction of any building would be based on demand from interested promoters, but marketing efforts should be made to identify interested companies within the first five (5) years. For the financial projections linked to this concept, we considered that half of the zone will be developed on year (5) and the other half five (5) years later.

Note on the Development Approach

For the purpose of this report, office development has been constrained to P2 only. Only one office building has been anticipated for that parcel. As it will be demonstrated in a subsequent section, office demand is quite reasonable in the region. Consequently, based on demand, portions of P1 could be considered for future office buildings. Specifically, the eastern segment of P1 (at the corner of Airport Drive and Fanta Reed Road) could alternatively be used for office space development.

7.3.5 Zoning Amendments

The development of P1 contains various obstacle limitations and requires zoning considerations. Due to its location on the approach path for Runway 04, it is expected that no land release will be accepted by the FAA. When consulting obstacle limitations and the zoning regulations, it is noted that any proposed building location would be directly in the aircraft approach path, therefore, limiting the height of future buildings. The current development plans for this parcel are limited as the entire P1 parcel is currently located in a Zone A category, therefore allowing for the following uses only (permit required):

- Parking area;
- Transportation; and
- Animal or plant related agriculture

Additionally, in terms of height restrictions, part of Warehouse A would have a 23.3 ft. height limitation and Warehouse B a 43.3 ft. height limitation.

This proposed development would be possible in the event that Runway 04/22 would be closed. In that case, it would change the zoning for P1 from Zone A to Zone C, which permits warehousing and distribution center development.

7.3.6 Infrastructure Requirements and Costs

It is assumed that warehouses and distribution centers will be owned and developed by the operating companies or real estate promoters. Consequently, neither the airport, nor the City of La Crosse, will need to invest capital for P1, except for the potential construction cost associated with the development of a road to access the commercial zone. Since the access road final design and potential cost sharing options are not clearly defined at this stage, this infrastructure cost was not included in the financial projections. Once better defined, this cost should be added to the Master Plan. For this report, based on the access road layout presented at Figure 9 and a cost of \$1,000 per linear meter of road, the total capital cost for its construction will be approximately \$305,000 (considering a road length of 1,000 feet). Finally, the Fanta Reed Road, Airport Drive and Callaway Boulevard are already linked to local utility services, which means that no additional infrastructure works will be required.

7.3.7 Financial Analysis

Table 6 provides the assumptions that have been used in the 20-year financial projections for parcel P1.

Table 6 - Parcel P1 - Financial Analysis Assumptions for the Warehouses

Item	Description	Rate / Value
<p>Land lease rate</p>	<p>The annual land lease rate is calculated per square foot of land use.</p> <p>Based on comments from surveyed companies, the airport's current rate would be too high to attract long-term tenants. Therefore, a benchmark analysis of the local industrial park lots (The International Business Park) was conducted. The total lots size was divided by the total number of acres and then converted in dollars per square foot.</p> <p>It was also considered that the proposed land lease rate should cover the cost of buying the land over a 20-year period. Calculations also considered that when companies purchase a lot, 20% of the value is paid as a cash down, and 80% is financed over 20 years at a 5% interest rate. Therefore, the cost of the loan has been considered in the calculation of the rate.</p> <p>Finally, in the financial model, the land lease rate has been increased by 2.5% every five (5) years.</p>	<p>\$0.1918</p>
<p>Global tax rate</p>	<p>The global tax rate used was as per the 2018 Tax Schedule.</p>	<p>2.91271%</p>
<p>Building Assessment Value</p>	<p>Based on development approach estimates, one (1) building every three (3) years:</p> <p>Warehouse A: Constructed on Year three (3) Footprint: 147,500 sq. ft. @ a cost of \$95 / sq. ft. Additional land required: Parking area: 22,500 sq. ft. Loading docks: 65,000 sq. ft.</p> <p>Note: A value was not attributed to the improvements associated with parking and loading docks.</p> <p>Warehouse B: Constructed on Year six (6) Footprint: 120,000 sq. ft. @ a cost of \$95 / sq. ft. Additional land required: Parking area: 15,000 sq. ft. Loading docks: 65,000 sq. ft.</p> <p>Warehouse C: Constructed on Year nine (9) Footprint: 94,000 sq. ft. @ a cost of \$95 / sq. ft. Additional land required: Parking area: 15,000 sq. ft. Loading docks: 30,550 sq. ft.</p>	<p>\$14,012,500</p> <p>\$11,400,000</p> <p>\$8,930,000</p>

Item	Description	Rate / Value
Lots size	<p>P1 has a total surface of 41 acres.</p> <p>Considering the buildings and sub-components (parking and loading docks) the total required surface is 574,500 sq. ft. A 10% margin was added to the total square footage in order to consider the free land that will surround the perimeter of each lot.</p> <p>Utilized surface of the future lots: 574,500 sq. ft. x 1.10% = 632,005 sq. ft. (or 14.50 acres)</p> <p>For financial projection purposes, it was considered that each lot will have the same surface (three (3) lots of approximately five (5) acres each). This may change depending on the company requirements.</p>	Total Surface: 632,005 sq. ft.
Inflation	The numbers included in the 20-year financial projections take into account an annual 2% inflation rate.	2% annually

Table 7 - Parcel P1 - Financial Analysis Assumptions for the Commercial Development

Item	Description	Rate / Value
Land lease rate	Identical to Table 6.	\$0.1918
Global tax rate	The global tax rate used was as per the 2018 Tax Schedule.	2.91271%
Lots size	<p>Based on development approach estimates, the first half of the commercial zone will be developed on year five (5):</p> <ul style="list-style-type: none"> Total "Commercial Development Zone" surface required: 6.23 acres It was assumed that 50% of the land will be reserved for the access roads (including the road from the street and between the two (2) commercial strips). Total Leasable Land: 3.115 acres <p>Therefore, the commercial building development on year five (5) will be done on 1.56 acres (67,954 sq. ft.) while the other 1.56 acres will be developed on year ten (10).</p>	Total Surface: 135,908 sq. ft. (3.115 acres)

Item	Description	Rate / Value
Building Assessment Value	<p>Phase 1 – 67,954 sq. ft. of buildings and parking areas on year five (5)</p> <p>Parking areas represent 1.5 times the building footprint Footprint: 27,182 sq. ft. @ a cost of \$120 / sq. ft. = \$3,261,840 (Includes the associated parking areas – 40,772 sq. ft.)</p> <p>Phase 2 – 67,954 sq. ft. of buildings and parking areas on year ten (10)</p> <p>Parking areas represent 1.5 times the building footprint Footprint: 27,182 sq. ft. @ a cost of \$120 / sq. ft. = \$3,261,840 (Includes the associated parking areas – 40,772 sq. ft.)</p>	Total value: \$6,523,680
Inflation	The numbers included in the 20-year financial projections take into account an annual 2% inflation rate.	2% annually

Based on the previous assumptions, Table 8 presents the 20-year financial revenue projections for the airport (land lease) and the City of La Crosse (taxes). After the initial 20-year period, the following revenues would be generated:

- Airport land lease: \$2,885,285
- City municipal taxes: \$22,104,376

Table 8 - Warehousing and Distribution Center Development - 20-Year Financial Projections

REVENUES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	...	YEAR 20	20-YEAR TOTAL
Building A - Land Leasing Revenues	\$0	\$0	\$42 841	\$43 650	\$45 570	\$46 398	\$47 227	\$48 055	\$48 884	\$50 925	...	\$62 241	\$939 076
Building A - Tax Revenues	\$0	\$0	\$353 438	\$360 107	\$366 776	\$373 444	\$380 113	\$386 782	\$393 450	\$400 119	...	\$466 805	\$7 382 195
Building B - Land Leasing Revenues	\$0	\$0	\$0	\$0	\$0	\$46 398	\$47 227	\$48 055	\$48 884	\$50 925	...	\$62 241	\$807 015
Building B - Tax Revenues	\$0	\$0	\$0	\$0	\$0	\$373 444	\$380 113	\$386 782	\$393 450	\$400 119	...	\$466 805	\$6 301 874
Building C - Land Leasing Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$48 884	\$50 925	...	\$62 241	\$665 335
Building C - Tax Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$393 450	\$400 119	...	\$466 805	\$5 161 535
Commercial Development (Phase 1) - Land Lease Revenues	\$0	\$0	\$0	\$0	\$14 699	\$14 966	\$15 234	\$15 501	\$15 768	\$16 426	...	\$20 077	\$275 013
Commercial Development (Phase 1) - Tax Revenues	\$0	\$0	\$0	\$0	\$104 509	\$106 409	\$108 309	\$110 209	\$112 109	\$114 010	...	\$133 011	\$1 900 159
Commercial Development (Phase 2) - Land Lease Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16 426	...	\$20 077	\$198 845
Commercial Development (Phase 2) - Tax Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$114 010	...	\$133 011	\$1 358 614
TOTAL REVENUES	\$0	\$0	\$396 280	\$403 757	\$531 553	\$961 060	\$978 222	\$995 384	\$1 454 880	\$1 614 003	...	\$1 893 316	\$24 989 661

7.4 Parcel P2 - Office Spaces and Hotel Development

7.4.1 Parcel Location on the Airport

The most appropriate development site for office space and hotel development is located south of the airport terminal parking and west of Airport Drive (Figure 10). This narrow land parcel has a dimension of 7 acres (180 feet by 1,700 feet). The proposed concept's layout is depicted in Figure 11.

Figure 10 - Parcel P2 - Airport Location



7.4.2 General Concept Definition

The proposed development concept for P2 consists of constructing two (2) buildings, an office building and a hotel. The office building would be composed of three (3) stories with a building footprint of approximately 36,000 sq. ft. As a starting point and considering the demand, the hotel, also with a 36,000 sq. ft. footprint, would only consist of one (1) story. The demand may grow in the coming years and consequently, a decision could be made to build a two (2) story hotel.

The office building would include all typical amenities of modern office spaces with a reception area, open space offices, a cafeteria (lunch room), conference and quiet rooms for small group discussions. Parking spaces will also be required for office workers and for the clients of the hotel. Office buildings can be used for a variety of functions as allowed in the zoning and official plan.

It is possible to use the spaces for: corporate administrative offices and government offices, data processing facilities, including call centers, professional and technical services, such as engineering and surveying firms.

Figure 11 - Parcel P2 - Development Plan



Figure 11 provides the proposed layout of the two (2) proposed buildings. The parcel has limited width. For that reason, it is recommended to use the maximum possible depth and to locate the hotel as close as possible to the Airport Drive intersection. This will allow the insertion of a large parking area between the office building and the hotel. The exact number of required parking slots will depend on the number of building users. For the office building, considering average industry dimensions, a single story of 36,000 sq. ft. can host approximately 100 employees for a potential total of 300 employees over the three (3) floors. The parking capacity will need to reflect those numbers.

7.4.3 Concept Validation and Market Demand

Office Building

Research has shown that the office vacancy rate in La Crosse is below 4%. Additionally, discussions with local real estate agents, the La Crosse Area Development Corporation (LADC) and the La Crosse Chamber of Commerce reveal that most recent office developments were focused in the Downtown area, which was the case for the Logistics Health Inc. project that was built to provide office spaces for their own employees with some additional space for rental purposes. On the long term, surveyed organizations believe that office building developments will become more difficult in Downtown La Crosse due to the lack of available developable lots. This means that companies and office space promoters will need to explore alternatives at the outskirts of the city.

Despite the recent 5-year development push, the surveyed organizations mentioned that the area has already absorbed most of the new offers and that available quality office spaces were scarce. This provides a solid opportunity for future office developments.

Furthermore, the organizations contacted believe the airport would be a good location for the construction of office buildings. Being close to the airport, the highway and existing industrial parks have been underlined as key advantages. Finally, there are no modern office spaces currently available on French Island.

Hotel

Over the past five (5) years, there have been five (5) new hotels built in the downtown area. The overall occupancy rate for local hotels is currently less than 70%. However, the hotel concentration is downtown and the offer around the airport is limited. There is a case to be made for the construction of a more modern hotel near the airport that would support the needs of the community as well as future projected growth surrounding the airport in light of the proposed developments. This avenue is also well received by the airport authorities who also wish to have an option to offer current and future travelers or visitors. This new Master Plan is the opportunity to ensure the airport is well prepared for all potential developments and for associated services to support this growth.

7.4.4 Development Approach

As with all development proposals, there is a need to market the parcel in light of the proposed concepts. This parcel should be marketed as the ideal site for a future office building and a hotel. Since LSE and the City of La Crosse won't own the buildings, they should work together to conduct an investment attraction campaign in order to identify promoters (and companies in the case of the office building) that have interest in building and renting office spaces or operate a hotel on the airport location.

Construction of any building would be based on demand from interested companies and/or promoters, but marketing efforts should be made to identify interested companies within the first five (5) years. For the financial projections linked to this concept, it was considered that based on market demand, both the hotel and office space will be constructed on year five (5).

7.4.5 Zoning Amendments

In terms of zoning, the evaluated land parcel (P2) is entirely located in a Zone C area, except for a small zone located at the corner of Airport Drive and Dauphin Street. Zone C authorizes Low-Rise (two (2) to three (3) stories) General Office development, but a permit is required. For the development of a Hospitality-oriented development, which is currently not permitted in this zone, there would be a need for a derogation. Given that the initial proposal is for a one-story hotel, this derogation would be more palatable.

With an average height of 13 ft. per story, the office building should be approximately 40 ft. high and the hotel less than 20 ft. high. Considering the proposed building locations (see Figure 11),

no obstacle limitation constraints are observed. The maximum height for this parcel is approximately 60 ft. considering the elevation of Runway 04.

7.4.6 Infrastructure Requirements and Costs

The office building and the hotel will be owned and developed by businesses or real estate promoters. Neither the airport, nor the City of La Crosse, will need to invest capital for this concept. Airport Drive is already linked to local utility services, which means that the city won't need to consider additional infrastructure works.

7.4.7 Financial Analysis

Table 9 provides the assumptions that have been use in the 20-year financial projections for parcel P2.

Table 9 - Parcel P2 - Financial Analysis Assumptions

Item	Description	Rate / Value
Land lease rate	<p>The annual land lease rate is calculated per square foot of land used.</p> <p>Based on comments from surveyed companies, the airport's current rate would be too high to attract long-term tenants. Therefore, a benchmark analysis of the local industrial park lots (The International Business Park) was conducted. The total lots value was divided by the total number of acres and then converted in dollars per square foot.</p> <p>It was also considered that the proposed land lease rate should cover the cost of buying the land over a 20 year period. Calculations also considered that when companies purchase a lot, 20% of the value is paid as a cash down, and 80% is financed over 20 years at a 5% interest rate. Therefore, the cost of the loan has been considered in the calculation of the rate.</p> <p>Finally, in the financial model, the land lease rate has been increased by 2.5% every 5 years.</p>	\$0.1918
Global tax rate	The global tax rate used was as per the 2018 Tax Schedule.	2.91271%
Building Assessment Value	<p>Based on Development Approach Estimates, one office building at year five (5):</p> <p>Office Building: Constructed on Year 5 Footprint: 36,000 sq. ft. @ a cost of \$185 / sq. ft.</p> <p>Additional land required. Parking area: 70,400 sq. ft. Approximatively 293 parking slots (144 sq. ft. per slot)</p>	\$6,660,000
	<p>Hotel: Constructed on Year 5 Footprint: 36,000 sq. ft. @ a cost of \$150 / sq. ft.</p> <p>Additional land required. Parking area: 32,000 sq. ft. Approximatively 110 parking slots (144 sq. ft. per slot)</p>	\$5,400,000

Item	Description	Rate / Value
Lots size	<p>P2 has a total surface of 6.4 acres.</p> <p>Considering the buildings and parking areas, the total required surface is 288,600 sq. ft. A 10% margin was added to that total square footage in order to consider the free land that will surround the perimeter of each lot.</p> <p>Utilized surface of future lots: 216,600 sq. ft. x 1.10% = 238,260 sq. ft. (or 5.47 acres).</p> <p>For financial projection purposes, it was considered that each lot will have the same surface (two (2) lots of approximately 2.74 acres each). Depending on the company requirements, preliminary lot sizes could change.</p>	<p>Total size: 238,260 sq. ft.</p>
Inflation	<p>The numbers included in the 20-year financial projections take into account an annual 2% inflation rate.</p>	<p>2% annually</p>

Building Capacity Assumptions – Office Building

The following calculation is based on normally accepted standards for the construction of office buildings:

- 30% of the building is composed of corridors, storage rooms, washrooms, and other general purpose spaces;
- 36,000 sq. ft. x 70% = 25,200 sq. ft. left for actual office spaces and common rooms;
- Executive offices have an average size of 360 sq. ft. per employee;
- Executive offices represent 20% of all office spaces: 25,200 x 20% = 5,040 sq. ft.;
- Employees' offices have an average size of 230 sq. ft. per employee;
- 25,200 – 5,040 – 800 (reception office) = 19,360 sq. ft. left for employee offices;
- 19,360 / 230 = 84 employees;
- 5,040 / 360 = 14 executives; and
- Total number of employees per floor is 98.

Building Capacity Assumptions – Hotel

For the hotel, considering one (1) 36,000 sq. ft. story, the total number of rooms was defined using the following assumptions:

- Generally, 70% of the hotel will be composed of hotel rooms, the rest being common spaces: $36,000 \text{ sq. ft.} \times 0.7 = 25,200 \text{ sq. ft.}$
- Average hotel room dimensions: 325 sq. ft.
- Total number of rooms: $25,200 \text{ sq. ft.} / 325 \text{ sq. ft.} = 77 \text{ rooms}$

Based on the previous assumptions, Table 10 presents the 20-year financial revenue projections for the airport (land lease) and the City of La Crosse (taxes). After the initial 20-year period, the following revenues would be generated:

- Airport land lease: \$964,005
- City municipal taxes: \$7,025,457

Table 10 - Office Building Development - 20-Year Financial Projections

REVENUES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	...	YEAR 20	20-YEAR TOTAL
Office Building - Land Leasing Revenues	\$0	\$0	\$0	\$0	\$25 762	\$26 231	...	\$35 188	\$482 002
Office Building - Tax Revenues	\$0	\$0	\$0	\$0	\$213 385	\$217 265	...	\$271 581	\$3 879 730
Hotel - Land Leasing Revenues	\$0	\$0	\$0	\$0	\$25 762	\$26 231	...	\$35 188	\$482 002
Hotel - Tax Revenues	\$0	\$0	\$0	\$0	\$173 015	\$176 161	...	\$220 201	\$3 145 727
TOTAL REVENUES	\$0	\$0	\$0	\$0	\$437 925	\$445 887	...	\$562 157	\$7 989 461

7.5 Parcels P3 and P3B - Aviation Services and Aerospace Developments

7.5.1 Parcel Location on the Airport

Parcels 3 and 3B (Figure 12) provide maximum airside access while taking full advantage of existing airport assets. These sites are ideal for future aviation and aerospace companies requiring access to the airport ramps and runways. P3 and P3B are located south of the airport terminal and the main ramp.

Figure 12 - Parcel 3 and 3B - Airport Location



7.5.2 General Concept Definition

For P3 and P3B, we propose to focus on the development of large hangars that cater to the needs of aviation services and aerospace companies. The proposed size of these hangars is based on the requirements for services provided to regional aircraft. These aircraft regularly fly into La Crosse and would offer regular business to aviation companies operating in this aviation segment. These hangars would be used by medium to large size aviation companies, but also those in aerospace manufacturing.

Considering available space and the concept objectives, P3 would be ideal for the construction of 40,000 sq. ft. hangars (160 ft. x 250 ft.) which would accommodate aircraft of various dimensions, including the CRJ 900, but also the Boeing 737. Hangars of this size can be used for a wide array of activities, ranging from maintenance, repair, overhaul, painting to light industrial manufacturing. A proposal development plan is presented in Figure 13.

