



2019-2021 Budget Presentation

Ways & Means Transportation & Economic Development Subcommittee

Presented by: Betty Stansbury, Director
Oregon Department of Aviation
February 21, 2019

Mission

The Oregon Department of Aviation's mission is to provide infrastructure, financial resources & expertise to ensure a safe and efficient air transportation system.

ODA is the state's aviation specialist providing:

- Airport management and operations of state airports.
- Leadership that connects communities and the state.
- Advocacy for airports, pilots, and aviation related businesses.
- Facilitation of state and federal aviation funding programs.
- Oversight of aviation policy and assets as part of the emergency management system.

Goals/Vision

What the agency seeks to achieve:

The Oregon Department of Aviation's vision is an integrated aviation system benefiting all Oregonians.

The agency plans to achieve this vision by:

- Ensuring a fiscally stable agency
- Providing pro-active oversight of Oregon's aviation system
- Increasing advocacy and awareness for state aviation
- Pursuing agency operational excellence

Historical Perspective

Oregon Bureau of Aeronautics - Oldest aviation agency in US (1921)

- First powered flight in 1903
- Air Mail Act of 1925 facilitated airline industry
- Bureau of Air Commerce 1934
- Civil Aeronautics Authority 1938
- FAA began in 1958



Aurora State Airport Circa 1950s



Aurora State Airport Today



Agency Performance & Outcome Measures

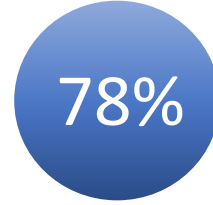
Agency's Key Performance Measures KPMs



Target 100%

Percent of runways in good or better condition

- Measures 66 paved public use airports.
 - Effectiveness of PMP Program.
- FAA standards require that runway pavement is good for 20 years.
 - Highest score in 10 years



Target 91%

Customer satisfaction rating

- Measures % of customers rating their satisfaction with the agency's overall customer service, timeliness, accuracy, helpfulness, expertise & availability of information
 - In 2018 Agency received highest score in expertise
 - Agency is striving to improve scores in all areas
- ODA has increased outreach initiatives planned in 2019



Target 94%

Percent of runways meeting or exceeding approach surface standards

- FAA standards require 20:1 glide slope
- Do not meet standards if obstructions
- More obstruction removal scheduled for 2019 which will increase this KPM.



Target 90%

Percent of aircraft registered in Oregon

Measures effectiveness of accounts receivable
Aircraft Registration revenue is used for 10% grant match for state airport projects & helps support air search & rescue by OEM
2018 highest % by Agency | Exceeds target
Agency has improved collection process



Target 139

Number of State Airports with current inspections

- ODA conducts 97 FAA sponsored inspections over 3 years.
ODA conducts quarterly inspections at state airports.
- 2/4 Owyhee Reservoir- remote location- not accessible by auto



Target 0

Percent of pilots registered

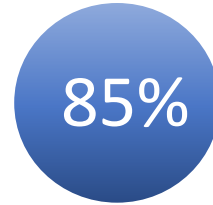
ODA introduced SB 27 during the 2017 to abolish pilot registration
To reduce costs & increase efficiency
This KPM is proposed to be deleted



Target 100%

Percentage of total Federal Funds obligated or spent

- ODA currently utilizes all available NPE funds for state airports
- ODA assists airports throughout the state to transfer available funds to other OR airports to ensure funds don't leave the state.



Target 100%

Percent of best practices met by Aviation Board

- Survey completed by Board that addresses the Director & Board
ODA expects this KPM to increase due to:
 - ODA & Board in the process of strategic planning & process improvement efforts



Summary of Programs

Operations Division

Statewide Service | Planning | Airport Operations | Airport Maintenance

Majority of funding is jet fuel tax, other sources include leases, access agreements, and other fees.

Statewide Services 4 FTE

- Director, Financial & Administrative Staff
 - Manage agency budget and finances
- Provide public information and outreach services.
- Foster strong internal and external relationships

Planning 4.5 FTE

- Aviation System Planning | 90% FAA funded
 - Coordinate with counties regarding airport land use | OAR 660 LCDC
- Tall structure evaluation for safety of airports | FAA, cities, counties, private owners
- Statewide Capital Improvement Program (SCIP) for 49 federally funded airports (NPIAS) statewide (state, city, county and port owned.)

