AGENCY SUMMARY NARRATIVE

The Oregon Department of Aviation (ODA) is responsible for managing and coordinating the state of Oregon's vital general aviation system. The general aviation system includes all civilian flying activities except scheduled passenger airline service, including recreational, business and emergency response flying. Founded in 1921 as the first government aviation agency in the United States, ODA is chiefly responsible for matters relating to continuing the development and the safety of aviation as a part of the state's transportation system. ODA's mission is to preserve and enhance aviation for Oregon's communities. ODA serves the state of Oregon through its three-fold focus of advocating for the economic growth, infrastructure improvement, and safe operation of aviation in Oregon.

In addition to maintaining and operating the 28 airports owned by State of Oregon, the department also completes mandatory compliance inspections of the State's 97 public use airports on a tri-annual basis. The department is also responsible for registering and licensing aircraft residing in the state and licensing Oregon pilots. In addition to pilot and aircraft licensing, the department also licenses more than 450 public and private use airports, heliports and landing strips throughout the state.

ODA's overarching activities also include overseeing the Oregon Aviation System Plan, providing administrative and technical support for community airport planning and development, tall structure review and airspace analysis for local jurisdictions, administering the statewide Pavement Maintenance Program with all public use airports, facilitating and supporting the Federal Aviation Administration's statewide capital improvement program and conducting aviation related public education programs. All of these programs and functions are currently carried out by a staff of 13 employees.

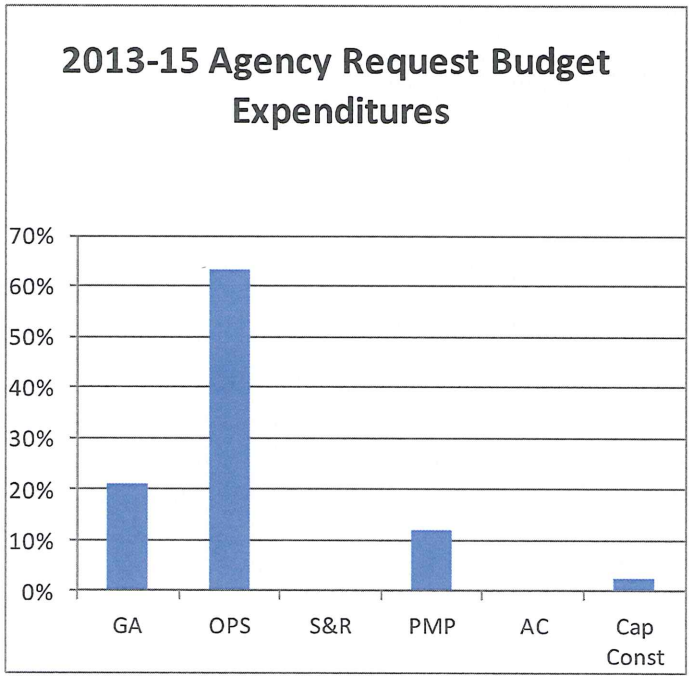
A seven-member Aviation Board, appointed by the Governor, provides policy direction to the Director and the Department in administering the laws of the state related to the development, management, education and promotion of Oregon's aviation system.

The Aviation Board supported by the Department of Aviation has initiated the development and growth of an Oregon Aviation Industry Cluster. In coordination with the Oregon Business Council and Business Oregon, ODA is working to harness the economic potential of over 200 aviation related businesses throughout the state through the Business Cluster model of economic development. The agency is working with stakeholders from private industry, education and government agencies to help organize an Executive Steering Committee to make the Aviation Industry Cluster self-sustaining.

Budget Summary Graphics

Budget Summary Graphic no 1: How the budget is allocated among programs or activities.

The Department's largest expenditures of Other Funds are in support of Personal Services and Services and Supplies within the Operations Program budget. This provides for the general management and operation of the agency. The Operations program fully funds maintenance and projects at the 16 non-NPIAS state owned airports.



GA is the General Aviation Entitlements program which is for airport renewal and development projects for the state's 12 federally funded airports.