The location of the hangars are indicative only and not to scale. The actual position would require a full analysis of the requirements by the future owners.

Figure 13 - Parcels P3 - Development Layout



For planning purposes, each of the hangars is deemed to have the same dimensions (40,000 sq. ft.) and has its own parking area behind the hangar for direct access to Airport Drive. Hangars will be constructed based on clients' demands. The proposed alternative is conceptual in nature, and the actual final layout could be different from the one presented on Figure 13. For example, the hangar row (and each parking area) could be developed closer to Airport Drive. In that specific case, the ramp expansion would also be pushed back toward Airport Drive in order to follow the hangar line.

P3B is currently restricted by the presence of Runway 4/22, which is currently operational and active. Height limitations would affect the feasibility of developing similar hangars on P3B. The tallest possible hangar height could only be 23.3 ft. (i.e. Height Limitation Zoning Map indicates a maximum of 670 ft. MSL and the runway elevation is 646.7 ft.). In this specific case, development on P3B is still possible, but the airport fence would need to be moved and the buildings should be erected as close as possible to Airport Road to ensure maximum building's height. Aerospace manufacturers that don't necessarily require runway access would be ideal targets for this scenario.

If Runway 4/22 eventually closed, hangar development could continue toward Fanta Reed Road. In this case, it would be possible to consider the continuation of a layout similar to P3. It is anticipated that at least four (4) other similar hangars could be constructed on P3B (see Figure 14).

Figure 14 - Parcels P3B - Development Layout



For all the layout options that are possible for both P3 and P3B, the airport fence will need to be moved to enable hangar constructions.

7.5.3 Market Demand

A market analysis was performed for each of the proposed concepts to assess their long-term viability. In this particular case, the geographical area for this analysis was much broader. In addition to assessing local and regional needs, the scope of this market research covered Wisconsin as well as all four (4) states (Minnesota, Illinois, Iowa and Michigan) surrounding the State of Wisconsin. The results of this analysis are presented in Section 3.3 (Industry Survey).

In summary, at least seven (7) of the companies surveyed would consider expanding to LSE. The airport provides a number of elements that would make them consider using the airport as an expansion destination. There is already a presence of other aviation companies, the lease rate is attractive and the airport provides easy access to major transportation infrastructure.

7.5.4 Development Approach

Within a 20-year timeframe, it is proposed to use these parcels for the construction of three (3) hangars in a phased approach starting with the lot closest to the terminal. For the construction of these hangars, there will be a need to extend the ramp progressively as new hangar lots are developed. Figure 13 provides the proposed arrangement for parcel P3. Parcel P3B could also be developed with additional hangars providing the conditions described in the Zoning Amendments section (next section) were met. Considering the perceived demand and the airport location, it was considered, from a financial projections standpoint, that P3B development would start only after the 20-year timeframe.

Therefore, the four (4) hangars presented on Figure 14 were not included in the financial projections. In the case that Runway 04/22 remains active, construction of lower height buildings could start earlier.

7.5.5 Zoning Amendments

There are no zoning amendments required for parcel P3 for this proposed development. However, considering current obstacle limitation constraints, P3B development would be restricted to buildings with a maximum of 23.3 ft. high. In the second scenario, if Runway 04/22 is closed or if the 04 end of the runway is shortened significantly, P3B should be the continuation of P3 given its privileged access to the airfield.

7.5.6 Infrastructure Requirements and Costs

The only infrastructure cost to consider for this development concept is the ramp extension. Based on Mead & Hunt past studies, the ramp extension cost was budgeted at \$11.50 per square foot. With a total surface of 282,250 sq. ft. (for the three (3) hangars on parcel P3), the ramp expansion should cost approximately \$3,245,875. The ramp width was estimated to be 190 feet, which represents the continuation of the existing ramp located in front of the terminal. This width would be closed to Design Group II standards (normally 175 feet) and can accommodate most corporate and regional jets. Depending on the Master Plan orientations and objectives, Mead & Hunt could revisit the proposed recommendation by increasing the width to 270 feet (Design Group III) allowing larger aircraft to use the ramp for parking and movement.

In the financial model, this infrastructure is financed over 20 years at an interest rate of 5%. There is the option to have the ramp extension constructed progressively as hangars are built or all at once when the first hangar is erected. In the ensuing financial analysis, it has been assumed a one-time construction of the ramp giving the ability to have the space ready for all three (3) hangars on P3. On this basis, after 20 years, the capital and interest payments will total \$4,167,319 (Note: The model assumes that the first hangar is constructed on Year five (5) and each subsequent one every five (5) years thereafter). Furthermore, it is assumed that existing taxiways will be used for the development of P3. However, when P3B hangars' construction starts, the airport may consider the construction of a taxiway further down the ramp (at the tip of Runway 36) in order to improve runway access for the tenants.

Finally, given the proximity to Airport Drive, future tenants will be able to easily connect their building to the local utility network precluding further airport support for significant additional utility works.

7.5.7 Financial Analysis

Table 11 provides the assumptions that have been used in the 20-year financial projections for parcel P3. Since Parcel P3B development would realistically occur only after this 20-year timeline,

the parcel was not included in the following financial projections. Depending on the business attraction efforts put forward by the City and the Airport, P3B development could be advanced.

Table 11 - Parcels P3 and P3B - Financial Analysis Assumptions

Item	Description	Rate / Value
Land lease rate	The annual land lease rate charged per square foot.	\$0.3084 (Airport land)
	For the warehousing and office space concepts, a modified rate was used that was based on the equivalent purchase of land elsewhere in the city in order to be competitive.	\$0.4625 (Apron)
	For the Aviation & Aerospace concept, the standard LSE land lease rate was utilized (\$0.3084) as there are no comparable sites elsewhere. Companies using the apron need to pay an additional \$0.4625 per square foot that is equal to their building footprint.	
	Also, in the financial model, the land lease rate has been increased by 2.5% every five (5) years.	
Global taxes rate	The global tax rate used was as per the 2018 Tax Schedule.	2.91271%
Ramp Maintenance	A ramp maintenance cost has been included in the financial projections to consider minor maintenance work (i.e. crack sealing). This annual expense represents 20% of the capital repayment.	\$464,461 (20-years total)
Building Assessment Value	Based on development approach estimates, one (1) hangar every five (5) years: Hangar A: Constructed on Year five (5) Footprint: 40,000 sq. ft. @ a cost of \$115 / sq. ft. Parking area: 11,250 sq. ft. @ a cost of \$3 / sq. ft.	\$4,633,750
	Hangar B: Constructed on Year ten (10) Footprint: 40,000 sq. ft. @ a cost of \$115 / sq. ft. Parking area: 11,250 sq. ft. @ a cost of \$3 / sq. ft.	\$4,633,750
	Hangar C: Constructed on Year 15 Footprint: 40,000 sq. ft. @ a cost of \$115 / sq. ft. Parking area: 11,250 sq. ft. @ a cost of \$3 / sq. ft.	\$4,633,750
Lots size	P3 should have three (3) identical rectangular lots of 100,000 sq. ft. each (total of 300,000 sq. ft.). <i>Apron surface is equal to the building's footprint = 120,000 sq. ft.</i>	Total size: 420,000 sq. ft.
Inflation	The numbers included in the 20-year financial projections take into account an annual 2% inflation rate.	2% annually

Based on the previous assumptions, Table 12 and Table 13 provide the 20-year financial revenue projections for the airport (land lease) and the City of La Crosse (taxes). After the initial 20-year period, the following revenues would be generated:

- Land lease revenues: \$2,224,741
- City municipal taxes: \$5,680,950

Table 12 - Aviation and Aerospace Development - 20-Year Financial Projections (Part 1 of 2)

REVENUES		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Hangar A - Land Leasing Revenues (Airport Land)		\$0	\$0	\$0	\$0	\$34 772	\$35 404	\$36 037	\$36 669	\$37 301	\$38 858
Hangar A - Land Leasing Revenues (Apron)		\$0	\$0	\$0	\$0	\$20 859	\$21 238	\$21 617	\$21 997	\$22 376	\$23 310
Hangar A - Tax Revenues		\$0	\$0	\$0	\$0	\$147 383	\$150 063	\$152 743	\$155 422	\$158 102	\$160 782
Hangar B - Land Leasing Revenues (Airport Land)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$38 858
Hangar B - Land Leasing Revenues (Apron)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23 310
Hangar B - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160 782
Hangar C - Land Leasing Revenues (Airport Land)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hangar C - Land Leasing Revenues (Apron)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hangar C - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUES		\$0	\$0	\$0	\$0	\$203 014	\$206 705	\$210 396	\$214 087	\$217 779	\$445 900
EXPENSES											
<u>Infrastructures</u>											
Capital Repayment (Loan) - Ramp expansion (P3)		\$0	\$0	\$0	\$0	\$98 164	\$103 072	\$108 225	\$113 637	\$119 319	\$125 284
Ramp Maintenance		\$0	\$0	\$0	\$0	\$19 633	\$20 614	\$21 645	\$22 727	\$23 864	\$25 057
TOTAL EXPENSES		\$0	\$0	\$0	\$0	\$117 796	\$123 686	\$129 871	\$136 364	\$143 182	\$150 341
EBITDA		\$0	\$0	\$0	\$0	\$85 218	\$83 019	\$80 526	\$77 723	\$74 596	\$295 559
Interest Repayment (Loan) - Ramp Extension (P3)		\$0	\$0	\$0	\$0	\$162 294	\$157 386	\$152 232	\$146 821	\$141 139	\$135 173
Pre-Tax Profit		\$0	\$0	\$0	\$0	-\$77 076	-\$74 367	-\$71 706	-\$69 097	-\$66 542	\$160 386

Table 13 - Aviation and Aerospace Development - 20-Year Financial Projections (Part 2 of 2)

REVENUES	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	20--YEAR TOTAL
Hangar A - Land Leasing Revenues (Airport Land)	\$38 858	\$39 506	\$40 154	\$40 801	\$41 449	\$43 099	\$43 762	\$44 425	\$45 088	\$45 751	\$47 494	\$650 570
Hangar A - Land Leasing Revenues (Apron)	\$23 310	\$23 699	\$24 087	\$24 476	\$24 864	\$25 854	\$26 252	\$26 649	\$27 047	\$27 445	\$28 490	\$20 859
Hangar A - Tax Revenues	\$160 782	\$163 461	\$166 141	\$168 821	\$171 500	\$174 180	\$176 860	\$179 539	\$182 219	\$184 899	\$187 579	\$2 679 693
Hangar B - Land Leasing Revenues (Airport Land)	\$38 858	\$39 506	\$40 154	\$40 801	\$41 449	\$43 099	\$43 762	\$44 425	\$45 088	\$45 751	\$47 494	\$470 387
Hangar B - Land Leasing Revenues (Apron)	\$23 310	\$23 699	\$24 087	\$24 476	\$24 864	\$25 854	\$26 252	\$26 649	\$27 047	\$27 445	\$28 490	\$282 171
Hangar B - Tax Revenues	\$160 782	\$163 461	\$166 141	\$168 821	\$171 500	\$174 180	\$176 860	\$179 539	\$182 219	\$184 899	\$187 579	\$1 915 981
Hangar C - Land Leasing Revenues (Airport Land)	\$0	\$0	\$0	\$0	\$0	\$43 099	\$43 762	\$44 425	\$45 088	\$45 751	\$47 494	\$269 619
Hangar C - Land Leasing Revenues (Apron)	\$0	\$0	\$0	\$0	\$0	\$25 854	\$26 252	\$26 649	\$27 047	\$27 445	\$28 490	\$161 736
Hangar C - Tax Revenues	\$0	\$0	\$0	\$0	\$0	\$174 180	\$176 860	\$179 539	\$182 219	\$184 899	\$187 579	\$1 085 276
TOTAL REVENUES	\$445 900	\$453 332	\$460 763	\$468 195	\$475 627	\$729 398	\$740 620	\$751 841	\$763 063	\$774 284	\$790 686	\$7 905 690
EXPENSES												
Infrastructures												
Capital Repayment (Loan) - Ramp expansion (P3)	\$125 284	\$131 549	\$138 126	\$145 032	\$152 284	\$159 898	\$167 893	\$176 288	\$185 102	\$194 357	\$204 075	\$2 322 306
Ramp Maintenance	\$25 057	\$26 310	\$27 625	\$29 006	\$30 457	\$31 980	\$33 579	\$35 258	\$37 020	\$38 871	\$40 815	\$464 461
TOTAL EXPENSES	\$150 341	\$157 858	\$165 751	\$174 039	\$182 741	\$191 878	\$201 472	\$211 545	\$222 123	\$233 229	\$244 890	\$2 786 767
EBITDA	\$295 559	\$295 473	\$295 012	\$294 156	\$292 886	\$537 520	\$539 148	\$540 296	\$540 940	\$541 055	\$545 796	\$5 118 923
Interest Repayment (Loan) - Ramp Extension (P3)	\$135 173	\$128 909	\$122 331	\$115 425	\$108 173	\$100 559	\$92 564	\$84 170	\$75 355	\$66 100	\$56 382	\$1 845 013
Pre-Tax Profit	\$160 386	\$166 565	\$172 681	\$178 731	\$184 712	\$436 961	\$446 584	\$456 126	\$465 585	\$474 955	\$489 414	\$3 273 910

7.6 Parcels 4 and 4B – Commercial Aeronautical and General Aviation Hangars Development

7.6.1 Parcels Location on the Airport

These parcels are ideal locations for the development of additional general aviation and commercial aeronautical hangars at LSE as they are close to the current general aviation developed zones. A five (5) acre parcel of land is available on the southeastern area of the airport (P4), more precisely at the corner of Fanta Reed Road and Dawson Avenue. P4B is a 7.1-acre zone located east of the actual T-Hangar Park, which would fit perfectly for future GA expansion at the airport. Figure 15 and Figure 16 present the exact location of these sites:

Figure 15 - Parcel P4B - Airport Location



Figure 16 - Parcel P4 - Airport Location



7.6.2 General Concept Definition

For land parcels P4 and P4B, two (2) different development approaches are proposed. Since P4 is already in close proximity to commercial hangars, it is recommended to pursue development with a mix of commercial aeronautical and commercial aviation buildings. We suggest marketing the development of three (3) stand-alone hangars of 10,000 sq. ft. each on P4 (100 ft. x 100 ft.

each) as presented on Figure 17. For P4, it will be required to extend the ramp in order to provide airside access to future tenants. Each new hangar will have its own parking area.

Figure 17 - Parcel P4 Development Plan



*Note: The layout might not be to scale. It would be possible to build a fourth hangar if hangars are constructed closer to one another.

The P4B parcel should be reserved for future GA development. To answer future GA development needs, we suggest developing one (1) 9,500 sq. ft. T-Hangar, three (3) small 2,500 sq. ft. stand-alone hangars and two (2) larger 12,000 sq. ft. hangars that can accommodate business jets. The objective is to extend the neighboring T-Hangar Park with a similar layout that will be consistent with the surrounding area. In order to create diversity and offer alternatives to future tenants, a mix of T-Hangars and stand-alone hangars have been considered in this layout. As for P4, a ramp extension will be required. Unlike P4, this second zone won't provide specific parking areas to hangar owners. However, it may be possible at a later stage to provide access through the construction of an additional road if required (this has not been considered in the analysis).

Figure 18 - Parcel P4B Development Plan



It has been assumed for all other development opportunities that the airport would promote the parcels, but would not be financially responsible for construction of the proposed buildings. In this case, the airport has the option of leasing the land only or building the hangars and leasing them to aircraft owners.

In the case where the airport would prefer not to build, the hangar construction would be the responsibility of companies (commercial aeronautical) or individuals (GA). This limits the airport's role to leasing land to hangar owners. The main advantage of this model is that the airport greatly reduces its risk and capital investment. On the other hand, the airport buildings-owned model has the potential to provide greater revenues, but there is the risk that some hangars won't be rented, therefore, having a potential impact on the airport cash flow.

7.6.3 Concept Validation and Market Demand

For the commercial aeronautical development, no extended validation process was carried on during the conception of this report. Nevertheless, the industry survey revealed that La Crosse could potentially attract players from this industry. Furthermore, it would be logical to pursue commercial development along P4 since multiple commercial aviation companies are neighbors to that land parcel (e.g. the airport's FBO).

The airport does not currently hold a waiting list for GA hangars. The construction of new GA hangars has been aimed at replacing older units that were no longer sized for larger modern aircraft. Furthermore, during the validation process and consultation sessions, no one indicated the need for additional GA hangar space. However, the continuation of GA developments for P4B area is logical. Additionally, given other proposed development plans detailed in this study, it is

anticipated that it will attract more people to the airport that will create a higher demand for these GA hangars.

Finally, based on the comments received from Midwest aviation companies during the industry survey, the general aviation market is regaining strength. Some companies have recently experienced growth due to the good general aviation market health. This may create additional opportunities if the airport is developed and marketed adequately.

7.6.4 Development Approach

The development approach for the hangars on both P4 and P4B will depend on the ownership model and the perceived demands. It is possible to have a mixed approach and for the airport to own some hangars (mostly T-Hangars) and to strictly lease the land for others (larger hangars). Generally speaking, it is proposed that hangar construction should be on an on-demand basis. Individuals or companies that request space should be assigned to the appropriate land parcel depending on their needs and the size of the project (P4 for larger commercial hangars and P4B for smaller to large GA hangars). In the case where the airport would choose to own hangars, it may decide to build a number of facilities and promote their availabilities.

For financial projections purposes, it was considered that a new hangar will be constructed every two (2) years for P4B, starting with the two (2) large hangars, then the T-Hangar and finally the small stand-alone hangar (the development order and hangar size may vary depending on demand). On the other hand, hangars on P4 will be erected every three (3) years considering that the clientele is rarer for commercial hangars of this size.

7.6.5 Zoning Amendments

Both P4 and P4B are located in Zone C on the City of La Crosse Height Limitation Zoning Map. This zone allows the development of commercial or general aviation hangars. Depending on the exact location of future hangars, permits might be required. This is especially the case for structures located on the approach end of runways 36 and 31 (yellow zones).

Figure 19 - Height limitation (Zone C) – P4 and P4B



Considering the Height Limitation Zoning Map, P4 hangars must not be taller than 35 feet while hangars in P4B could be as tall as 50 feet (except for hangars that will be erected on the southeastern segment of the parcel where the height would be more restrictive).

7.6.6 Infrastructure Requirements and Costs

The infrastructure requirements and costs linked to the hangar development will vary depending on the ownership model. Only a ramp extension will be required for the landlord model. If LSE decides to own the hangars, multiple construction costs must be considered. Table 14 provides details of potential infrastructure requirements and costs for P4.

Table 14 – Parcel P4 - Construction Costs

Item	Description	Rate / Value
Building Assessment Value	Based on Development Approach Estimates, one hangar every three (3) years:	\$1,162,000
	Hangar A: Constructed on Year three (3) Footprint: 10,000 sq. ft. @ a cost of \$115 / sq. ft. Parking area: 4,000 sq. ft. @ a cost of \$3 / sq. ft.	
	Hangar B: Constructed on Year six (6) Footprint: 10,000 sq. ft. @ a cost of \$115 / sq. ft. Parking area: 4,000 sq. ft. @ a cost of \$3 / sq. ft.	\$1,162,000
	Hangar C: Constructed on Year nine (9) Footprint: 10,000 sq. ft. @ a cost of \$115 / sq. ft. Parking area: 4,000 sq. ft. @ a cost of \$3 / sq. ft.	\$1,162,000

Item	Description	Rate / Value
Ramp Extension	<p>It has been assumed that the ramp will be extended at the same moment as the hangar construction. Therefore, to simplify calculations, the global estimated ramp extension surface has been divided by three (3) to address the need of future hangars: Cost per sq. ft.: \$11.50 / sq. ft. Total ramp extension dimensions: 95,850 sq. ft. Ramp dimensions for each hangar: 31,950 sq. ft. Total Cost: \$1,102,275</p> <p>In the financial model, this infrastructure is financed over 20 years at an interest rate of 5%.</p>	\$1,326,741 (Capital and Interests over 20 years)
Water and Sewer	Utilities costs (storm, water and sewer) are included in the building assessment value of \$115 per sq. ft.	-

Table 15 provides construction costs for the development of parcel 4B. Note that in the financial projections (7.6.7), the infrastructures will be developed in two (2) phases. Half of the ramp extension will occur at year two (2) and the other half at year six (6) to permit the construction of the T-Hangar and subsequently the small stand-alone hangars.