Summary of Programs

Operations Division

State Airport Services 3 FTE

- Operate 28 public use airports (12 federally funded)
 - Manage 300 leases/access agreements
- License and inspect 97 public use airports, of which 55 are federally funded and 12 are state owned
 - Register 360 + private airports
- Provide technical expertise to airport owners/managers



State Airport Maintenance 1.49 FTE

- Maintain 28 state owned airports to applicable federal & state safety standards
- Routine & preventative maintenance
- Mowing, obstruction removal, pavement preservation, & lighting maintenance



Summary of Programs

Aviation System Action Program (ASAP)

\$8M Per Biennium | Funded With 2 Cent Fuel Tax Increase | 2015-2022

Serves public use airports & communities across the state

Awarded 81 grants to date plus an additional 26 projects approved by the Aviation Board this month

Critical Oregon Airport Relief (COAR) grant program | 50% of the funding.

- FAA grant match for Airport Improvement Program (AIP) Grants
- Emergency preparedness and infrastructure projects
- Services critical & essential to aviation, aviation related business development, & airport development for local economic benefit.
- **To date-55 Grants for \$3.5M Plus, 26 Projects for \$2.3M Approved by board this month**



Rural Oregon Aviation Relief (ROAR) program | 25% of the funding.

- To assist commercial air service to rural Oregon
- **To date-3 Grants for \$220K**

State Owned Airports Reserve (SOAR) | 25% of funding.

- State owned airports safety improvements and infrastructure projects at public use airports.
- **To date-26 Projects \$2.57M**



Summary of Programs

Pavement Maintenance Program (PMP) .5 FTE

\$2M per biennium | Funded with jet fuel tax & avgas tax
66 paved public use airports throughout the state
Owned by cities, counties, ports & private ownership

General Aviation Entitlement

Non-capital <\$1M projects | At 12 state owned federal funded airports (NPIAS)
90% FAA funded | 10% other funds

Capital Construction

>\$1M projects | At 28 state owned airports
NPIAS airports | 90% FAA funded | 10% other funds
Non-NPIAS airports 100% other funds