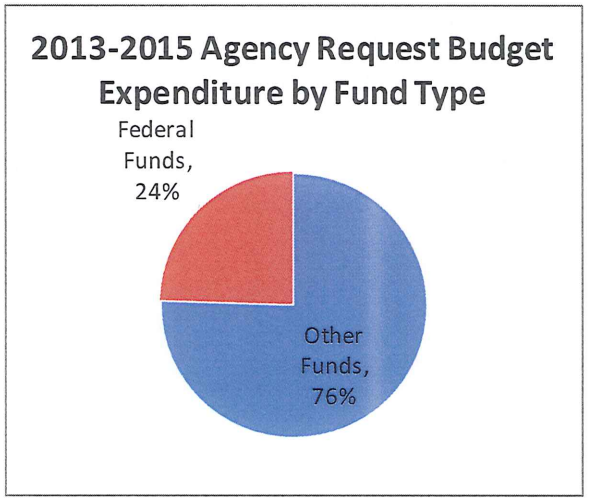
Operations is the program which includes the administrative operations, technical support and policy body of the department

S&R is the Search and Rescue Program funded by Pilot registration

PMP is the statewide Pavement Maintenance Program funded by fuel tax for 66 paved public use airports in the state.

AC is the Aircraft Registration Program

Cap Const is the Capital Construction Program.



Budget summary Graphic no 2; This graph displays expenditure distributions by fund type.

Funding Sources for ODA Programs:

OF = Other Funds: For ODA, over 50% of Other Funds revenue is received as a transfer of fuel tax revenue from Oregon Department of Transportation. The fuel tax related to aviation is currently levied at 1 cent per gallon for Jet Fuel and 9 cents per gallon for AVGAS. This revenue is allocated by statute as 55% to Operations and 45% to the Pavement Maintenance Program (PMP)

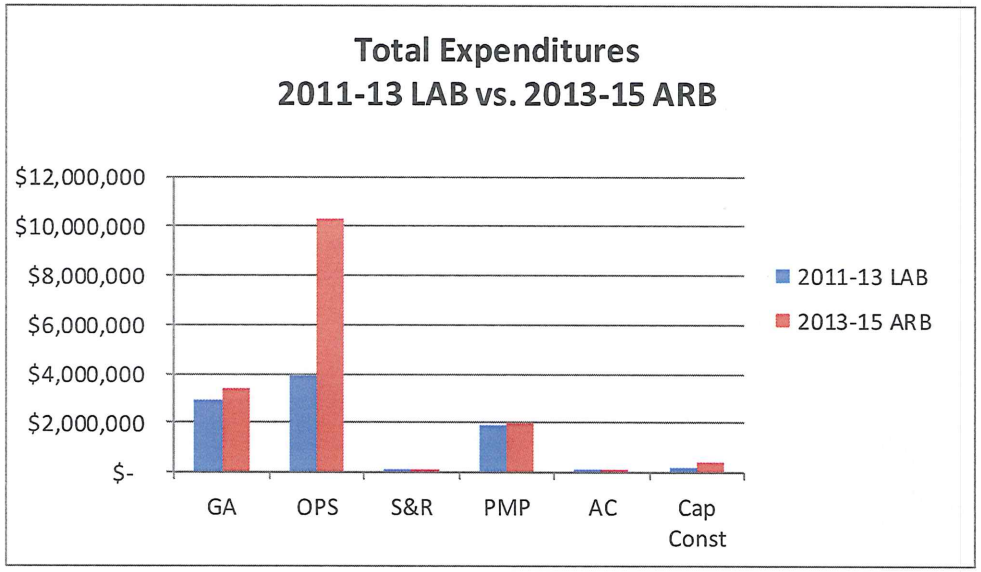
Other Funds Capital Construction These are the funds used to match the Federal Aviation Administration (FAA) capital construction grants. This match is 5% for projects begun prior to Feb 2012 FAA Reauthorization bill and 10% for projects begun after the FAA reauthorization bill. The program funds renewal development and capital projects to upgrade renew or improve airport infrastructure at the state's 12 federally funded airports that are part of the National Plan of Integrated Airport System (NPIAS).

FF = Federal Funds: Grants received from the Federal Aviation Administration (FAA) for airport projects that address safety, operations and infrastructure development at National Plan of Integrated Airports System (NPIAS) state owned airports in Oregon. There are fifty seven airports in Oregon that are part of the FAA's NPIAS including 12 owned by the state. Each of the state owned NPIAS airports are allocated Non-primary Entitlement funds at $150,000 per year from the FAA. The money is not made available until actually required for projects. Non-Primary Entitlement funds are available for 4 years and if not used within 4 years are returned to the FAA. These funds are reimbursable if conditions imposed by 39 grant assurances are not met.

Federal Funds Capital and non-capital Construction: Department of Aviation applies for and receives FAA design and construction grants at 90% (as of Feb 2012) of project construction costs. The program funds all capital and improvement projects to upgrade or improve airport infrastructure at airports that are part of the National Plan of Integrated Airport System (NPIAS).