Table 15 – Parcel P4B - Construction Costs

Item	Description	Rate / Value
Building Assessment Value	Based on Development Approach Estimates, one (1) hangar every two (2) years:	\$1,380,000
	Large Stand-Alone Hangar A: Constructed on Year two (2) Footprint: 12,000 sq. ft. @ a cost of \$115 / sq. ft.	
	Large Stand-Alone Hangar B: Constructed on Year four (4) Footprint: 12,000 sq. ft. @ a cost of \$115 / sq. ft.	\$1,380,000
	T-Hangar: Constructed on Year six (6) Footprint: 9,500 sq. ft. @ a cost of \$115 / sq. ft.	\$1,092,500
	Stand-Alone Hangar A: Constructed on Year eight (8) Footprint: 2,500 sq. ft. @ a cost of \$115 / sq. ft.	\$287,500
	Stand-Alone Hangar B: Constructed on Year ten (10) Footprint: 2,500 sq. ft. @ a cost of \$115 / sq. ft.	\$287,500
	Stand-Alone Hangar C: Constructed on Year twelve (12) Footprint: 2,500 sq. ft. @ a cost of \$115 / sq. ft.	\$287,500

Item	Description	Rate / Value
Ramp Extension	<p>For P4B, it has been assumed that the entire ramp extension will be performed when the first hangar is constructed.</p> <p>Cost per sq. ft.: \$11.50 / sq. ft. Global ramp extension dimensions: 500 ft. x 330 ft. = 165,000 sq. ft. Total cost : \$1,897,500</p> <p>In the financial model, this infrastructure is financed over 20 years at an interest rate of 5%.</p>	\$2,588,425 (Capital and Interests over 20 years)
Utilities	Utilities costs (storm, water and sewer) are included in the building assessment value of \$115 per sq. ft.	-

7.6.7 Financial Analysis

The financial analysis focuses on the potential revenue streams generated by Commercial and GA hangar developments that will eventually benefit the airport and the City of La Crosse. Table 16 provides the assumptions that have been used in the 20-year financial projections for parcels P4 and P4B.

Table 16 - Parcels P4 and P4B - Financial Analysis Assumptions

Item	Description	Rate / Value
Land lease rate	<p>The annual land lease rate charged per square foot.</p> <p>For the Aviation & Aerospace concept, the standard LSE land lease rate was utilized (\$0.3084) as there are no comparable sites elsewhere. Companies using the apron need to pay an additional \$0.4625 per square foot that is equal to their building footprint.</p> <p>Also, in the financial model, the land lease rate has been increased by 2.5% every five (5) years.</p>	\$0.3084 (Airport land) \$0.4625 (Apron)
Hangar lease rate	Building rent is wholly dependent on the market value of the building. The airport owned hangar scenario will be presented in the final report.	TBD
Global taxes rate	The global tax rate used was as per the 2018 Tax Schedule.	2.91271%

Item	Description	Rate / Value
Lots size	<p>P4: It should have three (3) identical rectangular lots of 15,400 sq. ft. each (total of 46,200 sq. ft.). Calculations: Hangar + Parking Surface: 10,000 sq. ft. (hangar) + 4,000 sq. ft. (parking) = 14,000 sq. ft. Total surface per lot: 14,000 sq. ft. x 1.10% = 15,400 sq. ft. Total lots surface: 15,400 sq. ft. x 3 hangars = 46,200 sq. ft. <u>Apron surface is equal to the building's footprint = 30,000 sq. ft.</u></p> <p>P4B: We considered that the lot sizes represent the building footprint. Therefore, with three (3) stand-alone hangars (7,500 sq. ft.), one (1) T-Hangar (9,500 sq. ft.) and two (2) 12,000 sq. ft. stand-alone hangars, this land parcel has 41,000 sq. ft. in hangar footprint. <u>Apron surface is equal to the building's footprint = 41,000 sq. ft.</u></p>	<p>Total size: 158,200 sq. ft. (includes apron)</p>
Inflation	<p>The numbers included in the 20-year financial projections take into account an annual 2% inflation rate.</p>	<p>2% annually</p>

Based on the previous assumptions, Table 17 presents the 20-year financial revenue projections for the airport (land lease) and the City of La Crosse (taxes) based on the landlord model (lease rates only). After the initial 20-year period, the following revenues would be generated:

- Airport land lease: \$1,223,161
- City municipal taxes: \$4,652,007

Table 17 – Commercial and GA Hangars Development - 20-Year Financial Projections (1 of 2)

REVENUES		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Large Hangar A (10,000 sq. ft.) - Land Leasing Revenues (Airport Land)		\$0	\$0	\$5 034	\$5 129	\$5 355	\$5 452	\$5 550
Large Hangar A (10,000 sq. ft.) - Land Leasing Revenues (Apron)		\$0	\$0	\$4 903	\$4 995	\$5 215	\$5 310	\$5 404
Large Hangar A (10,000 sq. ft.) - Tax Revenues		\$0	\$0	\$35 876	\$36 553	\$37 230	\$37 907	\$38 584
Large Hangar B (10,000 sq. ft.) - Land Leasing Revenues (Airport Land)		\$0	\$0	\$0	\$0	\$0	\$5 452	\$5 550
Large Hangar B (10,000 sq. ft.) - Land Leasing Revenues (Apron)		\$0	\$0	\$0	\$0	\$0	\$5 310	\$5 404
Large Hangar B (10,000 sq. ft.) - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$37 907	\$38 584
Large Hangar C (10,000 sq. ft.) - Land Leasing Revenues (Airport Land)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Large Hangar C (10,000 sq. ft.) - Land Leasing Revenues (Apron)		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Large Hangar C (10,000 sq. ft.) - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0
P4B Hangars - Land Leasing Revenues (Airport Land)		\$0	\$3 849	\$3 923	\$7 994	\$8 345	\$11 860	\$12 072
P4B Hangars - Land Leasing Revenues (Apron)		\$0	\$5 772	\$5 883	\$11 988	\$12 515	\$17 787	\$18 104
P4B Hangars - Tax Revenues		\$0	\$41 803	\$42 607	\$86 822	\$88 430	\$125 678	\$127 922
TOTAL REVENUES		\$0	\$51 424	\$98 226	\$153 481	\$157 090	\$252 663	\$257 175
EXPENSES								
Infrastructures								
Capital Repayment (Loan) - Ramp extension (P4)		\$0	\$0	\$11 112	\$11 667	\$12 251	\$25 727	\$27 013
Capital Repayment (Loan) - Ramp Expansion (P4B)		\$0	\$28 693	\$30 127	\$31 634	\$33 215	\$69 752	\$73 240
Ramp Maintenance		\$0	\$5 739	\$8 248	\$8 660	\$9 093	\$19 096	\$20 051
TOTAL EXPENSES		\$0	\$34 431	\$49 487	\$51 961	\$54 559	\$114 575	\$120 303
EBITDA		\$0	\$16 993	\$48 739	\$101 520	\$102 531	\$138 088	\$136 871

REVENUES		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
	Interest Repayment (Loan) - Ramp extension (P4)	\$0	\$0	\$18 371	\$17 816	\$17 232	\$33 239	\$31 953
	Interest Repayment (Loan) - Ramp extension (P4B)	\$0	\$47 438	\$46 003	\$44 497	\$42 915	\$82 508	\$79 020
	Pre-Tax Profit	\$0	(\$30 445)	(\$15 635)	\$39 208	\$42 384	\$22 340	\$25 897

Table 18 - Commercial and GA Hangars Development - 20-Year Financial Projections (2 of 2)

REVENUES		YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	...	YEAR 20	20--YEAR TOTAL
Large Hangar A (10,000 sq. ft.) - Land Leasing Revenues (Airport Land)		\$5 647	\$5 744	\$5 984	\$6 084	\$6 184	...	\$7 314	\$110 351
Large Hangar A (10,000 sq. ft.) - Land Leasing Revenues (Apron)		\$5 499	\$5 594	\$5 828	\$5 925	\$6 022	...	\$7 123	\$107 462
Large Hangar A (10,000 sq. ft.) - Tax Revenues		\$39 261	\$39 938	\$40 615	\$41 292	\$41 969	...	\$47 384	\$749 344
Large Hangar B (10,000 sq. ft.) - Land Leasing Revenues (Airport Land)		\$5 647	\$5 744	\$5 984	\$6 084	\$6 184	...	\$7 314	\$94 833
Large Hangar B (10,000 sq. ft.) - Land Leasing Revenues (Apron)		\$5 499	\$5 594	\$5 828	\$5 925	\$6 022	...	\$7 123	\$92 350
Large Hangar B (10,000 sq. ft.) - Tax Revenues		\$39 261	\$39 938	\$40 615	\$41 292	\$41 969	...	\$47 384	\$639 684
Large Hangar C (10,000 sq. ft.) - Land Leasing Revenues (Airport Land)		\$0	\$5 744	\$5 984	\$6 084	\$6 184	...	\$7 314	\$78 184
Large Hangar C (10,000 sq. ft.) - Land Leasing Revenues (Apron)		\$0	\$5 594	\$5 828	\$5 925	\$6 022	...	\$7 123	\$76 137
Large Hangar C (10,000 sq. ft.) - Tax Revenues		\$0	\$39 938	\$40 615	\$41 292	\$41 969	...	\$47 384	\$523 931
P4B Hangars - Land Leasing Revenues (Airport Land)		\$13 201	\$13 428	\$14 960	\$15 210	\$16 463	...	\$19 472	\$265 572
P4B Hangars - Land Leasing Revenues (Apron)		\$19 797	\$20 138	\$22 436	\$22 810	\$24 689	...	\$29 202	\$398 272
P4B Hangars - Tax Revenues		\$139 880	\$142 292	\$154 752	\$157 331	\$170 295	...	\$192 268	\$2 739 048
TOTAL REVENUES		\$273 692	\$329 687	\$349 428	\$355 252	\$373 969	...	\$426 404	\$5 875 167
EXPENSES									
Infrastructures									
Capital Repayment (Loan) - Ramp extension (P4)		\$28 364	\$44 673	\$46 907	\$49 252	\$51 715	...	\$76 406	\$827 199
Capital Repayment (Loan) - Ramp Expansion (P4B)		\$76 902	\$80 747	\$84 784	\$89 023	\$93 475	...	\$138 105	\$1 628 821
Ramp Maintenance		\$21 053	\$25 084	\$26 338	\$27 655	\$29 038	...	\$42 902	\$491 204
TOTAL EXPENSES		\$126 319	\$150 504	\$158 029	\$165 930	\$174 227	...	\$257 413	\$2 947 224
EBITDA		\$147 373	\$179 183	\$191 399	\$189 322	\$199 742	...	\$168 991	\$2 927 943

REVENUES		YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	...	YEAR 20	20--YEAR TOTAL
	Interest Repayment (Loan) - Ramp extension (P4)	\$30 602	\$43 776	\$41 543	\$39 197	\$36 735	...	\$12 043	\$499 542
	Interest Repayment (Loan) - Ramp extension (P4B)	\$75 359	\$71 513	\$67 476	\$63 237	\$58 786	...	\$14 156	\$959 604
	Pre-Tax Profit	\$41 412	\$63 893	\$82 380	\$86 887	\$104 221	...	\$142 792	\$1 468 797

7.7 Parcels P5, P6 and P6B – The DESTINATION – A Waterfront Development

7.7.1 Parcel Location on the Airport

French Island, located in the Town of Campbell, is home to the La Crosse Regional Airport and is surrounded by breathtaking water features, namely, Lake Onalaska, the Black River and the Mississippi River. Among the available land parcels available at the airport, P5, P6 and P6B composed the largest developable zones and total approximately 230 acres. Figure 20 depicts the layout of those parcels and their location on the airport. They cover the majority of the land portion situated in the northeastern area of the airport.

Figure 20- Parcels P5, P6 and P6B - Airport Locations



7.7.2 General Concept Definition

The selected development concepts for P5, P6 and P6B include a combination of various sub-concepts. The main idea is to create a “DESTINATION” at the airport that will not only attract local residents, but people from across the States of Wisconsin and Minnesota as well as anyone visiting the area that would be compelled to make the detour to visit this destination. This concept is based on the many attractive features that are present around this site and that make it prime for something different and less conventional for the airport. If developed properly, it would have direct benefits to the airport and the city in terms of lease rates and taxes.

It would also serve as a significant economic development asset, bringing people from all over to eat, sleep and spend time in the region, benefiting the local economy.

The creation of a "DESTINATION" at the airport would become a tourism attraction that would provide a signature for the whole area. In this concept, it is anticipated that the airport, the City of La Crosse, the Township of Campbell, the City of Onalaska and the County of La Crosse would need to work together to promote and create this prime attraction that will cater to the need of locals and visitors alike.

The cornerstone and fundamental basis for this "DESTINATION" is envisioned through a well-planned and orchestrated waterfront development. This development is segmented in a number of sub-concepts that each compose an important piece of the overall attraction to this beautiful gem on French Island. The following provides details of the various sub-concepts.

Figure 21 - General Concept Layout - THE DESTINATION



Important Note: The entire waterfront development concept would be located on the south and eastern border of P6B and P6, giving plenty of space for other development concepts toward the runways. Because of their proximity to the runways, these zones should be used as a combination of industrial aeronautical companies, aerospace manufacturers and aviation companies. See section 8.7.3 for more details.

THE DESTINATION

The following provides the various elements that compose this waterfront development under this “DESTINATION” concept.

New Marina

This concept aims at taking full advantage of the water features surrounding the airport. It would attract people arriving by land using a rebuilt Fisherman’s Road, but also by boat in a newly constructed marina. It is proposed to have a marina that would offer approximately 50 boat slips to accept both permanent tenants and visitors. The initial layout, proposed by J.F. Brennan Company, includes a 6 ft. wide by 700 ft. long main dock. The slip fingers would be 4 ft. by 24 ft. and have a 24-ft. spacing between.



Permanent tenants will have their own reserved area and would renew their contract on an annual basis. On the other hand, the “visitors” section of the marina will be available to host visiting boats while they are enjoying the rest of the facilities and attractions proposed in this concept.

As it will be presented in the rest of the sub-concepts, shopping, eating, enjoying the view and participating in many entertainment activities would be part of the offering. The marina would offer access to two (2) secured 32 feet long gangways. Security codes would be required to access the slips in order to ensure security for the many boats in the marina.

Registration for the boats would take place in a small office (400 to 500 sq. ft.) located within the main development strip. These images provide conceptual ideas of the marina without being the exact proposed arrangement. The boat slips will start at the end of the catwalk and run down Onalaska Lake as depicted in Figure 21.



Boardwalk

A boardwalk would be a key feature of this development concept. It would provide people visiting the site with the opportunity to take in the magnificent river and lake views as they stroll around just for pleasure or as they take a break from enjoying restaurants, boutique outlets and entertainment venues.

This would create a dynamic environment that would showcase all the elements being envisaged for this concept while being a crowd pleaser. The exact length and location, close to the water, of the boardwalk are depicted in Figure 21. These images help understand the concept and the appeal this “DESTINATION” would have for the general population.



Boutiques/Outlets and Restaurants/Bars



The heart of the waterfront development concept resides in the construction of boutiques, retail outlets, restaurants and bars that will attract families, students, workers and tourists. They would be located along a boardwalk with a co-located cycling path to facilitate visitors' access. For the boutiques and outlets, the objective will be to gather a wide variety of commerce selling apparel, souvenirs, outdoor equipment, home supply,

entertainment products and much more. Each of the stores would have their own entrance directly from the boardwalk or from the parking lot that would be located behind the stores.

For the "Restaurants and Bars", the waterfront development should include a wide range of restaurant and bar types in order to cater to the need of a vast clientele. A combination of family restaurants, high-end restaurants, sports bars, microbreweries, cocktail bars and even nightclubs could be considered.

Boat Launch



This area of the airport is the local Mecca for fishing enthusiasts. In the winter time, people use the boat launch ramp located on the eastern side of the airport to bring in their Ice House on the frozen lake. In the summer time, the ramp is used to put boats in the water for fishing, but also for pleasure boating. This gives the numerous boaters local access to the water that links directly to the Mississippi River.

The new boat launch location will need to fit in the waterfront development landscape. In the proposed concept, a new launch ramp will be constructed and repositioned a little further up on Lake Onalaska. It will provide a quiet environment with a separate parking location with plenty of space for the cars and trailers. It will not be directly co-located with the marina, and it will be further up Fisherman's Road where there is less traffic. The new boat launch will consist of a totally new infrastructure composed of an asphalt ramp and parking.

Outdoor Activities

In response to the needs of the younger generation, it is important to focus on offering outdoor activity options, which is in high demand for the region. The waterfront development will also include outdoor activities that will further enhance the key objective of creating a destination at the airport. Indeed, such facilities would be complementary to the other proposed concepts and are aligned with the region's passion for sports and outdooring.

- **Water Sports** – Kayaking, canoeing and other water sports will be available using the new boat launch site.
- **Cycling Path and Winter Sports** - Adjacent to the boardwalk, a cycling path will be developed to distinguish both trails and to facilitate the movement of cyclists without impeding pedestrians' movement on the boardwalk. Ideally, this path could be used year around by outdoor enthusiasts (i.e. cross-country skiing and snowshoeing during winter). To attract more cyclists, the path should be linked to other “bike-friendly” routes in the region, ideally to Downtown La Crosse and Onalaska.
- **Other Outdoor Activities** - The cycling path and the boardwalk would be the main usable assets. They could be utilized for cycling, jogging, rollerblading, skateboarding, snowshoeing and cross-country skiing activities. It is possible to consider the construction of other sporting sites such as basketball courts, tennis courts, etc. on the area that is located west of the developed attractions and toward the runway.

Indoor Activities

To cater to every segment of the population, and to ensure year-round attractions, it is deemed important that there are indoor activities. There are many potential options available for this segment. For the purpose of this study, three (3) specific concepts were identified for validation. There are other concepts that could be assessed by future promoters and developers.

- **Climbing Walls** - The climbing wall concept consists of a facility opened year-around that proposes a multitude of climbing challenges. The center would be open to a wide range of clientele, ranging from younger children to advanced climbers. A wide variety of training packages could be proposed to future clients. All the required equipment would be available on-site.
- **Indoor Surfing** - Surfing is a pleasant sport that is not accessible to Midwest regions. However, since the early 2000s, artificial wave mechanisms have been developed. When placed in a building, they offer the opportunity to surf in a safe and mild environment year around. The facility could propose training sessions for beginners and more advanced sessions (with a higher and stronger wave) for experienced surfers. The indoor surfing experience concept could also be merged with other activities or concepts such as a restaurant. These concepts are very popular.

Thermal Spa Experience – Another interesting concept that would fit well with the proposed “DESTINATION” theme is the integration of a thermal spa resort. It would include thermal baths, hot tubs, saunas and a variety of health and well-being treatments such as massages. This concept would fit perfectly into the natural landscape of the waterfront development. This facility should be built apart from the boutiques and restaurants in order to provide some level of isolation and privacy.