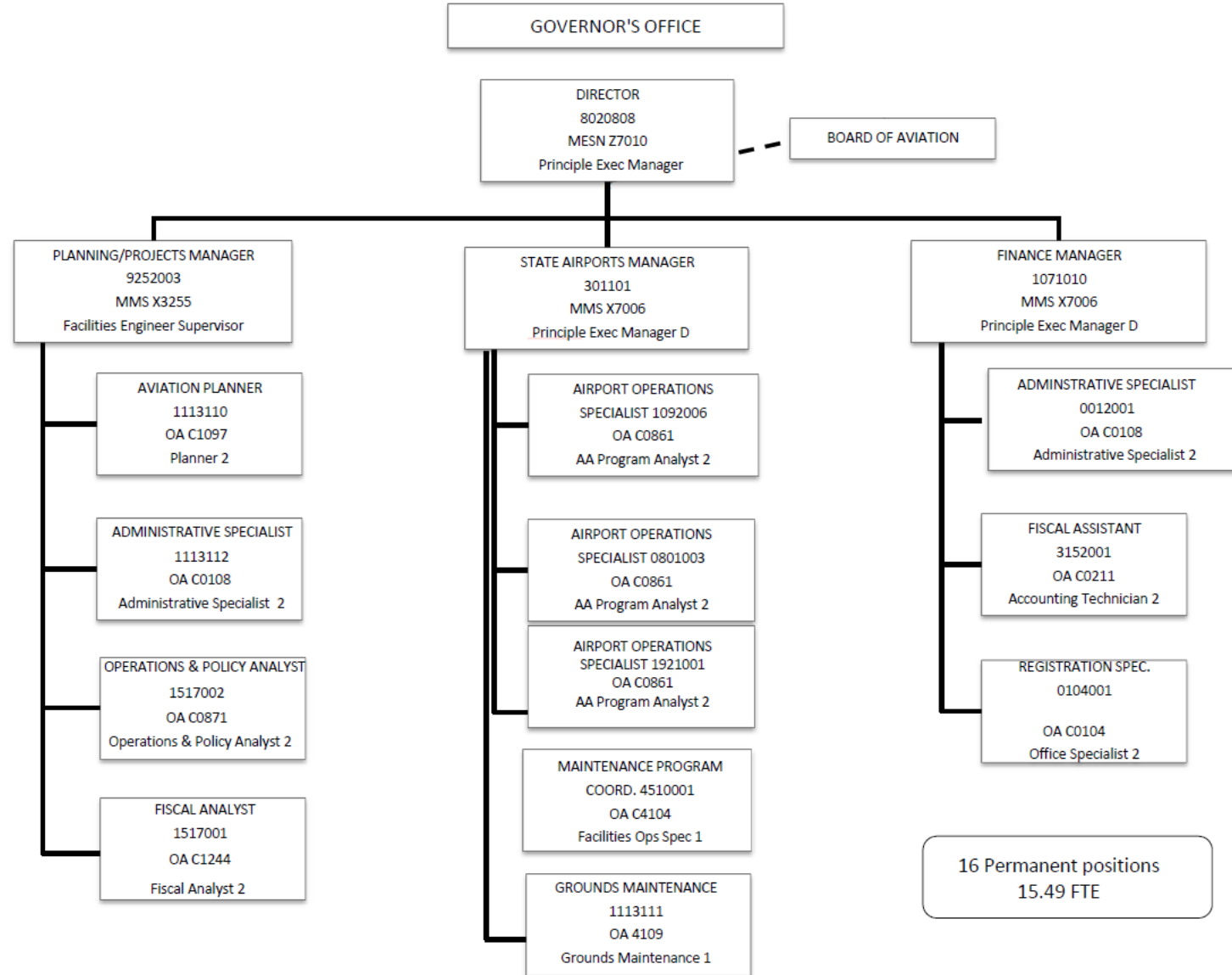
Aircraft Registration 1 FTE

3,654 aircraft | 220 public use UAS
Funds 10% FAA grant match for Capital Construction Projects & GA Entitlement Projects
Funds Air Search & Rescue by Military Office of Emergency Management



Organizational Information

Organization Chart 2019-21



Pilot & Aviation Professional Shortage

Aviation industry worldwide

2017 Boeing study estimates over next 20 years airlines will need
2M new commercial airline staff including: 637k new pilots &
648k new airline maintenance techs

Cause

Skills gap

High cost to obtain education & flight training

Lack of exposure to aviation careers

Effect

Bankruptcies of several small carriers, elimination of air service in some cities



Rise in UAS Operations

- 3 UAS test sites in Oregon
- Paradigm shift in aviation - More FAA drones registered than manned aircraft
 - Decrease the demand for manned aircraft

Major Budget Drivers | Budget Risks | Environmental Factors

Less Funding Available for Aviation in Oregon

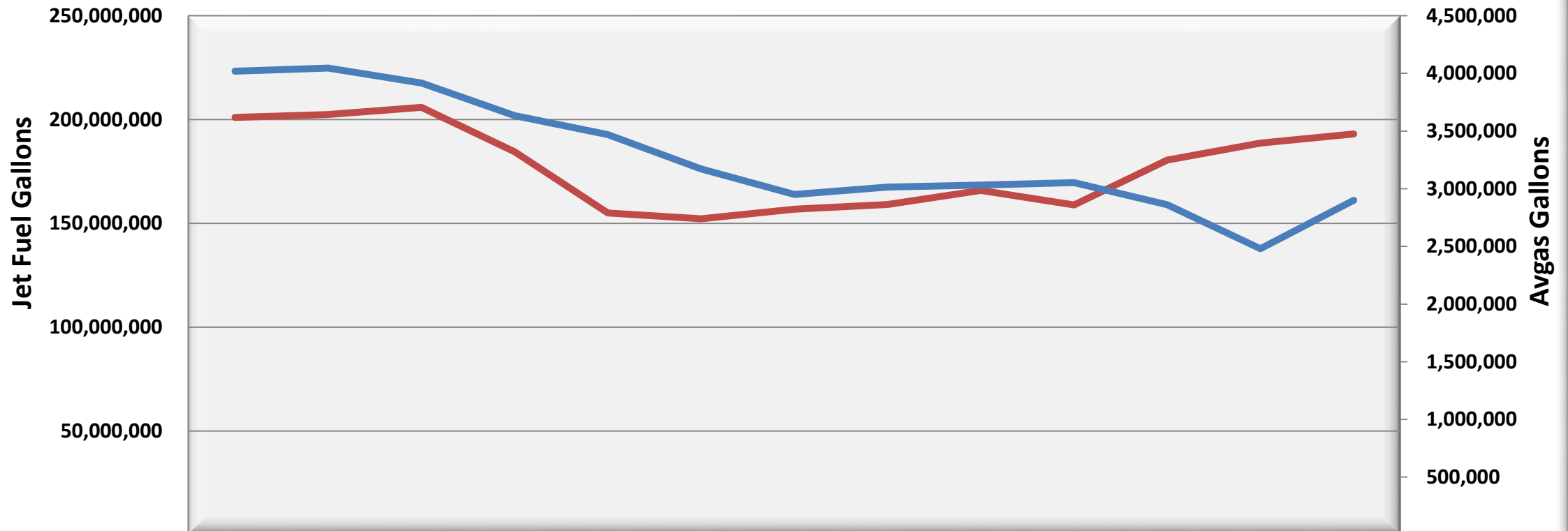
- Connect Oregon Grants \$86M to Aviation over 5 cycles
 - Leveraged \$317M from FAA
- Transportation Package dedicated funding to non aviation projects
 - No competitive CO cycle in 17-19 Biennium

