OREGON DEPARTMENT OF AVIATION

October 6, 2021

Work Session

Part 1 – Report Card, Challenges, Path to Recovery

PRESENTATION AGENDA

- Report Card
  - Review of 19-21 goals (planned and accomplished)
  - Financial recap
  - Aurora legal update
- Challenges facing the agency
  - Impact of continued revenue loss on staffing levels, maintenance
  - Funding of capital improvements
  - Loss of education and outreach programs
- Path to recovery
  - 21-23 revised revenue forecast & impact on budget
  - Recovery strategy
  - Contingency plan for slowed recovery

Report Card -19-21 Goals

- Short Term 12-18 months
- No loss of public use airports
- Continuation of grant program
- Preservation of existing infrastructure
- Elimination of the fuel tax sunset
- Retain ability to meet state and federal regulatory requirements
- Revise leasing rates and policy
- Fee for obstruction evaluations
- One-time Approval to use existing restricted cash balance for operating expenses

- Mid-term (18-36 months)
- Rebuild the operating reserve to $500K
- Begin to build a reserve for the Aurora runway extension
- Secure funding for resiliency improvements
- Cape Blanco to become NPIAS airport

- **Long Term (3-5 years)**
- As revenues improve, complete delayed projects & restore cut positions
- If Connect OR returns, resume projects
- Runway extension at Aurora
- Weather reporting equipment at most PU airports (funding dependent)

How did we do?

19-21

- Short Term 12-18 months

1) No loss of public use airports	achieved
2) Continuation of grant program	2021 $2.5M awarded
3) Preservation of existing pavement	funding cut in 21, federal earmark failed
4) Elimination of the fuel tax sunset	passed June 25, 2021
5) Retain ability to meet state and federal regulatory requirements	reduced ability due to staffing cuts
6) Revise leasing rates and policy	paused due to staffing level
7) Fee for obstruction evaluations	passed June 22, 2021
8) One-time approval to use existing restricted cash balance for operating expenses	passed August 2020

How did we do?

19-21

- Mid-term (18-36 months)

1)Rebuild the operating reserve to $500K	accomplished, sustained
2) Begin to build a reserve for the Aurora runway extension	unable due to revenue loss
3) Secure funding for resiliency improvements	in progress
4) Cape Blanco to become NPIAS airport	in progress

How did we do?

19-21

Long Term (3-5 years)

1) As revenues improve, complete delayed projects & restore cut positions	paused due to revenue uncertainty
2) If Connect OR returns, resume projects	Fall 2021 & Spring 2022
3) Runway extension at Aurora	planned
4) Weather reporting equipment at most PU airports (funding dependent)	earmark request failed

Financial recap

- Operating Cash Balance

6/30/20	$691,111
6/30/21	$1,001,255
9/30/21	$1,440,088

19-21

- Revenues $17.4M (includes federal $)
- Expenses $14.5 M
  - Operating $4,934,046
  - PMP $2,058,101
  - COAR $2,448,570
  - SOAR $540,424
  - ROAR $136,088
  - GA &CIP $2,641,256
- Fuel tax revenue

  Budget $12,995,114

  Actual $9,738,024 (25% lower)

Cottage Grove Airport

Aurora Legal update

- LUBA 1 ruling Dec 16, 2020
- COA 1 ruling June 16, 2021
- COA 2 (reconsideration) ruling August 4
- Supreme Court filing October 6th
- LUBA 2 – paused until SC decision to hear
- Circuit Court – paused until SC decision

- Potential repairs – judicial, legislative and administrative
- DLCD decision re rulemaking – tentative placeholder for early 2023

- Lessons learned*
- Findings of compatibility and compliance should be adopted concurrent w/MP
- FAA final approval of MP should occur prior to Board approval
- Board motions should be clear and accurate (scripted)

*on issues not related to current litigation

Challenges facing the agency – short term (1-3 yrs)