Thermoludic Centers, a new trend in the spa and relaxation market, could be considered. These are already developed in Europe and focus less on body care services (massages, manicure, pedicure, etc.) and more on relaxation environment with the integration of thermal baths, Jacuzzi, bubble beds, artificial geysers, cascades, hot/cold baths and the likes.



7.7.3 Conceptual Layout

During the consultation sessions and the validation process, interesting market data and insights were obtained from local stakeholders and web researches. The research was segmented in three (3) different categories:

- The Marina;
- The Boutiques-Restaurants; and
- The Outdoor and Indoor Activities (Entertainment).

The Marina

After discussion with the City of La Crosse, our team initially received information about the municipal marinas. Recently, the largest marina was refurbished, going from 180 to 212 boat slips. The second municipal marina, located at Veterans Point, contains 90 boat slips. Both of these marinas are currently full and have waiting lists. Phone conversations with local marinas highlighted that this is also true for the privately held marinas. The region of La Crosse is also known for its numerous prime fishing spots, its major fishing tournaments and the residents' love for water activities, which constantly generate demand for water access and boat hosting. In conclusion, all investigations and trends show that the local demand far exceeds the offer and that the need for additional boat slips in the region is increasing.

The Boutiques and Restaurants

To validate the feasibility of developing a large commercial destination at the airport, our team contacted groups specializing in outlets and mall developments. The four (4) following groups were surveyed to provide us the parameters to attract a promoter and develop a successful outlet destination:

- Tanger Outlets – owners of several outlets across North America;
- Preit – owners and managers of the local Valley View Mall;
- Simons' Property Group – a U.S. real estate company with the largest real estate investment trust; and
- Smart Centre - a Canadian company that has worked on major outlet projects in Toronto and Montreal.

From discussions held with those four (4) companies, it was possible to conclude the following:

- In the outlet concept, people are willing to travel over two (2) hours to an outlet mall. Although, the local population pool may not be extremely large, the viability of these outlets depends on the brands available and other attractions in the surrounding area. These combined with the proposed concept would offer this winning combination;
- The outlet concept varies in comparison to the regular local malls as, normally, high end trendy brands are present, creating a desirable destination for shoppers;
- Confirmation from local mall owners that small boutique retails are doing well. They are appealing to the younger generations that no longer want to shop in large retail stores;
- All the companies contacted, thought that the outlet stores and boutiques would be an attractive proposition for shoppers of all age; and
- Given the waterfront concept, shoppers will visit the site specifically for shopping, which will be further augmented by those visiting the site for other purposes (restaurants, indoor activities, outdoor activities, etc.). The reciprocal is also true. People coming to the site for shopping will also feed the other attractions on the site.

The Outdoor/Indoor Activities (Entertainment)

The Boardwalk and the Cycling Path are key elements for the attractiveness of the concept in that area. These links all the elements together in a fashion that brings people to the area to use the facilities. During our discussions with Explore La Crosse and the Outdoor Recreational Alliance (ORA), the managers mentioned that these types of projects are directly tied to the region's strengths, which include the promotion of the region's beautiful natural assets and the strong culture for outdoor activities (and sports in general). Additionally, French Island possesses a good number of families that currently have access to few sports/activity assets. They believe that such infrastructure would be well received by the local population.

The results of the validation for the outdoor/indoor activities are presented hereafter:

- **The Indoor Climbing Center** - This concept was also validated by Explore La Crosse and ORA. Both organizations believe that it would be successful because of the high local demand for this specific activity. Except for the Climbing Wall at the University of La Crosse, which is for the exclusive use of the students, the region is lacking year-around infrastructure for indoor climbing.
- **The Indoor Surfing Wave** - As for the climbing center, the idea of developing an indoor artificial surf wave has sparked the interest of local stakeholders. This activity is aligned with the local infatuation for sports and physical activities. This type of activity fits well with the region's young demographic which would be the targeted clientele. Finally, there is no local competition of this type. The closest artificial wave, that is quite different than the proposed concept, is located at Wisconsin Dells, an hour and a half from La Crosse.
- **The Thermal Spa:** The initial validation initiative was to identify the local offer and the competition landscape. Many massage outfits are present in the La Crosse area. However, there is nothing similar to the proposed "thermoludic" and complete spa concept. This is a complete package for people who could spend several hours during a daily visit enjoying the facilities.

City of Onalaska Waterfront Development Project

This concept is in harmony with the City of Onalaska's waterfront development proposed concept. Some of their objectives are slightly different, but in the end their goal is to offer to the population an enjoyable experience on the city's waterfront. The City of Onalaska's officials readily shared their plan with us and showed great interest in potential collaboration. The project in Onalaska is driven by the municipality.

Their project is directly located across the proposed airport "DESTINATION". They started the conceptual development of the Greater River Landing in 2015. The project includes: a Nature Playground and Trails, a Spillway Bridge, some Waterfront Trail enhancement, a Residential Development, an Adventure Play & Island Recreation and much more.

Details are depicted in Annex C. The interesting aspect of their project is the pedestrian and cycling bridge linking Onalaska to French Island just south of the existing spillway.

The Planning and Engineering Teams mentioned that their current priorities are the “Trailhead and Market” concept in addition to some residential development. They believe that the waterfront development concept proposed for the airport would bring added value to Onalaska’s residents and create an interesting synergy between the two (2) projects. Therefore, there is an opening for future partnerships and potentially cost sharing for some of the developments over the Black River.

Airport Land Attractiveness – Waterfront Development Concept

These parcels at the airport are particularly interesting for the creation of a “DESTINATION”. It provides access by land, by water and by air with a potential quick access from the GA Area. This type of development at the airport could also attract travelers by air as well as tourists traveling by land and water. This site is less than three (3) minutes’ drive from a main interstate, making it very easily accessible by land. P5, P6 and P6B are located on the edge of the Black River, a wonderful watercourse that links the Mississippi River to the Lake Onalaska. This site is particularly suitable for the proposed development concept.

7.7.4 Additional Development Option: Aerospace and Industrial Development

The waterfront development concept being located on the south and eastern border of P6B and P6, additional development concepts must be defined in order to maximize available land use along Runway 13/31 and Runway 18/36. The available land remaining, even after the “DESTINATION” is fully developed is quite large. It offers a number of opportunities that may benefit from runway access or not. The proximity to runways 18/36 and 13/31 and the large area available for developments provide several options. The area available for developments is presented in Figure 22. P5, P6B and P6 have lots that can take advantage of runways’ proximity and others that require space without the need for runway access. Consequently, these parcels can be used for any of these purposes: industrial companies, aerospace manufacturers and aviation companies.

Figure 22 - Aeronautical Development Zone for P5-P6B-P6



Considering the available development zone, an industrial park, focusing on industrial, aerospace and aviation companies should be promoted as part of the long-term development plans for the airport. It would be unrealistic to believe that all the space could be filled only by aeronautical and aviation companies. In that regard, the lots that won't have direct airside access (those located further from the runway) could host various types of industrial companies (focus on light manufacturing). This "industrial park" development could be seen as the extension to the Interchange Industrial Park.

As presented in Figure 23, the available development zone would be crossed by a first road parallel to the runway giving access to lots on each side of that road. For the lots closer to the runways, there would need to have a ramp and a taxiway extending out and in the direction of Runway 18. On the long term, a larger road network could be developed to access new lots. From a zoning perspective, it is also important to note that if the airport keeps Runway 4/22 operational, approximately half of the developable surface would no longer be available.

Figure 23 - Aeronautical and Industrial Development Layout



Note on the Development Approach

Depending on the parcels that will be prioritized by LSE, the aeronautical industrial park project could be initiated within a 20-year timeframe. Other well-located parcels are also available for commercial/industrial aeronautical and aviation development (P3, P3B, P4 and P9), and therefore, this development zone could be used as a long-term alternative by the Airport. For this reason, no precise development timeline assumption was made for this concept. Finally, it is important to note that the development timeline will depend on both market demand and the sales/marketing efforts carried out by the Airport and the City.

Infrastructure Requirements and Financial Analysis

Based on the proposed layout, three (3) infrastructure will be required for this industrial park concept.

Table 19 - Infrastructure Requirements for the Industrial Park on P5-P6-P6B

Infrastructure	Description and Cost
New Ramp Development	<ul style="list-style-type: none"> • The maximum potential length of the ramp would be approximately 5,200 ft. • Similar to P3 and P3B, the ramp width is estimated at 190 ft. • Total surface: 5,200 x 190 ft. = 988,000 sq. ft. • Estimated cost: 988,000 sq. ft. @ \$11.50 per sq. ft. <ul style="list-style-type: none"> ○ \$11,362,000
Taxiway Development	<ul style="list-style-type: none"> • Taxiway length: 450 ft. • Taxiway width: 75 ft. • Total surface: 33,750 sq. ft. • Estimated cost: 33,750 sq. ft. @ 11.50\$ <ul style="list-style-type: none"> ○ \$388,125
Access Road Development	<p>Based on the numbers provided by Mead & Hunt for the construction of a new road for the Waterfront Development (Reconstruction of Fisherman’s Road), the construction cost was estimated at \$1,000.</p> <ul style="list-style-type: none"> • The access road length will be identical to the ramp length: 5,200 ft. • Estimated cost: 5,200 ft. x \$1,000 per linear ft. <ul style="list-style-type: none"> ○ \$5,200,000

The total infrastructure cost would approximately represent \$16.95M. Depending on the financing strategies (and parameters) and cost sharing opportunities (e.g. with the City), this amount will be spread over multiple years.

In order to give an idea of the potential revenues that could be generated by the aeronautical industrial park, some basic assumptions were made (see Table 20). With the proposed assumptions, the annual land lease revenues and tax revenues could respectively reach \$577,620 and \$4,015,800 per year once the land fully developed.

Table 20 - Revenue Projections - Aeronautical Industrial Park (P5-P6-P6B)

Revenue sources	Description
General Assumptions	<ul style="list-style-type: none"> • To facilitate the projections, it was assumed that each future building would have a total footprint of 30,000 sq. ft. (e. g. 150 ft. x 200 ft.). • Based on the fact that the total developable surface has a length of 5,200 ft., and that the average space between each hangar will be 100 ft., there is space for approximately 20 hangars on each side of the access road (total of 40 hangars).
Land Lease Revenues	<p>For one 30,000 sq. ft. building with airside access, minimum annual leasing revenues for the airport will be:</p> <ul style="list-style-type: none"> • Land: \$0.3084 x 30,000 sq. ft. = \$9,252 • Apron: \$0.4625 x 30,000 sq. ft. = \$13,875 <ul style="list-style-type: none"> ◦ Total per building: \$23,127 annually • For 20 buildings: \$462,540 annually <p>For one 30,000 sq. ft. building without airside access, the minimum annual leasing revenues for the airport will be:</p> <ul style="list-style-type: none"> • Land: \$0.1918 x 30,000 sq. ft. = \$5,754 annually • For 20 buildings: \$115,080 annually
Tax revenues	<p>Considering a construction cost of \$115 per sq. ft.:</p> <ul style="list-style-type: none"> • One 30,000 sq. ft. hangar/building would have a value of \$3,450,000 • For 40 similar buildings, the total value would be approximately \$138,000,000 • Considering the 40 hangars, the annual tax revenues would total \$4,015,800 (or \$100,395 per building).

**Inflation and potential land lease rate increases are not considered in the previous table.*

7.7.5 Development Approach – The Waterfront Development

The DESTINATION concept is very large and will require a well-defined phased development approach. Initially, the development should be focused on the shoreline along P6 and P6B, where the waterfront is the most easily accessible. Once the development concept gets traction and the location becomes known to visitors, further development phases could continue on the P5 parcel.

For financial projections' purposes, the first assumption to consider is that the waterfront development will start on year five (5). At that time, it is assumed that promotional efforts will have to be made to allow for the development of half the total predicted area in this concept (140,000, sq. ft.). This will be followed by small subsequent phases of 28,000 sq. ft. every two (2) years. These developments will be added until the total development building footprint is reached, which has been assumed to take approximately 10 years.

Note on Hotel Development

The hotel is currently proposed for P2, however, the airport could also promote P6 as a potential site to locate the hotel concept and use the site proposed hotel site for another office building. If P6 development comes to fruition, multiple boutiques, restaurants and entertainment facilities would be accessible within walking distance, making the hotel location attractive.

7.7.6 Zoning Amendments

The FAA provides zoning direction ensuring proper height limitations to make sure there is no possible interference with air operations and more specifically on the approach ends of the runways. Additionally, zoning provides direction to ensure that development projects are compatible with the airport mission. Some developments that are deemed incompatible with airport land use:

- Residential and other noise sensitive uses;
- Congregations of people in approach and departure areas to protect people and property on the ground;
- Man-made and natural structures that can interfere with flight;
- Uses which may be affected by vibration or fumes from aircraft operations; and
- Uses of land on the airport that interfere with areas needed for aviation-related activities.

The propose development meets the intent of the FAA's zoning restrictions. Noise is unlikely to be an issue as the frequency of flights is limited. Even with some increase in the volume of traffic, the noise level would unlikely be problematic. There is no interference with flights and does not offer a concentration of people on the approach or the departure end of any runway. Any fumes would be too far to bother any visitor to this innovative project. Although a proper study and recommendations would have to be made to the FAA, it would be a feasible project.

In addition to the zoning statement made, the following are specific issues that need to be addressed to ensure project approval.

Zoning Restrictions: The existence and use of Runway 04/22 imposes a number of significant restrictions on the development of the waterfront concept, as well as the aeronautical park concept. Current zoning and obstacle limitation constraints would limit both projects feasibility. The most affected area for the waterfront development is parcel 6B. If the runway remains in operation, it would be preferable to move the development zone further south (on P5) or further west on P6 (preferred option). This would definitely impact the scale of this development and consequently the potential revenues that will be generated. Similarly, for the aeronautical industrial park concept, the potential scale of the development zone would be reduced by half. If P6 was to be used.

Few lots could be developed on P5 at the intersection of Runway 04/22 and 13/31, plus additional lots east of Runway 04/22. Furthermore, the access road would need to be moved to get around Runway 04/22.

A review of the Height Limitation Zoning Map shows that the waterfront development would cross several limitation zones; namely, Zone A, Zone C and Zone D. Limitations in zones C and D would allow the implementation of the concept based on getting a derogation that will allow for the implementation of retail and recreation facilities. Zone A, which is directly on the approach path of Runway 22, would only allow for the construction of the parking area. No other developments would be considered.

Obstacle imitations: For the zones where development is possible (Zone C and Zone D), no important obstacle limitations constraints are present. The most restrictive height for these zones is 56.7 ft., and that would be adequate considering that normal outlets don't exceed 20 to 25 ft.

For the aeronautic and industrial development, height limitations could affect the type of companies interested by the site. If hangars need to be designed to host regional or narrow-body aircraft, the development zone (the lots) will need to be pushed further south in order to increase the permitted height.

The waterfront development concept is an ambitious project that requires various environmental and legal considerations. The following elements need to be considered before moving forward with this concept.

- **Prairie Sand:** Prairie sand is considered a rare natural ecosystem found in several locations on airport property. It is found on parcels P5, P6 and P6B. The Department of Natural Resources (DNR) indicated there is a structured process to follow when moving forward with major development projects in areas that contain prairie sand. It is not expected to be a problem, but a more detailed analysis will be required prior to starting the project. It is also possible to offset these sensitive environments onto other parcels if required (see P7 description – remediation area). DNR will need to be consulted during the conceptual definition stage to define strategies in order to limit the prairie sand zone disruption;
- **Shoreline Disruption:** In order to validate the feasibility of this concept, our team contacted the Army Corp of Engineers. The use of the spillway and other waterfront development, such as the marina, are possible, but they require to follow a specific process before they can be approved; and
- **Marina Permits:** DNR also mentioned that any marina development requires specific permits and approvals. Landowners of most construction projects where one or more acres of land will be disturbed must submit an application called a Water Resource

Application for Project Permits (WRAPP) (equivalent to a DNR storm water Notice of Intent or NOI) to request authorizations under the Construction Site Storm Water Runoff General Permit No. WI-S067831-5.

7.7.7 Infrastructure Requirements and Costs

The creation of a DESTINATION at the La Crosse Regional Airport is, among the proposed concepts, the one that would require the most infrastructure development costs and efforts. Multiple infrastructure enhancements and developments will be required to bring this project to fruition. Table 21 provides a full description of the infrastructure that the City of La Crosse will be required to provide, their estimated dimension for the initial phase of the project and the associated costs.

Table 21 - Parcels P5/P6/P6B - Infrastructure Costs

Infrastructure	Dimensions (sq. ft.)	Cost
Fisherman's Road (complete repair includes water and sewers)*	Approximately Length: 11,000 ft. Cost per linear feet: \$1,000	\$11,000,000
Marina construction	Main dock: 700 ft. by 6 ft. plus two (2) gangways (capacity for 50 boats)	\$325,000
Boardwalk construction	Length: 8,200 ft. Width: 12 ft. Total surface: 98,400 sq. ft. Cost per sq. ft.: \$55	\$5,412,000
Cycling Path construction	Length: 12,480 ft. Width: 12 ft. Cost per mile: \$250,000	\$590,900
Lookout construction (Cycling Path)	Length: 50 ft. Width: 20 ft. Total surface: 1,000 sq. ft. Cost per sq. ft.: \$80	\$80,000
Boat Launch (relocation)	Length: 100 ft. asphalt slope Width: 25 ft. asphalt slope Cost per sq. ft.: \$5	\$12,500
Boat Launch Parking Area	Total surface: 30, 000 sq. ft. Cost per sq. ft.: \$3	\$90,000
Total:		\$17,510,400

**This is an estimate based on Mead & Hunt. Past cost estimations (2014) of \$5 to \$8 million, not considering the increased traffic. \$3 million have been estimated for that specification.*

The waterfront development concept will require a \$17.5M infrastructure investment. Some of the development costs, like the Fisherman's Road rehabilitation, the boat launch and the lookout may be financially supported by the City. At this stage, the costs associated with the construction of

the boardwalk and the cycling path, have been attributed to the promoter. However, it is expected that negotiations will take place to determine who will bear the financial burden. Part of P6 and P6B will require deforestation to prepare the land for construction. It is assumed that project promoters will support this cost.

7.7.8 Financial Analysis

Table 22 provides the assumptions used in the 20-year financial projections for parcel P1. The particularity with this concept is that it'll need extensive investments to be in a shovel ready condition, which affects short-term benefits for the promoters, but not for the airport and the municipality.