Changes in Revenue Model for Aviation Fuel Leading To Decrease In Fuel Sold

- Jet fuel gallons have not reached 2006 levels
 - Fewer commercial flights
 - Maximized passengers
- NEXTGEN flight profiles reduce fuel consumption
 - Newer aircraft are more fuel efficient



Annual Jet Fuel and Avgas Gallons



	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
— Jet Fuel Gallons	201,077,	202,395,	205,824,	184,516,	154,944,	152,224,	156,770,	159,061,	165,808,	158,897,	180,490,	188,644,	193,084,
— AV Gas Gallons	4,020,16	4,045,35	3,917,53	3,633,73	3,470,32	3,171,34	2,949,65	3,014,53	3,032,04	3,054,02	2,861,25	2,479,98	2,899,54



Major Changes in the Agency

Program Changes

Biennium 13-15

- Introduced Statewide Capital Improvement Program (SCIP)
 - Initiative with FAA, federally funded airports in Oregon (55)
 - Ability to influence FAA funding for Oregon
 - Close to \$1M kept in state via SCIP airport transfers
- FAA funded economic impact study of aviation in Oregon

Biennium 15-17

- HB 2075 jet & avgas fuel tax Increase for airport improvements grants.
 - Established Aviation System Action Program (ASAP)
- Built Air Traffic Control Tower at Aurora State Airport with Connect Oregon funds
- FAA sanctioned UAS test sites in Oregon
 - Pendleton | Warm Springs | Tillamook
 - Stimulated UAS growth in the state

Biennium 17-19

- Pilot Registration Abolished
 - Search & Rescue Funding now part of Aircraft Registration Program
- Funding 3 UAS Test Ranges with \$1M balance of Business Oregon grant
- Update Oregon Aviation Plan | 90% Federally Funded
 - Fundamental part of Oregon Transportation Plan
 - Provides comprehensive evaluation of Oregon's aviation system
 - Establishes strategy for future aviation development in state



Specific Actions to Contain Costs & Improve Programs & Services

Increased Agency Efficiency While Reducing Costs

17-19 Abolished state pilot registration (SB 27) | Reduced budget by \$160K
State pilot registration was duplicated by federal registration

Revised Collection Efforts in Aircraft Registration

Coordination with DOR | More assertive collections
Record level of aircraft registration fees collected

Coordination With Other Agencies & Groups To Improve Services

Business Oregon | ODOT | Regional Solutions Teams
Oregon Aviation Industry Cluster (ORAVI) | Oregon Pilot Association (OPA)
Oregon Airport Managers Association (OAMA) | Unmanned Aerial Vehicle Consortium
SCIP with FAA/counties/cities
Provide funding for air search & rescue to Military Office of Emergency Management

Agency Strategic Plan To Improve Programs & Services

Strategic review of agency roles & mission– In Process Now
In coordination with 7 member Aviation Board