- Potential staff turnover due to vax requirement (statewide compliance 60%, ODA 64%)
- Fuel tax revenues are still unstable
- If uncommitted cash balance in the grant program is used to backfill fuel tax revenue loss, it may drop below needed level to continue funding both the grant program and the operating budget by 2024
- Continued legal costs related to the Aurora Airport place a strain on the current budget
- Repairs and capital improvements continue to be deferred

- Short term fixes
  - Staffing reductions of 20%
  - Reduced maintenance frequency
  - Reduced inspection frequency
  - Reduced pavement repairs
  - Crew size minimums unmet
  - Eliminated outreach and education program
  - Eliminated most travel/training
  - Lengthy response time to tenant and stakeholder requests

Staffing levels

- 21-23 Current staffing 12.5 FTE*

- 19-21 15.5
- 17-19 14.25
- 15-17 12.25
- 13-15 12.5
- 11-13 16
- 07-09 17

* Includes summer seasonal but not temps

Challenges facing the agency – mid-term (3-5 yrs)

- 4 runways at/near end of life

3 ineligible for federal funds

Oakridge

Prospect

Runways at/near end of life

Cape Blanco

Aurora

Challenges facing the agency – long term

- CSZ M8/9 earthquake - effect on revenues
  - Almost total loss of revenue for 1-2 years, greatly reduced tax revenue for 5 years
  - Total loss of office building. Unlikely to rebuild, land reverts back to city w/o compensation
  - 97% fuel sold in OR is Jet A
    50% is sold at PDX

- Airspace conflicts with wind turbines (HB 2020)
- UAS impacts on airport approaches (Amazon 30 min delivery)

Examples of slowed maintenance and inspections

Prospect sinkhole

Mid-point of runway, on the centerline, 3’ wide

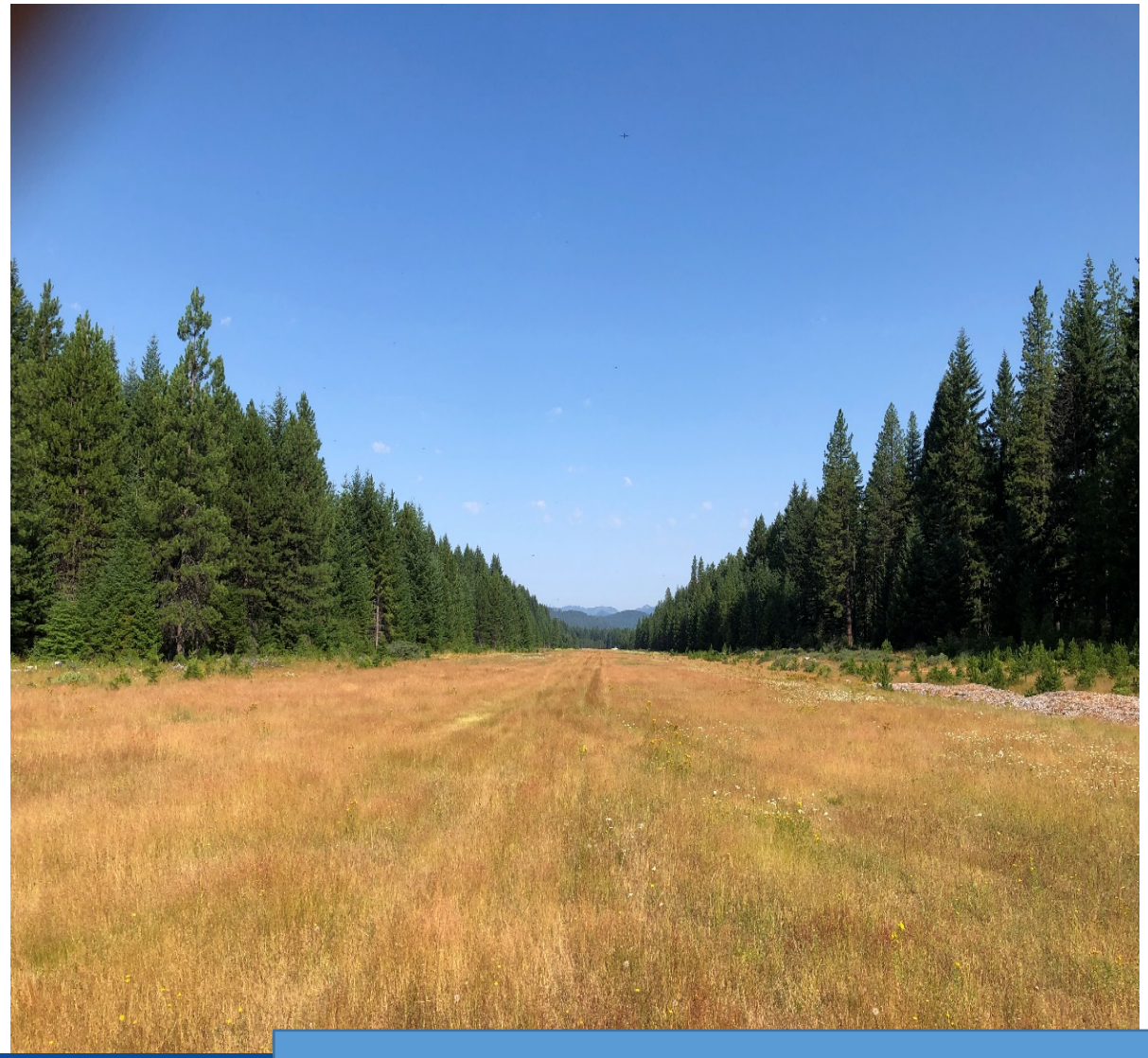
Unsure when it happened - sometime between inspections in May and September