Table 22 - Parcels 5/6/6B - Financial Analysis Assumptions

Item	Description	Rate / Value
Land lease rate	<p>The annual land lease rate charged per square foot.</p> <p>Based on comments from surveyed companies, the airport's current rate would be too high to attract long-term tenants. Therefore, a benchmark analysis of the local industrial park lots (The International Business Park) was conducted. The total lots value was divided by the total number of acres and then converted in dollars per square foot.</p> <p>To be reasonable, we considered that the proposed land lease rate should cover the cost of buying the land over 20 years. Calculations also considered that when companies purchase a lot, 20% of the value is paid as a cash down, and 80% is financed over 20 years at a 5% interest rate. Therefore, the cost of the loan has been considered in the calculation of the rate.</p> <p>Also, in the financial model, the land lease rate has been increased by 2.5% after every five (5) years.</p>	\$0.1918
Global tax rate	The global tax rate used as per 2018 Tax Schedule.	2.91271%

Item	Description	Rate / Value
Building Assessment Value	<p>Based on development approach estimates:</p> <p>Phase 1 (Year 5): Half of the total building footprint to develop Footprint: 140,000 sq. ft. Restaurants: 15% of 140,000 sq. ft. = 21,000 sq. ft. @ a cost of \$325 / sq. ft. = \$6,825,000 Retail: 75% of 140,000 sq. ft. = 105,000 sq. ft. @ a cost of \$120 / sq. ft. = \$12,600,000 Other purposes (activities): 10% of 140,000 sq. ft. = 14,000 sq. ft. @ a cost of \$170 / sq. ft. = \$2,380,000 Total Value (Phase 1): \$21,805,000</p> <p>Subsequent Phases (Year 7 to year 15 - total of five (5) additional phases): 28,000 additional sq. ft. of buildings every two (2) years Footprint: 28,000 sq. ft. Restaurants: 15% of 28,000 sq. ft. = 4,200 sq. ft. @ a cost of \$325 / sq. ft. = \$1,365,000 Retail: 75% of 28,000 sq. ft. = 21,000 sq. ft. @ a cost of \$120 / sq. ft. = \$2,520,000 Other purposes (activities): 10% of 28,000 sq. ft. = 2,800 sq. ft. @ a cost of \$170 / sq. ft. = \$476,000 Total Value (per subsequent phase): \$4,361,000 Total Value of the five (5) subsequent phases: \$21,805,000</p> <p><u>Note: The rates used for the calculation include associated parking areas and utilities.</u></p> <p>Marina Development (Year 5) Office Footprint: 400 sq. ft. (20x20) Cost per sq. ft.: \$70 Building cost: \$28,000</p> <p>Dock construction (52 slips) and other marine works costs: Precise cost estimates will be provided in the final report. Brennan Construction was not able to provide the information in March 2018 due to their numerous ongoing projects.</p>	<p>\$43,638,000</p>
Lots size	<p>The total lot surface for the waterfront development considered the buildings and their associated parking areas: Building foot print total surface: 280,000 sq. ft. Total parking surface (1.5 times the building footprints): 420,000 sq. ft. Total: 700,000 sq. ft.</p> <p>Based on the previous phased approach: Phase 1 represents half of the waterfront development: 350,000 sq. ft. Subsequent phases: 350,000 sq. ft. divided by five (5) phases = 70,000 sq. ft.</p>	<p>Total Surface: 700,000 sq. ft.</p>

Item	Description	Rate / Value
Infra Costs	The three (3) infrastructure are the following: Fisherman's Road: Development/Repair works to be completed on Year three (3) Boat Launch Relocation: To be completed on Year three (3) Lookout Construction: To be completed on Year five (5) For the financial projections, these capital cost expenses have been financed over 20 years at an interest rate of 5%.	\$16,138,790 (Capital and Interest over 20 years)
Inflation	The numbers included in the 20-year financial projections take into account an annual 2% inflation rate.	2% annually

This development concept must consider financial parameters that go beyond project analysis. Indeed, this concept would generate multiple direct and indirect economic impacts that will benefit the entire region. This would really position the airport as an engine of economic development for the area.

Based on the previous assumptions, Table 23 and Table 24 present the 20-year financial revenue projections for the airport (land lease) and the City of La Crosse (taxes). After the initial 20-year period, the following revenues would be generated:

- Airport land lease: \$1,788,953
- City municipal taxes: \$21,014,824

Table 23 includes the investments required by the City of La Crosse prior to buildings construction. Over 20 years, the projected Pre-Tax profit totals \$6,771,301.

Table 23 - Waterfront Development - 20-Year Financial Projections (Part 1)

REVENUES	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11
Phase 1 - Land Leasing Revenues	\$0	\$0	\$0	\$0	\$75 689	\$77 065	\$78 441	\$79 818	\$81 194	\$84 584	\$85 994
Phase 1 - Tax Revenues	\$0	\$0	\$0	\$0	\$700 070	\$712 798	\$725 527	\$738 255	\$750 984	\$763 713	\$776 441
Subsequent Phases - Land Leasing Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$6 275	\$6 385	\$12 991	\$13 533	\$20 638
Subsequent Phases - Tax Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$145 105	\$147 651	\$300 394	\$305 485	\$465 865
TOTAL REVENUES	\$0	\$0	\$0	\$0	\$775 759	\$789 864	\$955 349	\$972 110	\$1 145 562	\$1 167 315	\$1 348 938
EXPENSES											
Capital Repayment (Loan) - Fisherman Road	\$0	\$0	\$332 668	\$349 302	\$366 767	\$385 105	\$404 361	\$424 579	\$445 808	\$468 098	\$491 503
Capital Repayment (Loan) - Launch Boat	\$0	\$0	\$3 100	\$3 255	\$3 418	\$3 588	\$3 768	\$3 956	\$4 154	\$4 362	\$4 580
Capital Repayment (Loan) - Lookout (Cycling Path)	\$0	\$0	\$0	\$0	\$2 419	\$2 540	\$2 667	\$2 801	\$2 941	\$3 088	\$3 242
TOTAL EXPENSES	\$0	\$0	\$335 768	\$352 557	\$372 604	\$391 234	\$410 796	\$431 336	\$452 902	\$475 548	\$499 325
EBITDA	\$0	\$0	-\$335 768	-\$352 557	\$403 155	\$398 629	\$544 553	\$540 774	\$692 660	\$691 767	\$849 613
Interest Repayment (Loan) - Fisherman Road	\$0	\$0	\$550 000	\$533 367	\$515 901	\$497 563	\$478 308	\$458 090	\$436 861	\$414 571	\$391 166
Interest Repayment (Loan) - Launch Boat	\$0	\$0	\$5 125	\$4 970	\$4 807	\$4 636	\$4 457	\$4 269	\$4 071	\$3 863	\$3 645
Interest Repayment (Loan) - Lookout (Cycling Path)	\$0	\$0	\$0	\$0	\$4 000	\$3 879	\$3 752	\$3 619	\$3 479	\$3 332	\$3 177
Pre-Tax Profit	\$0	\$0	-\$885 768	-\$885 923	-\$112 747	-\$98 934	\$66 245	\$82 684	\$255 799	\$277 197	\$458 447

Table 24 - Waterfront Development - 20-Year Financial Projections (Part 2)

REVENUES		YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	20--YEAR TOTAL
	Phase 1 - Land Leasing Revenues	\$85 994	\$87 403	\$88 813	\$90 223	\$93 814	\$95 257	\$96 701	\$98 144	\$99 587	\$103 380	\$1 416 107
	Phase 1 - Tax Revenues	\$776 441	\$789 170	\$801 898	\$814 627	\$827 355	\$840 084	\$852 812	\$865 541	\$878 269	\$890 998	\$12 728 543
	Subsequent Phases - Land Leasing Revenues	\$20 638	\$20 977	\$28 420	\$28 871	\$37 526	\$38 103	\$38 680	\$39 258	\$39 835	\$41 352	\$372 845
	Subsequent Phases - Tax Revenues	\$465 865	\$473 502	\$641 519	\$651 701	\$827 355	\$840 084	\$852 812	\$865 541	\$878 269	\$890 998	\$8 286 281
	TOTAL REVENUES	\$1 348 938	\$1 371 051	\$1 560 650	\$1 585 422	\$1 786 050	\$1 813 528	\$1 841 006	\$1 868 483	\$1 895 961	\$1 926 728	\$22 803 777
EXPENSES												
	Capital Repayment (Loan) - Fisherman Road	\$491 503	\$516 078	\$541 882	\$568 976	\$597 425	\$627 296	\$658 661	\$691 594	\$726 174	\$762 482	\$9 358 757
	Capital Repayment (Loan) - Launch Boat	\$4 580	\$4 809	\$5 049	\$5 302	\$5 567	\$5 845	\$6 138	\$6 444	\$6 767	\$7 105	\$87 207
	Capital Repayment (Loan) - Lookout (Cycling Path)	\$3 242	\$3 404	\$3 575	\$3 753	\$3 941	\$4 138	\$4 345	\$4 562	\$4 790	\$5 030	\$57 237
	TOTAL EXPENSES	\$499 325	\$524 291	\$550 506	\$578 031	\$606 933	\$637 279	\$669 143	\$702 600	\$737 730	\$774 617	\$9 503 201
	EBITDA	\$849 613	\$846 760	\$1 010 144	\$1 007 391	\$1 179 118	\$1 176 249	\$1 171 863	\$1 165 883	\$1 158 231	\$1 152 111	\$13 300 576

REVENUES		YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	20--YEAR TOTAL
Interest Repayment (Loan) - Fisherman Road		\$391 166	\$366 590	\$340 787	\$313 693	\$285 244	\$255 372	\$224 008	\$191 075	\$156 495	\$120 186	\$6 529 275
Interest Repayment (Loan) - Launch Boat		\$3 645	\$3 416	\$3 176	\$2 923	\$2 658	\$2 380	\$2 087	\$1 780	\$1 458	\$1 120	\$60 841
Interest Repayment (Loan) - Lookout (Cycling Path)		\$3 177	\$3 015	\$2 845	\$2 666	\$2 478	\$2 281	\$2 074	\$1 857	\$1 629	\$1 390	\$45 473
Pre-Tax Profit		\$458 447	\$480 170	\$669 358	\$693 699	\$893 874	\$920 876	\$947 855	\$974 808	\$1 001 736	\$1 031 925	\$6 771 301

7.8 Parcel P7 - Remediation Zone

7.8.1 Parcel Location on the Airport

Parcel P7 is located on Bell Island, which is the most remote airport property parcel. It is located east of Runway 18's button. As depicted on Figure 24, an important portion of this parcel is constituted of wet lands and areas that would offer few development opportunities.

Figure 24 - Parcel P7 - Airport Location



7.8.2 General Concept Definition

P7 is different from other sites for two (2) main reasons. First, its remote location makes it difficult to propose any relevant residential, commercial or industrial development. Secondly, most sections of this site contain wetland and prairie sand.

Prairie Sand is a dry native grassland community dominated by a wide variety of grasses that used to be found along the Mississippi River. This is no longer the case and today, very few of these zones still exist. These specific ecosystems also host various rare animals and insects.

7.9 Parcel P8 – General Aviation and Office Space Development

7.9.1 Parcel Location on the Airport

P8 is a large 55 acres parcel located at the northeastern tip of Runway 13 and east to Lakeshore Drive.

Figure 25 - Parcel P8 Location



7.9.2 General Concept Definition

For P8, we suggest two (2) different development concepts:

- Develop additional office spaces for the segment of land close to Lakeshore Drive;
- Use the bottom and middle sections of the parcel for long-term General Aviation hangar development.

Office Space Development

In order to keep consistency with the office space concept proposed for P2 (see section 8.4.2), the same building footprint has been replicated for P8. However, due to the building height limitation presented in section 7.9.5., each proposed building will only have one (1) story. The final design of the building (total footprint and number of stories) will depend on the developer requirements. The height limitation for the office building will depend on the exact location of the office building on P8 since part of the parcel falls within Runway 13 runway protection zone (RPZ). Parking arrangements may need to take these restrictions into consideration and position those parking spaces in the limited use possible for RPZ.

As mentioned earlier in section 7.4.7 (Office Space – Financial Analysis), each floor could accommodate 98 employees.

Figure 26 - Office Space Layout (P8)



GA Hangar Development

Because P8 is strategically located at the intersection of Runway 13 and Runway 18, there is potential to develop aviation-related concepts. The only land parcel dedicated to GA is P4B, which has limited long-term capacities due to the length of the parcel and the eventual height limitation issues. Therefore, it is suggested to reserve P8 for the long-term development of GA hangars. Figure 27 presents the hangar zone and the location of the future ramp.

Figure 27 - GA Hangar Development Potential Layout for P8



***Note that this layout may not be to scale.**

Figure 27 shows that the access road will lead to a small parking area dedicated to hangar owners. The entire “Hangar Zone” has a surface of 720,000 sq. ft. Based on comparable at LSE and other North American airports, it is anticipated that 35% of the land surface would be developed into hangars. The rest would be used for aircraft movements between hangars and to access the runway. Based on this assumption, the total building footprint dedicated to GA on this parcel would be 252,000 sq. ft.

Considering that the proposed stand-alone hangars and T-Hangars respectively have a footprint of 2,500 and 15,000 sq. ft. respectively, the area could accommodate the development of either 100 stand-alone hangars or 17 T-Hangars (or a mix of both hangar types) for an estimated 225 aircraft.

7.9.3 Concept Validation and Market Demand

The validation information for the proposal of these concepts on this parcel is presented in sections 7.4.3 for office space and section 7.6.3 for the GA hangars.

7.9.4 Development Approach

Since P8 is meant to be used on the long term and as an alternative to P2 (office space) and P4B (GA hangars), it is difficult to define a precise timeline. The development of this parcel will depend on the parcels prioritized by LSE (and the promoters), the market demand and the sales/marketing efforts carried out by the airport and the city. For the office buildings, a realistic development approach would be to erect the first 36,000 sq. ft. office at year 10 and the second office on year 15, since an office building will be built on P2 at year 5 and it is a known fact that the availability of office space in the region is low.

For the GA hangars, 15,000 sq. ft. of new GA hangars would be developed every three years starting at year 15 (once P4B is fully occupied). This represents either one (1) T-Hangar or six (6) Stand-Alone hangars. The choice of the building type will depend of the demand and clients' needs. Of note, it is assumed that a single 15,000 sq. ft. T-Hangar can accommodate approximately 16 small GA aircraft.

7.9.5 Zoning Amendment

General Aviation hangars development on P8 won't involve any zoning issues since Zone C permits this type of development and Height Limitation Zoning offers sufficient space (minimum height limitation at 24.4 ft. – 680 ft. minus 655.6 ft.).

The northeastern segment of P8 is currently the home of the Louis Nelson County Park. It has no infrastructure, only a baseball field. According to the Height Limitation Zoning Map, office space development is possible in Zone C, but will require a permit.

Runway 13 has an elevation of 655.6 ft. MSL. Only a thin segment of the land located in the Louis Nelson County Park has a height limitation at 710 ft. MSL. Consequently, the height restriction for buildings construction is 54.4 ft. In order to respect this height limitation, the buildings would need to be erected closer to the shore, hence allowing for the maximum possible building height (See Figure 28).

Figure 28 - Zoning Types and Height Limitation for the Office Space Development



Otherwise, the future developer could simply increase the building footprint and construct a one (1) or two (2) stories building to reduce total building height, and, therefore, build the office closer to Lakeshore Drive.

7.9.6 Infrastructure Requirements and Costs

For the office space concept, we considered that all related infrastructure would be supported by the developer (building, parking, and short access road). On the other hand, for the GA hangar development concept, the airport will need to support the following infrastructure:

Table 25 - Infrastructure requirements for P8 (GA Development)

Infrastructure	Description and Cost
New Ramp Development	<ul style="list-style-type: none"> • Based on the proposed layout, the ramp length would be approximately 3,000 ft. • For GA purposes, the ramp width is estimated at 130 ft. • Total surface: 3,000 x 130 ft. = 390,000 sq. ft. • Estimated cost: 390,000 sq. ft. @ \$11.50 per sq. ft. <ul style="list-style-type: none"> ○ \$4,485,000

Infrastructure	Description and Cost
Asphalt Areas and Aircraft Movement Areas	<ul style="list-style-type: none"> • Aside from the new ramp, the 720,000 sq. ft. area that will accommodate the future hangars will need to be asphalted in order to allow aircraft movement on the ground. • 720,000 sq. ft. minus 252,000 sq. ft. of hangar footprint <ul style="list-style-type: none"> ○ 468,000 sq. ft. x 70% in asphalt (the rest will still be grass) • 327,600 sq. ft. to pave • 327,600 sq. ft. @ \$11,50 = \$3,767,400
Parking Area	<ul style="list-style-type: none"> • 300 ft. x 150 ft. • Total surface of 45,000 sq. ft. • \$3 per sq. ft. <ul style="list-style-type: none"> ○ \$135,000
Access Road Development	<ul style="list-style-type: none"> • The access road length: 2,250 ft. • Estimated cost: 2,250 ft. x \$1,000 per linear ft. <ul style="list-style-type: none"> ○ \$2,250,000 <p>Note: For consistency purposes, we considered that the road would be asphalted and include water and sewers.</p>

The potential infrastructure costs related to P8 would be estimated at \$10,637,400. For the GA development concept to be financially feasible, the required infrastructure will need to be developed in multiple phases to spread costs on the long term. On a 20-year horizon, only a small portion of the total land available on P8 will be developed, and therefore, only the required infrastructure for a first phase should be constructed. It was assumed that Phase 1 would consist of all infrastructure starting at the parking area down to the new ramp along the taxiway serving Runway 18/36. This represents half of the total GA development (see Figure 27). The following items will be required on a 20-year timeline:

- The entire length of the access road
 - \$2,250,000
- The entire parking space (45,000 sq. ft.)
 - 45,000 sq. ft. @ \$3 = \$135,000
- Ramp development – Only the ramp segment facing Runway 18 should be developed as part of Phase 1.
 - Total ramp length = 3,000 ft.
 - Required length for phase 1: 1,000 ft.
 - \$1,495,000
- Asphalted Areas (on the Hangar Zone)
 - The first infrastructure construction phase represents approximately half of the total surface to potentially asphalt (327,600 sq. ft. total)
 - 163,800 sq. ft. @ \$11,50 = \$1,883,700

- **Grand Total: \$5,763,700 in capital investment**
- **Financed at 5% over 20 year: \$8,482,063**
- **Capital and Interest Repayment within the 20 year timeframe: \$2,544,619**

7.9.7 Financial Analysis

To give an idea of the potential revenues that could be generated by the office space and GA hangars on P8, some basic assumptions were made (see Table 26).

Table 26 - Revenue Projections - Office Space and GA Hangars (P8)

Revenue sources	Description
Land Lease Revenues	<p><u>Office space</u> For one 36,000 sq. ft. building and a 32,000 sq. ft. parking (space required if buildings have only one story), land leasing revenues for the airport will be:</p> <ul style="list-style-type: none"> • Land + Parking + Margin (10%): $(36,000 + 32,000) \times 1.10 = 74,800$ sq. ft. per building • Revenues: $\\$0.1918 \times 74,800$ sq. ft. = \$14,346 <ul style="list-style-type: none"> ○ Total per building: \$14,346 annually <p><u>GA Hangars</u> For GA Hangars, the development timeline suggests that a total of 15,000 sq. ft. of hangars will be developed every three (3) years.</p> <ul style="list-style-type: none"> • Land: $\\$0.3084 \times 15,000$ sq. ft. = \$4,626 annually • Ramp: $\\$0.4625 \times 15,000$ sq. ft. = \$6,938 annually <ul style="list-style-type: none"> ○ Total per 15,000 sq. ft.: \$11,564 annually
Tax revenues	<p><u>Office Space</u> Considering a construction cost of \$130 per sq. ft.²:</p> <ul style="list-style-type: none"> • One 36,000 sq. ft. building would have a value of \$4,680,000 • The annual tax revenues would be \$136,315 per building annually (2.91271%) <p><u>GA Hangars</u> Considering a construction cost of \$115 per sq. ft.:</p> <ul style="list-style-type: none"> • For each slice of 15,000 sq. ft., the buildings would have a value of \$1,725,000 • The annual tax revenues would be \$50,244 for the lot annually

² Compared to the unit cost of \$185 per sq. ft. used for the office space on P2, the unit cost for P8 has been reduced to \$130 since the building only has one (1) storey versus three (3) for P2.