Proposed Statutory, Rule, or Process Changes

Central Service Selection
Aim to Increase Agency Efficiency & Reduce Costs

Major Budget Information

Construction Projects



General Aviation Entitlement Projects

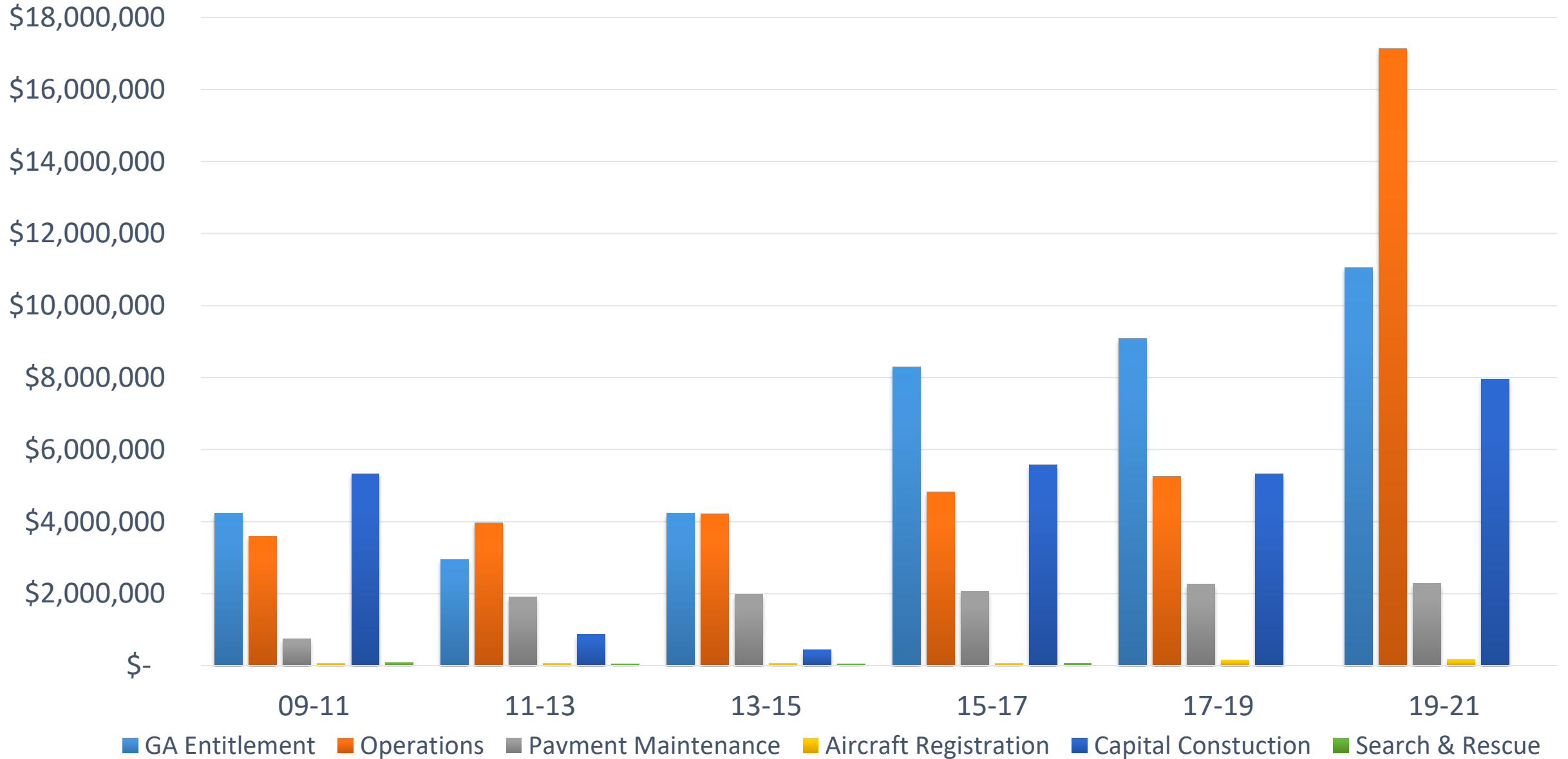
5 Projects | At State Owned Airports throughout State | \$1.4M

- Prospect Runway Reconstruct \$2.1M
- Aurora Run-Up Area Construction \$2M
 - Condon Runway Rehab \$2.3M
 - Siletz Bay Taxiway Rehab \$1M
- Airport Resiliency Funding \$10M