Will not support the weight of human or aircraft

Runway closed until further notice

Grass or gravel runways

Alkali Lake, Owyhee Reservoir, Rome and Santiam Junction
Photo courtesy J. Olsen



McKenzie Bridge, Toketee, Wakonda Beach

Examples of slowed or deferred maintenance

Deferred Projects

Cascade Locks trees

Toledo Ramp repair

Loss of education and outreach programs

- Suspended Flight Lines annual magazine
- Most state Aviation agencies do monthly newsletter – ODA does not
- Almost no social media presence
- Funding and participation in airshows like Madras and Hillsboro/McMinnville
- Education outreach eliminated
- Participation in AUVSI (UAS) trade show to end

Path to recovery

Jet Fuel

	gallons	tax revenue
FY21	133,159,373	$3,994,781(37%)
FY20	172,325,784	$5,169,773*
FY19	211,877,236	$6,356,317

August Jet A gallons

2021	18,596,251
2020	11,626,219
2019	18,998,389
2018	22,310,966

Is this recovery seasonal (fire related) or sustainable?

- Supplemental funds to offset revenue loss

  1)Transfer from ASAP cash reserve

  19-21 $964K

  21-23 $701K

  2) Federal assistance for operating costs

  19-21 CARES $425K

  21-23 total $633K

  CRSSA $205K

  ARPA $428K

Contingency for slowed recovery*

- Request state General Funds for operational budget. If unsuccessful, then
- Increase ASAP admin % from 5% to 25%($1M/yr pre-pandemic), allow use of a/c registration fees for op costs ($300K/yr)
- 1 -2 year pausing of ASAP grant program
- Continue pause of capital improvements @ state-owned arpts
- 1-2 year pause on all federally funded projects with a matching share requirement

*Assumes no additional federal assistance with operating costs

Prospect Runway rehab paused UFN

Recovery Goals and Strategies

- Gain alternate funding source that is adequate and stable
- Build operating cash reserve to equal to 6 months expenses ($1.2M)
- No further staff reductions
- Restore 3 cut positions (Ops, Admin, Planning)
- Wish list (funding dependent)
- Seismic upgrade of office to 'Life/Safety' standard (enough time for occupants to exit the building during/after the event)
- Restore pavement preservation program funding
- Save the runways at Prospect, Oakridge and Cape Blanco
- Add four staff positions (Aurora Mgr, Property Mgr, Maintenance, UAS/Resiliency Prep)

QUESTIONS?