Based on the previous assumptions, Table 27 presents the 20-year financial revenue projections for the airport (land lease) and the City of La Crosse (taxes). After the initial 20-year period, the following revenues would be generated:

- Airport land lease: \$497,317
- City municipal taxes: \$3,668,442

Table 27 - Office Space and GA Development (P8) - 20-year Financial Projections

REVENUES		YEAR 1	...	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	20-YEAR TOTAL
Office Building A - Land Leasing Revenues	\$0	...	\$18 081	\$18 383	\$18 684	\$18 985	\$19 287	\$20 055	\$20 363	\$20 672	\$20 980	\$21 289	\$22 099	\$218 878	
Office Building A - Tax Revenues	\$0	...	\$163 578	\$166 304	\$169 030	\$171 757	\$174 483	\$177 209	\$179 936	\$182 662	\$185 388	\$188 114	\$190 841	\$1 949 302	
Office Building B - Land Leasing Revenues	\$0	...	\$0	\$0	\$0	\$0	\$0	\$20 055	\$20 363	\$20 672	\$20 980	\$21 289	\$22 099	\$125 457	
Office Building B - Tax Revenues	\$0	...	\$0	\$0	\$0	\$0	\$0	\$177 209	\$179 936	\$182 662	\$185 388	\$188 114	\$190 841	\$1 104 150	
GA Hangars (Phase 1) - Land Leasing Revenues (Land)	\$0	...	\$0	\$0	\$0	\$0	\$0	\$6 456	\$6 556	\$6 655	\$6 754	\$6 854	\$7 115	\$40 390	
GA Hangars (Phase 1) - Land Leasing Revenues (Apron)	\$0	...	\$0	\$0	\$0	\$0	\$0	\$9 706	\$9 855	\$10 004	\$10 154	\$10 303	\$10 695	\$60 717	
GA Hangars (Phase 1) - Tax Revenues	\$0	...	\$0	\$0	\$0	\$0	\$0	\$65 318	\$66 322	\$67 327	\$68 332	\$69 337	\$70 342	\$406 978	
GA Hangars (Phase 2) - Land Leasing Revenues (Land)	\$0	...	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6 754	\$6 854	\$7 115	\$20 723	
GA Hangars (Phase 2) - Land Leasing Revenues (Apron)	\$0	...	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10 154	\$10 303	\$10 695	\$31 152	
GA Hangars (Phase 2) - Tax Revenues	\$0	...	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$68 332	\$69 337	\$70 342	\$208 011	
TOTAL REVENUES	\$0	...	\$181 659	\$184 687	\$187 714	\$190 742	\$193 770	\$476 007	\$483 330	\$490 654	\$583 217	\$591 794	\$602 184	\$4 165 759	
EXPENSES															
Infrastructure															
Capital Repayment (Loan) - Infrastructure development (Phase 1)	\$0	...	\$0	\$0	\$0	\$0	\$0	\$0	\$193 555	\$201 297	\$209 349	\$217 723	\$226 432	\$235 489	\$1 283 846
Ramp Maintenance	\$0	...	\$0	\$0	\$0	\$0	\$0	\$0	\$19 356	\$20 130	\$20 935	\$21 772	\$22 643	\$47 098	\$151 934
TOTAL EXPENSES	\$0	...	\$0	\$0	\$0	\$0	\$0	\$0	\$212 911	\$221 427	\$230 284	\$239 496	\$249 075	\$282 587	\$1 435 780
EBITDA	\$0	...	\$181 659	\$184 687	\$187 714	\$190 742	\$193 770	\$263 097	\$261 903	\$260 369	\$343 721	\$342 718	\$319 597	\$2 729 979	
Interest Repayment (Loan) - Infrastructure development (Phase 1)	\$0	...	\$0	\$0	\$0	\$0	\$0	\$230 548	\$222 806	\$214 754	\$206 380	\$197 671	\$188 614	\$1 260 772	
Pre-Tax Profit	\$0	...	\$181 659	\$184 687	\$187 714	\$190 742	\$193 770	\$32 549	\$39 098	\$45 616	\$137 342	\$145 047	\$130 983	\$1 469 206	

7.10 Parcel P9 – Aeronautical and Industrial Development

7.10.1 Parcel Location on the Airport

Parcel P9 is the last identified development zone of the airport. It is located northwest of the terminal. This site is also located along Airport Drive and Lakeshore Drive, located at the northern end of the existing French Island Industrial Park as per Figure 29. The land parcel totals 13 acres.

Figure 29 - Parcel P9 - Airport Location



7.10.2 General Concept Definition

It is proposed to use parcel P9 as an extension of the existing Industrial Park. The parcel could be divided in a number of ways to maximize the number of buildings and meet demand requirements. For the purpose of this study, the layout proposed at Figure 30 will be used to prepare financial projections for this parcel. It is a realistic scenario based on existing industrial buildings and on market demand for this type of facilities.

Figure 30 - Parcel P9 - Development Plan



Considering the present scenario, five (5) buildings could be developed in the extended industrial park. Only the B5 building would be smaller due to obstacle limitation restrictions (represented by the red line). Each of the buildings has its own parking area and access road. The buildings could also include loading/unloading docks to facilitate the reception/distribution of merchandise. The position of the parking lots in relation to the buildings could be reversed if airside access was a requirement for the company.

For the highest and best land use for the airport, P9 should initially focus on attracting aeronautical companies (aerospace manufacturers or commercial aviation companies). The parcel is well located to offer runway access if a ramp is eventually constructed. In the proposed layout, the ramp has been considered only for B1, B2 and B3. Since no in-depth market analysis has been conducted, it would be speculative to say that the entire parcel will host aeronautical manufacturers. For that reason, B4 and B5 are not linked to the ramp and are presumed to be used for general manufacturing or warehousing purposes.

7.10.3 Concept Validation and Market Demand

Earlier in the report, Figure 7 showed that French Island possesses two (2) industrial zones. These two (2) zones are part of the four (4) industrial zones currently in existence in the City of La Crosse. The following provides a description of each of the industrial zone and their vacancy situation:

- **The International Business Park** – It is located north of interstate 90 with convenient access from State Highway 16 and seven (7) miles from the La Crosse Airport. It is an 85-acre park with only seven (7) lots currently available, totaling 12.53 free acres;
- **The Airport Industrial Park** – This industrial park is adjacent to the La Crosse airport. It is zoned for Heavy Industrial use and has no vacant lot available. Most of the companies located in this park are in general manufacturing;
- **Interchange Industrial Park** - This industrial park is home to the Ace Hardware Distribution Center and conveniently located on I-90. This site is also adjacent to the La Crosse Regional Airport. There are no vacant lots in this park; and
- **Interstate Industrial Park** – This industrial park is located on Interstate 90 and has a total of 17 filled lots (no vacancy). Combined with the industrial area to the south of the Park, this is the largest industrial area in La Crosse.

Except for the International Business Park, which has only seven (7) remaining vacant lots for a total of 12.53 available acres, there are no other industrial lots available for development in the La Crosse area. There are two (2) industrial parks on French Island, adjacent to the airport and both are filled. This area, with close proximity to the interstate is very popular. Given these facts, an extension of the Airport Industrial Park would give a prime alternative to companies that are looking for industrial expansion.

Furthermore, during discussions with the City of La Crosse Planning Team, the La Crosse Area Development Corporation, the La Crosse Chamber of Commerce and the 7 Rivers Alliance, these economic actors mentioned that the lack of industrial (shovel-ready) development sites will soon become an issue for La Crosse from a competitive standpoint. Indeed, surrounding municipalities, especially Onalaska and West Salem, have plenty of available development space, which are already important competitors to the City of La Crosse.

A more extensive market demand analysis could be performed to obtain more robust data. This would be followed by an investment attraction campaign. Nevertheless, all the economic development agencies that have been contacted and understand the current business environment in the area, agree that both concepts and the location would cater to the region's needs.

7.10.4 Development Approach

The initial step toward the industrial park extension will be to define preliminary lots' sizes. The buildings will be erected based on demand, prioritizing aeronautical manufacturers or aviation companies requiring airside access. It will be required for the city and the airport to promote these lots. It is suggested that an investment attraction campaign be launched to find potential companies.

For the concept's financial projections, a realistic scenario could consist of constructing the first building on Year three (3) and the four (4) subsequent buildings every three (3) years thereafter.

7.10.5 Zoning Amendments

Parcel P9 is located in a Zone C area. In addition to aviation and aeronautical development, this zone allows for the following industrial uses: general manufacturing, industrial services, warehouse or freight and wholesale sales. For all those industrial activities, it is mandatory to request a permit prior to construction. Industrial building heights can vary depending on the activities of the future tenants. Considering the proposed building locations (Figure 30), the maximum height would range between 37 ft. and 97 ft.

7.10.6 Infrastructure Requirements and Costs

Future industrial buildings will be constructed and owned by companies. Based on the preliminary layout, the airport will need to invest capital for the ramp extension. Considering an approximate surface of 178,600 sq. ft. (760 ft. by 235ft.) at \$11.50 per sq. ft., the capital cost would be \$2,053,900. In the financial model, this infrastructure is financed over 20 years at an interest rate of 5% (total amount of \$2,720,332 after 20 years). In the financial projections, it was considered that the entire ramp would be constructed on year three (3). Depending on the development approach prioritized by the airport and the asset financing strategy, the ramp could be constructed at the same moment the buildings are erected.

The ramp will be directly linked to the taxiway. Airport Drive and Lakeshore Drive are already linked to the local utility services, negating the need for significant infrastructure works by the city.

7.10.7 Financial Analysis

Table 28 provides the assumptions that have been used in the 20-year financial projections for parcel P9.

Table 28 - Parcel P9 - Financial Analysis Assumptions

Item	Description	Rate / Value
Land lease rate	<p>The annual land lease rate charged per square foot.</p> <p>Based on comments from surveyed companies, the airport's current rate would be too high to attract long-term tenants. Therefore, a benchmark analysis of the local industrial park lots (The International Business Park) was conducted. The total parcel size was divided by the total number of acres and then converted in dollars per square foot.</p> <p>To be reasonable, we considered that the proposed land lease rate should cover the cost of buying the land over 20 years. Calculations also considered that when companies purchase a lot, 20% of the value is paid as a cash down, and 80% is financed over 20 years at a 5% interest rate. Therefore, the cost of the loan has been considered in the calculation of the rate.</p> <p>Also, in the financial model, the land lease rate has been increased by 2.5% after every five (5) years.</p>	<p>\$0.1918</p>
Global tax rate	<p>The global tax rate used as per 2018 Tax Schedule.</p>	<p>2.91271%</p>
Building Assessment Value	<p>Based on Development Approach Estimates, one building every three (3) years:</p> <p>Aeronautical Manufacturing (Building A Year 3 // Building B Year 6 // Building C Year 9) Footprint: 54,400 sq. ft. per building (163,200 sq. ft. total) @ a cost of \$100 / sq. ft. (Includes the associated parking areas, loading docks and access roads) Parking area: 9,600 sq. ft. per building (28,800 sq. ft.) Loading docks: 10,500 sq. ft. per building (31,500 sq. ft. total)</p> <p>Industrial Building D: Constructed on Year 12 Footprint: 70,000 sq. ft. @ a cost of \$100 / sq. ft. (Includes the associated parking areas, loading docks and access roads) Parking area: 9,600 sq. ft. Loading docks: 10,500 sq. ft.</p> <p>Industrial Building E: Constructed on Year 15 Footprint: 29,900 sq. ft. @ a cost of \$100 / sq. ft. (Includes the associated parking areas, loading docks and access roads) Parking area: 3,900 sq. ft.</p>	<p>\$16,320,000</p> <p>\$7,000,000</p> <p>\$2,990,000</p>

Item	Description	Rate / Value
Lots size	<p>P9 has a total surface of 13 acres. Considering the buildings and sub-components (parking and loading docks) total surface of 347,400 sq. ft., a 20% margin was added to the total square footage in order to consider the free land that will surround the perimeter of each lot.</p> <p>Utilized surface of the future lots: 347,400 sq. ft. x 1.20% = 416,880 sq. ft.</p> <p>For financial projection purposes, it was considered that each lot will have the same surface. Of course, depending on the company requirements, preliminary lot sizes could change.</p>	Total Surface: 416,880 sq. ft.
Inflation	The numbers included in the 20-year financial projections take in account an annual 2% inflation rate.	2% annually

Based on the previous assumptions, Table 29 presents the 20-year financial revenue projections for the airport (land lease) and the City of La Crosse (taxes). After the initial 20-year period, the following revenues would be generated:

- Airport land lease: \$1,297,537;
- City municipal taxes: \$11,724,910

Table 29 - Industrial Park Development - 20-Year Financial Projections (1 of 2)

REVENUES		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Industrial Building A - Land Leasing Revenues		\$0	\$0	\$16 955	\$17 275	\$18 035	\$18 363	\$18 691	\$19 019	\$19 347	\$20 154
Industrial Building A - Tax Revenues		\$0	\$0	\$162 463	\$165 528	\$168 593	\$171 659	\$174 724	\$177 789	\$180 855	\$183 920
Industrial Building B - Land Leasing Revenues		\$0	\$0	\$0	\$0	\$0	\$18 363	\$18 691	\$19 019	\$19 347	\$20 154
Industrial Building B - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$171 659	\$174 724	\$177 789	\$180 855	\$183 920
Industrial Building C - Land Leasing Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19 347	\$20 154
Industrial Building C - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$180 855	\$183 920
Industrial Building D - Land Leasing Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Industrial Building D - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Industrial Building E - Land Leasing Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Industrial Building E - Tax Revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL REVENUES		\$0	\$0	\$179 418	\$182 803	\$186 628	\$380 043	\$386 830	\$393 616	\$600 604	\$612 224
EXPENSES											
Infrastructures											
Capital Repayment (Loan) - Ramp expansion (P9)		\$0	\$0	\$68 974	\$71 732	\$74 602	\$77 586	\$80 689	\$83 917	\$87 274	\$90 764
Ramp Maintenance		\$0	\$0	\$13 795	\$14 346	\$14 920	\$15 517	\$16 138	\$16 783	\$17 455	\$18 153
TOTAL EXPENSES		\$0	\$0	\$82 768	\$86 079	\$89 522	\$93 103	\$96 827	\$100 700	\$104 728	\$108 917
EBITDA		\$0	\$0	\$96 650	\$96 724	\$97 106	\$286 940	\$290 003	\$292 916	\$495 876	\$503 306
Interest Repayment (Loan) - Ramp Extension (P9)		\$0	\$0	\$82 156	\$79 397	\$76 528	\$73 544	\$70 440	\$67 213	\$63 856	\$60 365
Pre-Tax Profit		\$0	\$0	\$14 494	\$17 327	\$20 579	\$213 397	\$219 563	\$225 704	\$432 020	\$442 941

Table 30 - Industrial Park Development - 20-Year Financial Projections (2 of 2)

REVENUES		YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	...	YEAR 19	YEAR 20	20-YEAR TOTAL
Industrial Building A - Land Leasing Revenues		\$20 490	\$20 826	\$21 162	\$21 498	\$22 354	...	\$23 729	\$24 633	\$371 657
Industrial Building A - Tax Revenues		\$186 985	\$190 051	\$193 116	\$196 182	\$199 247	...	\$211 508	\$214 574	\$3 393 327
Industrial Building B - Land Leasing Revenues		\$20 490	\$20 826	\$21 162	\$21 498	\$22 354	...	\$23 729	\$24 633	\$319 392
Industrial Building B - Tax Revenues		\$186 985	\$190 051	\$193 116	\$196 182	\$199 247	...	\$211 508	\$214 574	\$2 896 743
Industrial Building C - Land Leasing Revenues		\$20 490	\$20 826	\$21 162	\$21 498	\$22 354	...	\$23 729	\$24 633	\$263 319
Industrial Building C - Tax Revenues		\$186 985	\$190 051	\$193 116	\$196 182	\$199 247	...	\$211 508	\$214 574	\$2 372 570
Industrial Building D - Land Leasing Revenues		\$0	\$20 826	\$21 162	\$21 498	\$22 354	...	\$23 729	\$24 633	\$203 328
Industrial Building D - Tax Revenues		\$0	\$190 051	\$193 116	\$196 182	\$199 247	...	\$211 508	\$214 574	\$1 820 810
Industrial Building E - Land Leasing Revenues		\$0	\$0	\$0	\$0	\$22 354	...	\$23 729	\$24 633	\$139 841
Industrial Building E - Tax Revenues		\$0	\$0	\$0	\$0	\$199 247	...	\$211 508	\$214 574	\$1 241 461
TOTAL REVENUES		\$622 427	\$843 508	\$857 113	\$870 718	\$1 108 003	...	\$1 176 188	\$1 196 034	\$13 022 447
EXPENSES										
Infrastructure										
Capital Repayment (Loan) - Ramp expansion (P9)		\$94 395	\$98 171	\$102 098	\$106 182	\$110 429	...	\$129 186	\$134 354	\$1 768 855
Ramp Maintenance		\$18 879	\$19 634	\$20 420	\$21 236	\$22 086	...	\$25 837	\$26 871	\$353 771
TOTAL EXPENSES		\$113 274	\$117 805	\$122 517	\$127 418	\$132 515	...	\$155 023	\$161 224	\$2 122 626
EBITDA		\$509 153	\$725 703	\$734 596	\$743 300	\$975 489	...	\$1 021 165	\$1 034 809	\$10 899 821

REVENUES	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	...	YEAR 19	YEAR 20	20-YEAR TOTAL
Interest Repayment (Loan) - Ramp Extension (P9)	\$56 734	\$52 959	\$49 032	\$44 948	\$40 701	...	\$21 943	\$16 776	\$951 477
Pre-Tax Profit	\$452 419	\$672 745	\$685 564	\$698 352	\$934 788	...	\$999 221	\$1 018 033	\$9 948 344

7.10.8 Financial Projections Summary

The objective of this section is to present a financial summary of all proposed development concepts. Table 31 presents all the revenue sources per concept and expenses when applicable.

In summary, the total potential revenues after 20 years are \$86,751,965. This is broken-down in \$10,881,000 in land leasing revenues and \$75,870,965 in tax revenues (respectively 12.5% and 87.5% of the total revenues). Finally, the capital expenses total \$29,486,226 for a Pre-Tax Profit of \$57,265,739 over 20 years.

Table 31 - Financial Projections Summary

REVENUES		
P1	Land Lease revenues (Airport)	\$2,885,285
	Taxes revenues (City)	\$22,104,376
P2	Land Lease revenues (Airport)	\$964,005
	Taxes revenues (City)	\$7,025,457
P3	Land Lease revenues (Airport)	\$2,224,741
	Taxes revenues (City)	\$5,680,950
P4	Land Lease revenues (Airport)	\$559,317
	Taxes revenues (City)	\$1,912,958
P4B	Hangar Lease revenues (Airport)	\$663,844
	Taxes revenues (City)	\$2,739,048
P5/P6/P6B*	Land Lease revenues (Airport)	\$1,788,953
	Taxes revenues (City)	\$21,014,824
P8	Land Lease revenues (Airport)	\$497,317
	Taxes revenues (City)	\$3,668,442
P9	Land Lease revenues (Airport)	\$1,297,537
	Taxes revenues (City)	\$11,724,910

CAPITAL EXPENSES		
P3	Ramp extension	\$4,167,319
P4	Ramp extension	\$1,326,741
P4B	Ramp extension	\$2,588,425
P5/P6/P6B*	Fisherman's Road / Boat Launch (and its parking area) / Lookout	\$16,138,790
P8	Access Road, Parking, Ramp extension and Asphalted areas	\$2,544,619
P9	Ramp extension	\$2,720,332

***P5/P6/P6B only includes the potential revenues and expenses for the waterfront development concept. The "Industrial Park" concept was not considered as part of the total calculation.**

8. Implementation Plan

To help guide the implementation of the various development concepts, a structured approach is being proposed in the form of a formal implementation plan. The plan is intended to act as a guide to ensure key milestones and activities are completed in a systematic manner. This Implementation Plan is based on the guiding principles of the upcoming LSE Master Plan. It is also considered that all development concepts would be based on a landlord model (the airport does not own any building), except for the GA hangar developments where the airport could be the owner. The landlord model greatly reduces the implementation plan complexity.