Major Budget Information

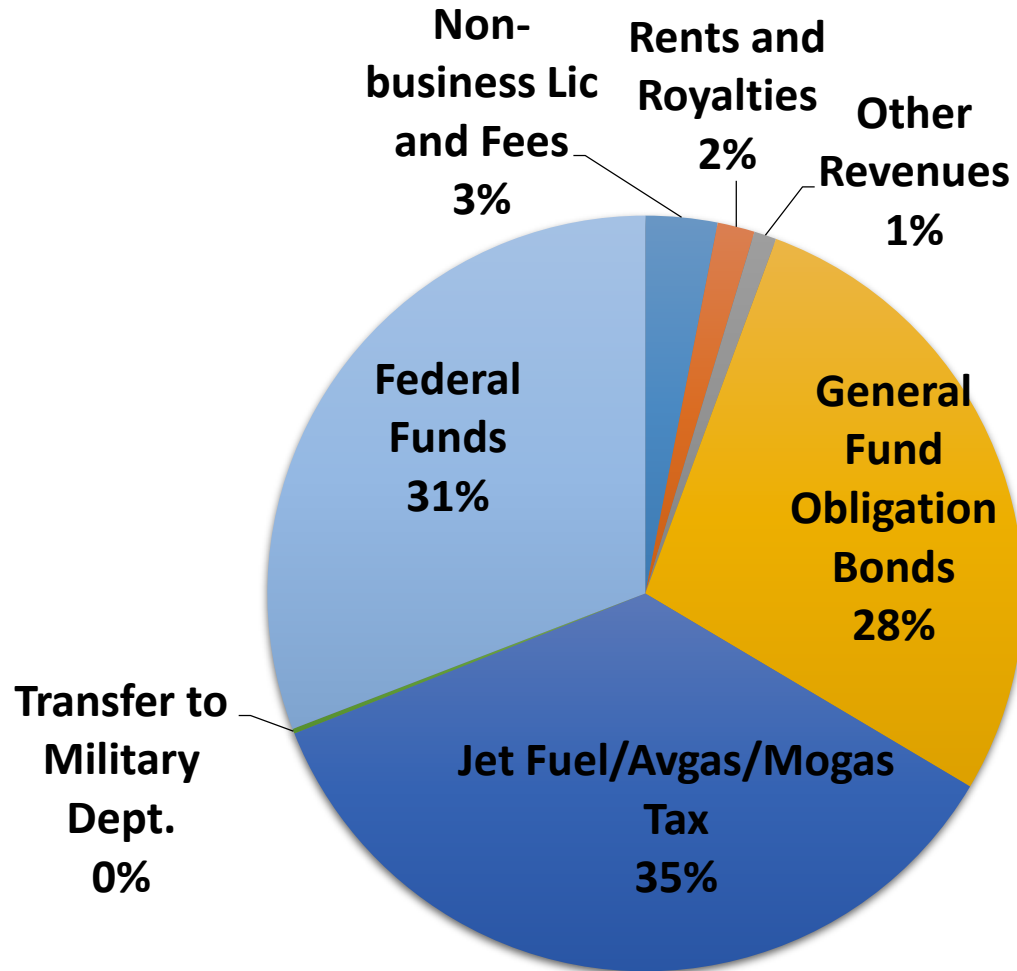
Historical & Projected Spending for Programs



Major Budget Information

Summary of Revenues 19-21 Governor's Budget

Total Revenue \$36,536,528



Proposed Changes In Revenue Sources
\$10M General Fund Obligation-Lottery Bonds
For Airport Resiliency



Summary of Proposed Legislation

HB 5004 Agency Budget | \$20.6M

HB 5006 Capital Construction Projects & Airport Resiliency Funding | \$17.9M

- 4 state owned airport capital construction projects | \$7.9M
 - Airport resiliency funding | \$10M

HB 2402 Fuel Tax Sunset Removal

- 2 cent jet fuel & avgas tax is scheduled to sunset January 2, 2022 (No budget impact in 19-21)
 - 2 cent aviation fuel tax provides \$8M to ASAP grants for airports

SB 53 Central Service Selection

- Choice of central service providers to increase agency efficiency
 - State now requires ODOT to provide all central services

