

**RESOLUTION NO. 54-2006**

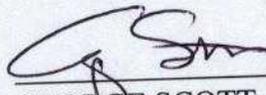
**A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA, DECLARING THEIR SUPPORT OF KEYSTONE AERIAL SURVEYS, INC., ECONOMIC DEVELOPMENT PROPOSAL IN PRINCIPAL AND ENCOURAGING THE CITY ADMINISTRATION TO PURSUE ECONOMIC DEVELOPMENT ALTERNATIVES FOR THE BENSON MUNICIPAL AIRPORT.**

WHEREAS, Since the development of the Benson Municipal Airport, it has been the policy of the City Council and City Administration to pursue economic development at the Airport; and,

WHEREAS, Presently, City Administration has been approached by Keystone Aerial Surveys, Inc., with a viable economic development proposal for the Benson Municipal Airport as set forth on their September 28, 2006, correspondence attached hereto as Exhibit "A";

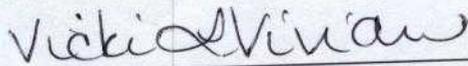
NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL that based upon the economic development proposal submitted by Keystone Aerial Surveys, Inc., dated September 28, 2006, the Council is in full support of the proposal in principal with the exception of those items which may hinder Federal Aviation Administration funding.

PASSED AND ADOPTED BY THE MAYOR AND CITY COUNCIL OF BENSON, ARIZONA, this 13<sup>th</sup> day of November, 2006.



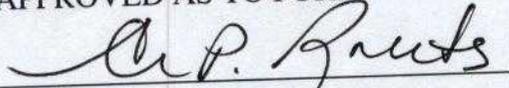
\_\_\_\_\_  
GEORGE SCOTT, Mayor

ATTEST:



\_\_\_\_\_  
VICKI L. VIVIAN - City Clerk

APPROVED AS TO FORM:



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ANN P. ROBERTS - City Attorney

Exhibit "A"  
Keystone Aerial Surveys, Inc.  
Southwest Expansion Plan

Keystone is the premier aerial image and data acquisition provider in North America. Operating a fleet of twelve aircraft, the country's most diverse inventory of aerial film cameras, and the Ultra Cam D digital camera (soon to be upgraded and supplemented by a second Ultra Cam X), and three proprietary magnetic sensing arrays, Keystone is uniquely poised to fly any mission anywhere in North America.

Recognizing that significant efficiencies and economies can be gained by repositioning acquisition platforms, Keystone has conducted a one year test centered on the Benson Airport in Benson Arizona. The result of this test has been generally positive and merits further investigation. Additionally, Keystone has enjoyed local sales growth at rates greater than originally anticipated and is aware of current and planned development projects that can provide even more opportunity.

Management has determined that a permanent presence would be immediately beneficial and also contribute to long range goals including expanded markets, lower per mission direct costs and lower operating costs coupled with generally fairer weather and therefore fewer non-flying days. Provided current sales trends continue, Keystone proposes an expansion project as follows:

**Keystone has developed a two phase multi-stage program to expand Southwestern operations. Careful planning, effective benchmarking and continued growth in market penetration are keys to successful completion of this initiative**

Current Position, Keystone:

1. operates two aircraft from Benson, one 310 and our 206 fly Topo missions in support of developers and photogramatist.
2. employs four full and part time aircrew men and a flight planner at a cost of \$200,000
3. purchases aviation fuel, maintenance, and general supplies from on airport providers and local businesses at a cost of \$150,000 annually
4. operates out of the offices of Southwest Aviation the FBO on Benson

Exhibit "A"  
 Keystone Aerial Surveys, Inc.  
 Southwest Expansion Plan

**Phase 1:** is the establishment of a permanent presence and therefore a significant investment in structures and staff with a minimum time line of one year from adoption and approval by local officials.

**Requirements:**

1. A demonstrated commitment to airport expansion and effective airport management and marketing on the part of local government.
2. Sales growth potential sufficient to support additional acquisition platforms
3. A business community sufficient to support and contribute to Keystone's success
4. Abatement of fees resulting from environmental impact studies, engineering services and reviews, code inspections and approvals and other city required
5. Funding support in the form of local, state or federal grants; tax preferences and or state economic development zone assistance programs.
6. Fuel purchasing discounts to meet competing local airports price structures
7. An educational environment providing adequately schooled potential employees and attractive to relocating professionals as staff grows to ten employees
8. An infrastructure (utilities, communications and shipping) capable of supporting flight operations at increasing levels as locally based aircraft grows to four.

Keystone expects Phase 1 to include:

Stage 1 - Construction of Twelve Hangers; three to be reserved for Keystone's use and the balance to be either rented or sold as condos to local aviation enthusiasts

Stage 2 - As mission count increases

Stage 2 a - Relocation of two additional platforms to Keystone Arizona (KAS AZ)

Stage 2 b - Hiring, training and deploying two additional flight crews and upgrading to one full time office/operations coordinator

Stage 3 - Establishment of a KAS AZ office expected to start as a temporary rented structure

Additional Economic impact	<u>Phase Costs</u>	<u>Recurring Costs</u>
Stage 1- construction costs	\$550,000	
Stage 2 - fuel and maintenance costs	150,000	\$150,000
Stage 2 - salaries	150,000	150,000
Stage 3 - construction costs	200,000	

Exhibit "A"  
 Keystone Aerial Surveys, Inc.  
 Southwest Expansion Plan

**Phase 2:** is the establishment of the Southwest flight operations and digital processing centers.

**Requirements:**

1. Successful completion of Phase One
2. Sales growth potential sufficient to support additional acquisition platforms
3. Governmental support and incentives for locating a flight operations center and added sortie count earning FAA grants and inspiring companion commercial aviation tenants
4. High speed internet access sufficient to support Keystone's needs
5. I.T. specialist and other professionals capable of servicing Keystone's clientele
6. An infrastructure (utilities, communications and shipping) capable of supporting flight operations at increasing levels as locally based aircraft grows to eight or more.

Keystone expects Phase 2 to include:

Stage 1- Construction of an operations center to include one large hanger capable of housing four aircraft and a full service dedicated FAA qualified maintenance staff.

Stage 2 – Relocation of additional platforms to keep pace with expected Southwestern growth

Stage 3 – Hiring training and deploying additional air crew and maintenance staff

Stage 4 – Construction of a digital image processing center and reproduction suite

Stage 5 – Construction of a permanent office, crew lounge

Stage 6– Hiring training and deploying additional I.T. professionals and staff

Additional Economic impact	<u>Phase Costs</u>	<u>Recurring Costs</u>
Stage 1- construction costs	\$500,000	
Stage 2 - fuel and maintenance costs	300,000	\$300,000
Stage 3 - salaries	400,000	250,000
Stage 4 – construction costs	300,000	
Stage 5 – construction costs	200,000	
Stage 6 – salaries	150,000	150,000