Along with the development process, the airport will need to synchronize its efforts with key partners, especially the City of La Crosse, the La Crosse Area Development Corporation, the La Crosse Chamber of Commerce, local real estate / promoters and all other industry associations that can support the development of the concepts. These partnerships will vary depending on the nature of the development concepts.

The global implementation plan is segmented in three (3) different categories. For each of the categories, details on the implementation approach are presented.

8.1 Category 1 - Industrial and Commercial Development

This category consists of the warehousing and distribution centers (P1), the office building space and hotel (P2), and the industrial development concepts (applicable for P5/P6B/P6 and P9). These similar concepts were grouped together as they do not involve any aviation or aerospace activities.

Table 32 – Category 1 - Industrial and Commercial Implementation Plan

Implementation steps	Description
1. Address zoning amendments	This step would be required only for parcel 1. The other industrial and commercial concepts don't require zoning amendments.
2. Define preliminary lot sizes	Before considering any marketing and promotion activities for these concepts, the City and the Airport should define preliminary the lot sizes. The lot sizes could change during the development process depending on the need of the future tenants.
3. Partnerships creation	The industrial and commercial development concepts should be promoted, coordinated and managed by the City of La Crosse with the support of the airport and local economic development partners. These economic development partners, especially the La Crosse Development Area Corporation and the La Crosse Chamber of Commerce, have in-depth knowledge of the region and the companies' requirements. Their extended network will also help with the marketing of those concepts. Outside support could be contracted to launch an investment attraction campaign.

Implementation steps	Description
4. Secure marketing budget	Before starting any marketing activities, the airport and associated partners should clearly define amounts that will be required to bring the various concepts to fruition, and the source of that budget.
5. Press conference	Depending on the implementation schedule for each development concept, press conferences should be held by the airport, the City of La Crosse and other partners to inform local businesses about the airport development plans.
6. Marketing tools update	All stakeholders involved in the development concepts promotion should update their websites, social media platforms, brochures and other relevant marketing tools to display the airport initiatives. If budget permits, specific marketing material could be developed for the investment attraction campaign.
7. Investment attraction campaign	For those specific development concepts, an investment attraction campaign should be initiated. This will bolster the development process and offer the opportunity to understand the companies' requirements. This attraction process could be conducted by either the local economic development agencies or by specialized firms. In both cases, the airport should only play a supportive role in this activity.
8. Estimated construction timeline per concept (Development Plan)	<p>Implementation efforts should be synchronized to achieve the assumed schedule presented within each of the concepts.</p> <p>Warehousing / Distribution centers (P1): The first warehouse will be constructed at year three (3). Afterward, the two (2) other warehouses will be constructed one (1) on year six (6) and another one (1) on year nine (9). Warehouse buildings would be erected every three (3) years for a total of three (3) warehouses after nine (9) years.</p> <p>Office Building and Hotel (P2): Both buildings will be constructed at year five (5).</p> <p>Industrial zone (P5/P6/P6B): Since other sites are easier and less expensive to develop in order to host industrial and aeronautical companies, no specific development timeline has been defined for this concept.</p> <p>Office space (P8): The first office building would be constructed at year 10 and the other one at year 15.</p> <p>Industrial zone (P9): The first facility to be constructed at year three (3). It is assumed that an industrial building will be erected every three (3) years for a total of five (5) buildings after 15 years.</p>

8.2 Category 2 - Aviation and Aerospace Development

This category consists of the aviation and aerospace concepts (P3/P3B, P4, P5/P6/P6B and P9) and general aviation hangars (P4B) concepts. These similar concepts were grouped together because they both involve aviation or aeronautical activities, and, therefore, a similar development approach, but different than the other concepts.

Table 33 - Aviation Concepts Implementation Plan

Implementation steps	Description
1. Address zoning amendments	As required.
2. Define preliminary lot sizes	Before considering any marketing and promotion activities for these concepts, the City and the Airport should define preliminary the lot sizes. The lot sizes could change during the development process depending on the needs of the future tenants.
3. Assess the possibility for local implication	In this case, only the airport should be involved in the coordination and management of these aviation-related concepts. Nevertheless, the City of La Crosse and local economic development agencies might be able to share prospects/leads and to finance a portion of the airport marketing initiative costs (i.e. an investment attraction campaign) given their potential revenues from these developments. The airport could also survey current airport tenants (companies and individuals) to identify potential prospects in their network.
4. Secure marketing budget	Before starting any marketing activities, the airport should clearly define the amounts that will be required to bring the various concepts to fruition, and the airport budget's availability.
4. Update or create marketing tools	The airport should update its marketing tools and messages, stating that the airport is open for business. Tools to update should include the airport website, and applicable social media platforms and brochures. At this stage, the airport should plan to participate in aerospace or aviation events, at least two (2) or three (3) per year. Events are an excellent means to meet companies, extend the airport network and to identify business opportunities.
5. Investment attraction campaign	An investment attraction campaign should be initiated for aviation and aerospace concepts. This campaign would be helpful to promote lots availability that can accommodate small to large aviation and aerospace companies. This attraction process should be conducted by an external consulting firm with knowledge and a vast network in the aviation and aerospace industries. A proper prospectus promoting the airport and the benefits to setting up in La Crosse needs to be prepared.

Implementation steps	Description
<p>6. Estimated construction timeline per concept (Development Plan)</p>	<p>Implementation efforts should be synchronized to achieve the assumed schedule presented within each of the concepts.</p> <p>Aviation Services and Aerospace (P3/P3B): The first hangar will be constructed at year five (5). Afterward, the two (2) other hangars will be constructed one (1) at year 10 and another one (1) at year 15. It is assumed that a large commercial hangar would be erected every five (5) years for a total of three (3) 40,000 sq. ft. hangars after 15 years. Afterward, on the long-term, other similar hangars would be developed on P3B (if the runway is closed).</p> <p>Commercial Aeronautical (P4): The first 10,000 sq. ft. hangar will be constructed at year three (3). Afterward, the two (2) other hangars will be constructed one (1) on year six (6) and another one (1) at year nine (9). It is assumed that these hangars would be erected every three (3) years for a total of three (3) 10,000 sq. ft. hangars after nine (9) years.</p> <p>General Aviation Hangars (P4B): The first GA hangar will be constructed at year 2 and will consist of a 12,000 sq. ft. stand-alone hangar. Two (2) years later (Year 4), another identical hangar will be erected. Afterward, a 9,500 sq. ft. T-Hangar and the three (3) small GA hangars will respectively be constructed on year 6, 8, 10 and 12. It is assumed that GA hangars will be erected every two (2) years for this parcel.</p> <p>General Aviation Hangars (P8): Once available land on P4B is fully developed, GA Hangar developments should continue on P8. It is assumed that the first group of hangars (total of 15,000 sq. ft.) will be constructed on year 15 (three (3) years after the last constructed hangar on P4B). Afterward, another 15,000 sq. ft. of hangars will be developed on year 18.</p> <p>Other Commercial/Industrial Aeronautical Concepts (P5/P6/P6B and P9): Since these parcels will host a mix of aeronautical and non-aeronautical development, no precise development timeline is proposed (depending on the demand) as it is expected to fall outside the 20-year projection period.</p>

8.3 Waterfront development

This third implementation plan segment is specific to the waterfront development concept. This is a visionary and ambitious project that will contain some specific implementation steps that are not present in other non-aviation concepts. Also note that this implementation plan is also applicable to the small commercial development proposed on P1.

Table 34 - Waterfront Development Implementation Plan

Implementation steps	Description
1. Address zoning amendments	One of the most important considerations is the closure of Runway 04/22. If the runway remains active, zoning amendments will be required and the size of the project will be tailored accordingly. At this stage, the airport should also assess the environmental requirements, limitations for the marina concept and any approval requests processes.
2. Conduct a detailed feasibility study	This report provides a case study for the waterfront development. In order to strengthen the viability of this concept, a more detailed business case analysis should be conducted before proceeding.
3. Prepare a final layout	Based on the additional information gathered in the business case, a final concept layout should be proposed. The preliminary lots dimensions should also be defined during this step.
4. Assess the local and regional implication	The waterfront development concept aims to create a tourists' destination at the airport and will require the implication of numerous local organizations. To name a few, the City of La Crosse, Explore La Crosse and the La Crosse Area Development Corporation will be valuable partners for this project. A partnership agreement could be created to define the roles and responsibilities of every partner organization involved in the project. The budget should also be addressed with this group.
5. Identify the real estate promoter	This development concept will require skilled real estate promoters with expertise in commercial development and the local market. The selected firm will be in charge of the investment attraction mandate and will be supported by local and regional partners.
6. Press conference	Depending on the selected implementation schedule, press conferences should be held by the City of La Crosse and other partners to inform real estate promoters, individuals and local businesses about the project.
7. Create marketing material	All stakeholders involved in the development concepts promotion should update their websites, social media platforms, brochures and other relevant marketing tools to display the project's objectives. Part of the budget should serve to develop specific marketing material that could be used in promotional activities.
8. Investment attraction campaign	The real estate firm in charge of the project should lead an investment attraction campaign in order to generate interest toward the project. Initially, the objective will be to assess the interest of major real estate developers toward the project. As the campaign evolves, the promoter will need to get the commitment of prospect companies.
9. Fisherman's Road reparations	Once multiple companies have demonstrated interest in the project, the initial infrastructure development step will be to rehabilitate the Fisherman's Road.
10. Deforestation	Prior to the boardwalk, the cycling path and the marina development, small forest areas will need to be cut along the shore.

Implementation steps	Description
11. Site preparation	The objective of this phase will be to bring the identified land parcels to a shovel ready state.
12. Estimated construction timeline per concept	<p>Commercial Development (P1): The small parcel that will host the commercial development on P1 could have a total building footprint of 135,908 sq. ft. Half of this surface (67,954 sq. ft.) will be developed at year five (5) and the other half at year ten (10).</p> <p>The Destination – Waterfront Development (P6/P6B): Overall, the total building footprint of the waterfront development will be 280,000 sq. ft., with half of that amount constructed on year five (5) (phase 1 - 140,000 sq. ft.). Thereafter, each of the five (5) subsequent phases (28,000 sq. ft. each) will be developed every two (2) years starting at year 7 until year 15.</p>

9. Recommendations and the Next Steps

The Highest and Best Land Use methodology has permitted to identify and describe the most relevant development concept for each of the free land parcels available at LSE. In addition to aviation and aeronautical development, multiple non-aviation concepts were proposed to respond to local needs and support the region's long-term economic development efforts. This study needs to become an integral part of the airport Master Plan.

The La Crosse Regional Airport has the advantage of owning large parcels of land that would offer great revenue opportunities for both the airport and the City of La Crosse. In addition, the location of the airport in relation to local prominent features such as the Mississippi River, the Black River and Lake Onalaska the airport is located at the junction of major highways. It is a prime site for the attraction of companies that require hangar and building spaces, but also for the valorization of the land that offers unique views and access to the water that would combine the need for additional restauration venues in the area and the need for year-round indoor and outdoor activities. This is a rare opportunity that should be seized and promoted.

Considering the relevance and strength of the proposed concepts, which were all supported by market data and stakeholder consultations, we recommend LSE to move forward with the proposed implementation plan. Initially, the Airport and the City of La Crosse should review this report in detail to identify the more promising concepts and prioritize their efforts.

The next step will be to identify the budgets to move forward with the implementation strategy and promote the airport and the available land. This may require a number of partners that could include the State of Wisconsin. It will definitely include some local businesses that may have projects of their own, but also that may, through their network, be able to identify target companies and organizations. The support from outside businesses specializing in the promotion of land and/or in investment attraction, especially the use of specialists in the aviation and aerospace industries would be key to the success of these developments. Attendance to specialized trade shows will be key a component to the success of this investment attraction strategy. MRO trade shows, and other aviation shows are some of the potential candidates.

In conclusion, the present report consists in a solid basis for future development initiatives and should be integrated to the Airport Master Plan currently in the redaction process.

Annex A – Consulted Companies

Focus Group	One on One
La Crosse Area Realtors Association	7 Rivers Alliance
Gensler	La Crosse County Economic Development
Signatures	Fort McCoy
Civil Engineering Group	La Crosse Area Development
Solvay - Composite Materials	City of La Crosse Economic Development
County of La Crosse	Short Elliot Hendrickson
City of La Crosse	La Crosse Area Planning Committee
ISG	City of Winona - Economic Development
U.S. Department of Homeland Security	Western Technical College
National Car	Colgan Aviation
Envoy Air	Winona Renewable Energy
Phone call – Validation Process	
Kwip Trip	Central State Warehousing
Bambox	Rich Micrut
Logistic Health	Supply Chain Logistics
City Brewery	Pearl Street Brewery
La Crosse Queen Cruises	La Crosse Queen Cruises
Vicking River Cruises	American Cruise Line
United States Geological Survey	Tanger Outlets
Simon Property Group	SmartCentres
Preit Property (Valley View Mall)	Outdoor Recreational Alliance
HotSpring	Wisconsin Dells Waterpark
Explore La Crosse	Shenanigans Entertainment Center
JF Brennan	La Crosse Park & Recreation Department
Forge Solar	Xcel Energy
City of Onalaska (City Planning)	La Crosse DNR
Army Corp of Engineers	Trane
City of Campbell	Wieser Brothers
Borton Construction	

Annex B - Land Ordinance Requirements

The City of La Crosse has adopted a Land Use Ordinance outlining building and height restrictions within 3 miles of the La Crosse Airport property boundary. The purpose of this ordinance is to protect the taxpayer's investment in the airport by ensuring that the approaches to the airport are protected from obstructions or otherwise incompatible land uses.

Airport means the 1,380 acre area of La Crosse Regional Airport.

ARTICLE II. – Aviation Board

There shall be an Aviation Board consisting of seven voting members and up to three non-voting ex-officio members. Voting board members shall be appointed by the mayor for a term of three years. The Mayor's voting board member appointments shall be subject to the confirmation of the Council. Ex-officio members shall be appointed and remove by the Mayor and shall serve a term of two years. One voting member shall be a member of the Common Council and one voting member shall be a member of the County Board of Supervisors. A minimum of four voting members shall be residents of the City. Ex-officio members need not be residents of the City. The Council Member shall be the Chair. The Vice-Chair shall be elected by the body every twenty-four months on the first regular meeting of the year.

Jurisdiction

The construction, improvement, equipment, maintenance and operation of all Airport facilities for the City are vested in the Aviation Board.

Powers and duties

The powers, duties, and procedure of the Board shall be as follows:

- (1) It shall have control of the operations and maintenance, including the equipment used therein, of the La Crosse Regional Airport, subject, however, to the direction and approval of the Council.
- (2) The Board may lease facilities and contracts with private parties, with the exception of any personnel changes or additions, for a term not to exceed two years, including all necessary arrangements for the improvement, equipping, and successful operation of the Airport. In no case shall the public be deprived of an equal and uniform use of the Airport, and no act, contract, or lease greater than two years, or any activity of the Board shall be or become a binding contract of the City unless expressly authorized by the Council.

Landing Fees and Space Rental

- (a) Statement of policy. It is declared to be the policy of the City of La Crosse to establish rates and charges at periodic intervals whereby the La Crosse Regional Airport will remain a self-sufficient entity. To accomplish the objective, the City will use a City Cost Recovery Rate. The term "City Cost Recovery Rate" is defined as the development of rates and

charges designed to recover from each user its proportionate share of the cost of providing, maintaining, operating and administering the facilities it uses.

- (b) To this extent, the City of La Crosse has developed landing fees and space rental rates between the estimated City Cost Recovery Rate and the currently existing rate. Adjustments in such rates shall be made periodically as determined by the Aviation Board.

Passenger Facility charge

Findings and purpose. (1) The City finds that:

- a. The City owns and controls that certain Airport and air navigation facility located in La Crosse County, State of Wisconsin, and known as La Crosse Regional Airport ("Airport").

AIRPORT ZONING

The five specific zones create a comprehensive area focused on maintaining compatible land use around the airport.

(1) Zone A is intended to provide a clear area that is free of above ground obstructions and structures. This zone is closest to the individual runway ends.

(2) Zone B1, B2, and B3 reflects the approach and departure areas for each runway at an airport. The size of Zone B is predicated upon the type of approach (visual, non-precision, or precision) that a specific runway has the type/size of aircraft that utilize the runway.

(3) Zone C includes those areas that are parallel to the runway pavement and extend 1,050 feet from the edge of the primary surface.

(4) Zone D encompasses the horizontal surface (innermost area) the conical surface (outermost area), which make up the three-mile jurisdictional boundary delineated at the La Crosse Regional Airport.

Jurisdiction

(a) The jurisdiction of this article shall extend over all lands and water within the three-mile jurisdictional boundary of the AOZD, as those boundaries now exist and as they are amended in the future. (b) The regulations of AOZD shall apply:

(1) To all properties within the three-mile jurisdictional boundary identified by the application of Wis. Stat. § 114.136 measured from the La Crosse Regional Airport property line, regardless of the municipal boundary.

(2) To the limits represented by six independent zones which are defined in section 8-88, as well as the height limitations in section 8-88.

These six (6) zones encompass a three-mile radius from the La Crosse Regional Airport property line, as authorized by Wisconsin Statutes. No land use shall be allowed nor shall any structure be constructed, altered, located, or permitted which encroaches upon the La Crosse Regional Airport creating hazards for aircraft, airport operational area, and aircraft overflight areas, as well as nearby citizens. For the purpose of this article, the area of La Crosse County under the

jurisdiction of this article is hereby divided into the following zones as shown in Figure 31 and Table 35.

Zone A—Runway Protection Zone. Zone A is a trapezoidal shape which includes the area off the end of each runway which is designed to enhance the protection of people and property on the ground.

Zone B—Approach Service. Zone B is critical overlay zoning surface that reflects the approach and departure areas for each runway at the Airport. The size of Zone B is the combinations of Zone B1, B2, and B3 and is predicted on a 50:1 approach surface.

*Zone B1—*The length of Zone B1 extends 3,750 feet from the outer edge of Zone A.

*Zone B2—*Zone B2 extends 3,750 feet beyond the outer edge of Zone B1.

*Zone B3—*Zone B3 extends from Zone B2 in the 50:1 approach, ending at the three-mile boundary.

Zone C—Transitional Surface. The areas within Zone C are those that extend 1,050 feet outward from the edge of the primary surface, paralleling the runway and extended edge of the primary surface, paralleling the runway and extended runway centerline with Zone B1, to a length equal to the outer edge of Zone A and then squared to meet Zone A.

Zone D—Three-Mile Jurisdictional Boundary. Zone D encompasses the horizontal innermost area, all of which represents the three-mile jurisdictional boundary, as provided for in Wis. Stat. §§ 114.135 and 114.136. Zone D is calculated by intersecting a series of three-mile arcs drawn from the outermost property boundaries of the Airport.