SB 54 Civil Penalty Authority for VPDs

- Goal is to increase airport safety & maintain FAA funding

SB 55 Fuel Tax Housekeeping



10% Reduction Options

Detail of Reductions to 2019-21 Current Service Level Budget																		
1	2	3	4	5			6	7	8	9	10	11	12	13	14	15	16	
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes/ No	Impact of Reduction on Services and Outcomes				
Dept	Prgm/ Div																	
Planning	GA ENT	ODA	10900-003	General Aviation Entitlement Federal Funds. This is a reduction in the FF from the FAA for the matching funds for the Pavement Maintenance Program. (Please see below for description of Pavement Maintenance Program.)							177,318			\$ 177,318	0	0.00	Y	This would prevent federal funds from assisting local airport sponsors around the state with funding of the FAA required pavement maintenance.
Operations	OPS	ODA	10900-00	Operations Federal Funds. This is a reduction in FF from the FAA for the matching funds for the Pavement Evaluation Program. (Pavement Evaluation Program described below)							216,000			\$ 216,000	0	0.00	Y	This would prevent federal funds from funding pavement evaluation which is the first step in the PMP process.
Planning	PMP	ODA	10900-00	Pavement Maintenance Program (PMP) is made up of two distinct areas, pavement evaluation and pavement maintenance. PMP is a state-funded aid program to assist airports in undertaking pavement preventative maintenance, the most cost-effective means to help preserve the system's airport pavement and pavement infrastructure as addressed in the Oregon Aviation Plan. During the pavement evaluation phase the program evaluates 1/3 of the state per year. The year following the evaluation the airports with the highest need get scheduled. About 14 airports are scheduled each year.							1,292,119			\$1,292,119	1	1.00	Y	This would severely reduce the pavement maintenance program. The number of airports receiving runway and taxiway pavement maintenance would be reduced by over half. This would result in deferred maintenance at several airports. For airports that are federally funded the FAA requires the airport to maintain and upgrade infrastructure to a level of standard set forth by the FAA design guidelines and standards and further set into agreement by federal grant assurances. Failing to maintain pavements may result in loss of federal funds, increased future costs and a reduction in safety at airports throughout the state.
													\$1,685,437	1	1.00			



Questions?





Appendix

Other Funds Ending Balance Form



Other Funds Ending Balance Form

Other Fund		Treasury Fund #/Name	Category/Description	Constitutional and/or Statutory reference	2017-19 Ending Balance		2019-21 Ending Balance		Comments
Type	Program Area (SCR)				In LAB	Revised	In CSL	Revised	
Limited	10900-001-00-00-00000	17000 - Operating OF	Operations	ORS 835.035 ORS 836.025	651,539	610,393	797,986	566,840	Revenues and expenses are very accurate between actuals and budgeted. The reason for the slightly lower revised EB in 19-21 is due to POPS that reduce the EB by \$190K. (POPS are not included in CSL)
Limited	10900-002-00-00-00000	18000 - Search & Rescue	Other	ORS 837.020	0	0	0	0	No Change Needed.
Limited	10900-003-00-00-00000	17000 - Operating OF / GA Entitlement	Operations	ORS 836.020	1,323,809	9,336,127	3,472,977	8,107,613	The Aviation System Action Program (ASAP) is a new grant program established in the 2015 session funded by aviation fuel tax revenue. The reason the revised ending balance is higher is that grants are paid on a reimbursement basis. Over \$3M has been awarded as grants that have not yet been reimbursed and therefore have not reduced the cash balance yet.
Limited	10900-004-00-00-00000	17000 - Operating OF / Pavement Maintenance	Operations	ORS 836.072	360,679	962,028	96,603	697,952	The revised EB in 17-19 is higher than LAB because available revenue is higher than forecasted in 17-19. The higher EB in 19-21 is a direct result of the higher EB in 17-19.
Limited	10900-005-00-00-00000	17000 - Operating OF / Aircraft Registration	Operations	ORS 837.020 & ORS 837.040	60,493	499,856	579,000	439,363	Actual available revenue is higher than in the 17-19 budget by over \$400K leading to the higher revised EB in 17-19. The reason the EB is lower compared to CSL is because AC Reg is used for Match for FAA projects introduced as POPS. These POPS reduced the EB by \$579k.
Cap Constructi	10900-089-00-00-00000	17000 - Operating OF / Capital Construction	Operations	ORS 835.025	0	0	0	0	No Change Needed.