Figure 31 - La Crosse Airport - Overlay Zones

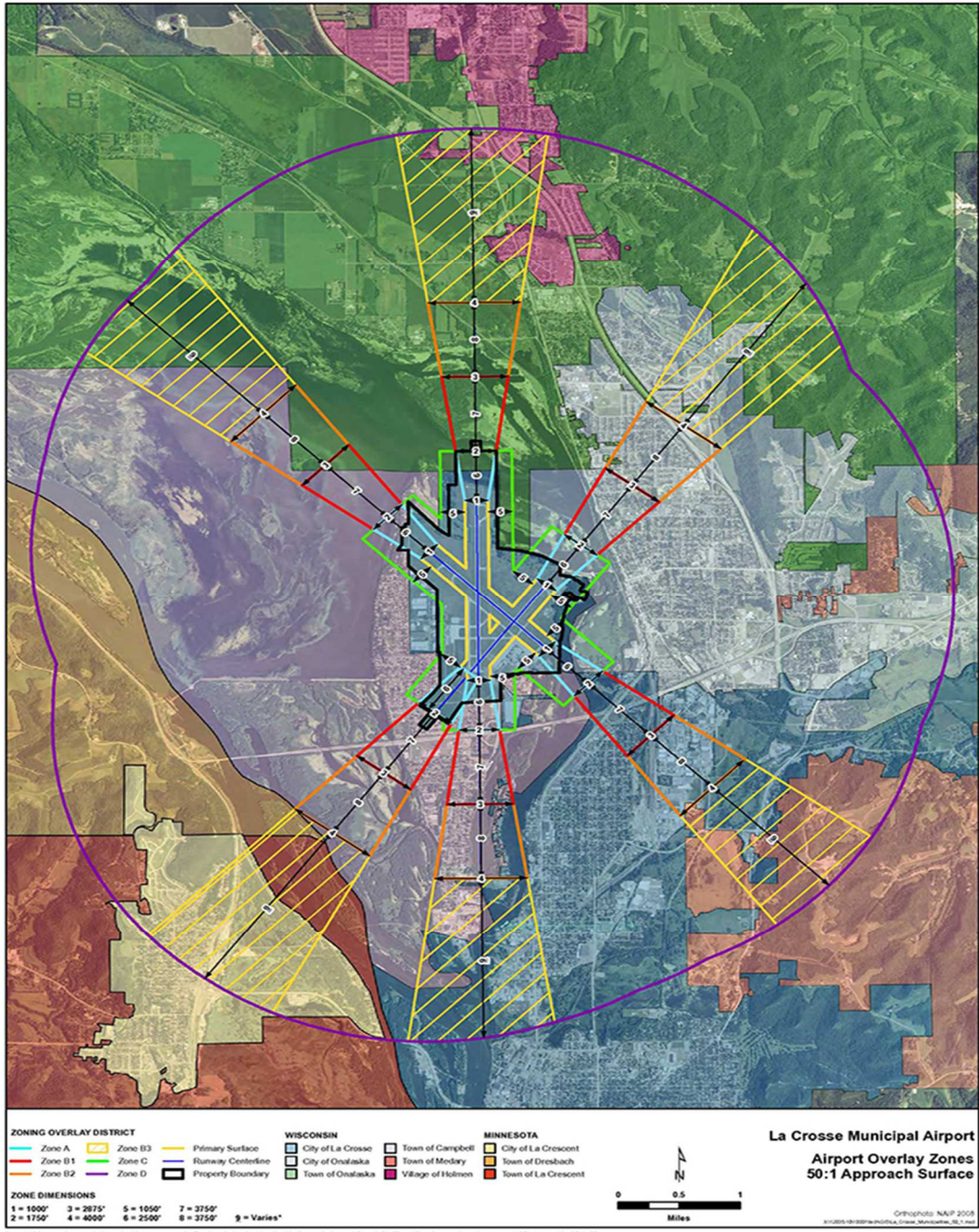


Figure 32 - Height Limitation Zoning Map

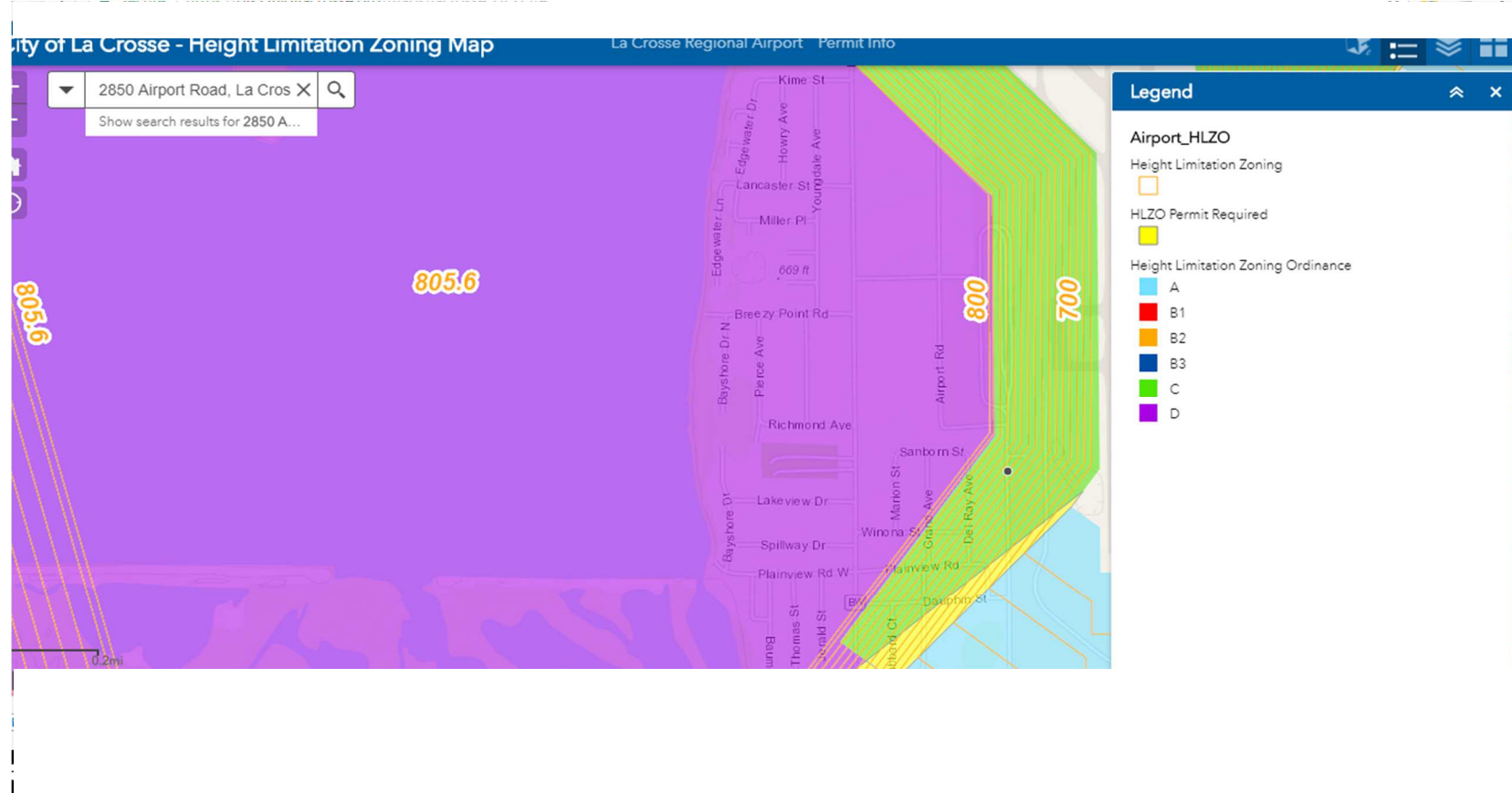


Table 35 - Airport Overlay Zones B1, B2, C, and D Dimensional Requirements

Dimensions	Zone Designation	Runway Dimensional Standards
1	Primary surface width ¹ & Zone A inner width	1,000'
2	Zone A outer width & Zone B1 inner width	1,750'
3	Zone B1 outer width & Zone B2 inner width	2,875'
4	Zone B2 outer width & Zone B3 inner width	4,000'
5	Zone C width from primary surface	1,050'
6	Zone A length	2,000'
7	Zone B1 length	3,750'
8	Zone B2 length	3,750'
9	Zone B3 length	Varies ²
	Zone D	3-mile jurisdictional boundary outside of Zones A—B3

¹ Primary surface width measures 1,000 feet across, or 500 feet on either side of the runway centerline.

² The length and outer width of Zone B3 varies based upon the proximity and angle at which Zone B3 intersects Zone D, which is the three-mile jurisdictional boundary from Airport property. Source: Mead & Hunt.

Land-Use Permit

When required by this article, a permit (valid for 18 months) shall be obtained from the Zoning Administrator before the removal of or any change in the construction, alteration, location, or use of any existing use or proposed use. In all cases, the height limits of this article shall not be exceeded by more than ten feet. Uses that penetrate height limitations by ten feet or less require a permit.

The permit (for permit required uses or for future uses when specified), which may include development and use-related conditions, along with a signed AOZD checklist, notify applicants of their responsibilities and required mitigation for any construction, alteration, location or use of land to minimize potential hazardous impacts to the La Crosse Regional Airport, aircraft, airport operational areas, and aircraft overflight areas, as well as nearby residents. Said permit shall be posted in a prominent place on the premises prior to and during the period of construction, erection, installation or establishment. Failure to obtain a permit when required shall be a violation of this article. Application for a permit shall be made to the Zoning Administrator upon furnished application forms and shall include the following data:

(1) Name and address of the applicant, property owner, and contractor builder.

(2) An accurate properly dimensioned map drawn to a scale of not less than one inch equals 200 feet of the property, showing:

a. The location, dimensions, elevations, and contours of the site; elevations of all pertinent structures, fill, or storage areas;

b. Size, locations, and spatial arrangements of all proposed and existing structures on the site;

c. Location and elevations of streets, water supply, and sanitary facilities;

d. The relationship of the above to the La Crosse Regional Airport, as well as a particular zone(s) of the AOZD; and

e. Any other pertinent information that may be necessary to determine if the proposed use meets the requirements of this article.

(3) Legal description of the property, the type of proposed use, and an indication as to whether new construction or a modification to an existing structure is involved.

(4) A description of the proposed land use and building materials and landscaping materials.

(5) The elevation of the highest point of the structure, object, or natural vegetation using National Geodetic and Vertical Datum when locating within the individual zone of the AOZD, including existing ground elevations reporting in Mean Sea Level (MSL), height of the structure or object above ground measured in feet (AGL), and top elevation measured in MSL.

(6) When the Zoning Administrator or Airport Director deems necessary, evidence of submission of a Federal Aviation Administration (FAA) Form 7460-1, Notification of Proposed Construction or Alteration, commonly known as an "airspace review." Receipt of final determination letter from the FAA is required prior to final approval or denial of a permit (as required for permit required uses or for future uses when specified). The FAA form 7460-1 can be found online at <http://forms.faa.gov/forms/faa7460-1.pdf>.

(7) Applicant's signed AOZD checklist accepting mitigation responsibilities to ensure that any use, construction or alteration of such use is compatible with this article.

General standards applicable to all permit required uses within the Airport Overlay Zoning District

The following provisions are applicable to all permit required uses within the Airport Overlay Zoning District:

(1). Any development which exceeds the applicable height limitation in the AOZD by more than ten feet is not authorized. Any development that exceeds the applicable height limitation in the AOZD by ten feet or less will automatically become a permit required use.

(2) At the owner's expense, the technical expertise of a professional surveyor and/or engineer to determine exact locations and elevations may be required. This may be done to confirm the accuracy of information supplied by the applicant.

(3) Those persons responsible for reviewing a zoning/building site permit (herein referred to as a permit) application in the AOZD shall consider the factors listed below:

- a. Potential to create an undue concentration of people (density);
- b. Potential to cause visual obstructions through the creation of smoke, steam, dust, lighting or other unspecified obstruction that would adversely affect aircraft operational areas and airspace; and specifically the proximity to runway ends, runway surfaces and extended runway centerlines;
- c. Potential for noise sensitivity, and when necessary, ensuring building construction that reduces airport-related noises for proposed uses;
- d. Potential to minimize the number and size of detention/retention ponds to drain within 48 hours;
- e. Potential to create wildlife attractants other than water;
- f. Potential storage of flammable or hazardous materials as defined by the International Building Code.

Table 36 - Land Use Compatibility Chart

P = Permitted	R = Permit Required			N = Not Permitted		
Land uses ^{[1][2][3]}	Zone A	Zone B1	Zone B2	Zone B3	Zone C	Zone D
<u>Residential Activities</u>						
Single-family uses (1 unit per lot)	N	R	R	P	N	P
<u>Multifamily uses</u> (Three or more principal dwelling units within a single building on the same parcel) (e.g., apartment, condominium, townhouse-style)						
Low-rise (2 to 3 stories) or Mid-rise (4 to 12 stories)	N	R	R	P	N	P
High-rise (13+ stories)	N	N	R	P	N	P
<u>Group living uses</u> (e.g., assisted living, group care, independent group living, nursing and convalescent home)						
Residential group living units (1 dwelling per lot)	N	R	R	P	N	P
Low-rise (2 to 3 stories) or Mid-rise (4 to 12 stories)	N	R	R	P	N	P
High-rise (13+ stories)	N	N	R	P	N	P
Manufactured housing parks	N	N	R	P	N	P
<u>Commercial Activities</u>						
Eating and drinking establishments (e.g., restaurant, cafe, fast-food restaurant, bar, nightclub)	N	R	R	P	N	P
<u>General office/medical office/dental office uses</u> (e.g., professional, business, financial, governmental)						
Low-rise (2 to 3 stories)	N	R	P	P	R	P
Mid-rise (4 to 12 levels)	N	N	R	P	N	P
High-rise (13+ stories)	N	N	R	P	N	P
Hospitality-oriented (e.g., hotel, motel, convention center, meeting hall, event facility)						
Low-rise (2 to 3 stories)	N	R	P	P	N	P
Mid-rise (4 to 12 stories)	N	N	P	P	N	P
High-rise (13+ stories)	N	N	R	P	N	P
Outdoor storage and display-oriented (e.g., lumber yard, vehicles sale, landscape sales, or farm supply equipment sale)	N	R	P	P	R	P

P = Permitted	R = Permit Required			N = Not Permitted		
Land uses ^{[1][2][3]}	Zone A	Zone B1	Zone B2	Zone B3	Zone C	Zone D
Personal service-oriented (e.g., retail service, banking facility, laundromat, dry cleaning, beauty salon, funeral home)	N	R	P	P	R	P
Vehicle servicing uses (e.g., full-serve gas station, unattended card key service station, vehicle repair shop, tire sale)	N	R	R	P	N	P
<u>Retail uses</u> (e.g., sell, lease, or rent of new or used products)						
Small sales-oriented (e.g., convenience store, bakery, garden supply, grocery, hardware, or electronics store)	N	R	P	P	R	P
Large sales-oriented (e.g., big-box store, mall, strip mall)	N	R	R	P	R	P
Surface passenger services (e.g., passenger terminal for buses, rail service, local taxi, limousine service)	N	R	P	P	R	P
<u>Industrial/Manufacturing Activities</u>						
Industrial service uses (e.g., machine shop, tool repair, towing/vehicle storage, building supplies yards, exterminator)	N	R	P	P	R	P
<u>Manufacturing and production uses</u> (e.g., manufacturing, processing, fabrication, packaging or assembly of goods)						
General manufacturing (e.g., manufacturing, assembling or treatment of most articles, materials, or merchandise)	N	R	P	P	R	P
Heavy manufacturing (e.g., concrete/asphalt plant, meat packing plant, wet corn milling, paper mill, ethanol plant, animal feed)	N	N	R	R	N	R
Mining and extraction uses	N	N	N	R	N	R
Salvage operations (e.g., collect, store, and dismantle damaged or discarded vehicles, machinery, appliances, building material)	N	R	R	P	N	P
Self-service storage uses (e.g., mini-warehouse, storage facility)	N	P	P	P	R	P

P = Permitted	R = Permit Required			N = Not Permitted		
Land uses ^{[1][2][3]}	Zone A	Zone B1	Zone B2	Zone B3	Zone C	Zone D
Warehouse/freight uses (e.g., major wholesale distribution center, freight, storage, railroad switching yard)	N	R	P	P	R	P
Waste-related uses (e.g., recycling center, sanitary landfill, waste transfer station, composting, sanitary or water treatment facility)	N	N	N	R	N	R
Wholesale sales uses (e.g., sale, lease, or rental of products to retailers for industrial, institutional, or commercial business users)	N	R	P	P	R	P
<u>Institutional Activities</u>						
College and universities (e.g., public or private college or university, technical college, seminary)	N	N	R	R	N	R
Community service uses (e.g., public, nonprofit, or charitable nature providing a local service to the people such as a library, museum, transit center, senior/community center, police/fire/station)	N	N	R	R	R	R
<u>Day care uses</u> (e.g., childcare center, adult day care, preschool, after school program)						
Residential day care uses (e.g., in-home adult/child day care facility)	N	R	R	P	N	P
Institutional day care Uses (e.g., childcare center, preschool, after school program, adult day care)	N	N	R	R	N	R
Detention facilities (e.g., prison, jail, probation center, halfway house, juvenile detention home)	N	N	R	R	N	R
Educational facilities						
General educational facilities (e.g., public and private elementary, middle, junior, and senior high school including religious, boarding, military)	N	N	R	R	N	R
Specialized education facilities (e.g., specialized trade, business, or	N	N	R	R	R	R

P = Permitted	R = Permit Required			N = Not Permitted		
Land uses ^{[1][2][3]}	Zone A	Zone B1	Zone B2	Zone B3	Zone C	Zone D
commercial courses, non-degree granting school)						
Hospitals (e.g., hospital and medical center)	N	N	R	R	N	R
Religious assembly uses (e.g., church, temple, mosque, synagogue, eagles/moose/elk lodge)	N	N	R	R	N	R
Infrastructure Activities						
Basic utility uses (e.g., utility substation facility electrical substation, water and sewer lift station)	N	R	R	P	R	P
Communication transmission facility uses (e.g., broadcast, wireless, point to point, or emergency tower and antennae)	N	N	R	R	N	R
Parking uses (e.g., ground lot, parking structure)	R	P	P	P	P	P
Transportation uses (e.g., local road, county road, highway, interstate)	R	P	P	P	P	P
Utility uses (e.g., wind generator, wind farm, solar power generation equipment, water tower transmission lines)	N	R	R	R	N	R
Agriculture and Open Space Activities						
Agricultural uses (e.g., commercial cultivation of plants, livestock production)						
Animal or plant related (e.g., livestock, dairy, horse farm, crop farming, vegetable, fruit, tree, wholesale plant nursery)	R	P	P	P	P	P
Facility-related (e.g., fuel bulk storage or pumping facility, grain elevator, or livestock, seed, grain sales)	N	N	R	P	N	P

P = Permitted	R = Permit Required			N = Not Permitted		
Land uses ^{[1][2][3]}	Zone A	Zone B1	Zone B2	Zone B3	Zone C	Zone D
Resident-related (e.g., single-family home or mobile home if converted to real property and taxed)	N	R	R	P	N	P
Water bodies man-made resources (e.g., mining or extraction pond, wetland mitigation site)	N	R	R	R	N	R
Wildlife preservation areas (e.g., petting zoo, wildlife rehabilitation center, zoo, conservation areas)	N	N	R	R	N	R
Parks and Recreation Activities						
Casino	N	N	R	R	N	R
Commercial recreational uses indoor or outdoor (e.g., physical fitness center, bowling alley, skating rink, indoor theater, campground, tennis/swimming facility, drive-in theater, skating rink, amphitheater)	N	R	R	R	N	R
Parks (e.g., aquatic, mini, private, sports, neighborhood, school, community)	N	R	R	R	N	R
Specialty uses (e.g., amusement or theme park, fairground, racetrack, sports arena)	N	N	R	R	N	R

¹ The following information is not an all-inclusive list; however it provides a sample of the types of land uses under each individual land use classification.

² Height limitations set forth in the La Crosse Municipal Code supersede any land use criteria and must be followed first when determining compatibility of development.

³ Any future residential development within Zone A or Zone C is allowed, but is limited to those lots currently zoned for residential use.

Annex C - Proposed Onalaska Waterfront Development Project

In 2015, the city of Onalaska has moved forward with a plan to develop its waterfront with passive and active recreation. The interesting element of their plan is the proposed pedestrian and cycling bridge that would cross the Black River to reach French Island. This would tie in very well with the proposed “DESTINATION” concept. It would attract people from the the Onalaska side to further increase the traffic to the site.

Figure 33 - Onalaska Proposed Waterfront Concept