Budget Summary Graphic no 3: Comparison of 2011-2013 Legislatively Approved Budget (with the 2013-2015 Agency Request Budget.)

The Agency Request Budget (ARB) requested budget for the 2013-2015 biennium reflects standard inflationary increases with the exception of Attorney General fees and State Government Service Charges. These budget items align to the inflation, rates and assessments set above standard by the Department of Administrative Services. The ARB also reflects existing salary packages approved by the legislature. In addition, it includes Policy Option Packages requested for the 2013-2015 biennium.



- GA is the General Aviation Entitlements program which is for airport renewal and development projects at the state's 12 federally funded NPIAS airports.
- OPS is the Operations program which includes the administrative operations, technical support, airport maintenance and the policy body of the department.
- S&R is the Search and Rescue Program funded by Pilot registration.
- PMP is the statewide Pavement Maintenance Program funded by fuel tax.
- AC is the Aircraft Registration Program.
- Cap Const is the Capital Construction Program.

BUDGET NARRATIVE

MISSION STATEMENT – The Oregon Department of Aviation's mission is to support Oregon communities by preserving and enhancing aviation. This includes promoting economy and jobs in the aviation industry and promoting safety at Oregon's 97 public use airports including the 28 airports owned or operated by Department of Aviation.

STATUTORY AUTHORITY

The Oregon Department of Aviation's activities and authorities are covered by ORS 197 Land Use Planning; 319 Aviation Fuels tax; and 835 – 838 Aviation Administration, Airports and Landing Fields, Aircraft Operations and Airport Districts.

Work required by Statute:

- Plan for the development of airports, state airways, airplane industries and aviation (ORS 835.015)
- Cooperate with other governmental agencies in the development of aeronautical activities (ORS 835.015; ORS 197)
- Plan, establish, construct, enlarge, improve, maintain, equip, operate, regulate, protect and police airports and air navigation facilities (ORS 836.025)
- Fund and manage a program to maintain and preserve the pavements used for runways, taxiways and aircraft parking areas at public use airports in this state. (ORS 836.072; ORS 319)
- Help communities obtain federal and other funds for airport or facility construction, improvement or maintenance (ORS 836.020)
- Conduct airport site approval (ORS 836.085)
- Grant annual airport licenses (ORS 836.105)
- Make determinations regarding issuance of a permit to set aside a particular area of the shore for a landing field for aircraft and issue permits for approved requests (ORS 836.515 and 836.520).
- Develop rules and standards that define physical hazards to air navigation. Determine necessity of marking and/or lighting for hazards to air navigation. (ORS 836.530)
- Encourage and support then continued operation and vitality of Oregon's airports through compatible airport zoning standards. Develop list of airports described in ORS 836.608 and ORS 836.610(1) [ORS 836.610(2)] designated as vital to Oregon's aviation system.

- Promote economic development at Oregon airports through the design and utilization of a commercial/industrial through-the-fence program. (ORS 836.640)
- Register pilots and aircraft (ORS 837.020 and 837.040)
- Issue aircraft dealer licenses (ORS 837.075)
- Improve and maintain state-owned airports (ORS 835.025)

Key roles and functions include:

- Promulgate and implement aviation policies established by the Oregon Aviation board;
- Oversight and management of the Oregon Aviation Plan as an integral portion of the Oregon Transportation plan;
- Assist communities in all matters related to aviation (air service, land use, airspace planning, etc.);
- Manage the statewide Pavement Maintenance Program;
- Conduct safety inspections of public use airports;
- Register and issue permits for aircraft dealers, public and private use airports, pilots and non-military aircraft based in Oregon;
- Manage initiatives and programs to enhance aviation, e.g., public/private partnerships, aviation education;
- Manage aviation and aviation related land use administrative rules;
- Support general aviation associations;
- Own and operate 28 state airports and facilities.

Agency Two Year Plan

1. Protect Public-Use Airports:
    a. Assist jurisdictions with attaining compliance with Airport Planning Rule. (OAR 660-013)
    b. Advocate for policies and funding favorable for Oregon airports.
2. Leverage Technology to Enhance General Aviation Programs:
    a. Implement web-based accessibility for registration programs.
    b. Develop and mature information systems into state of the art database systems.
    c. Work with the Federal Aviation Administration to advance the use of NextGen and satellite-based navigation, weather, and communications systems in Oregon.
    d. Implement Electronic Airport Layout Plans and make them accessible from agency website.
3. Support Communities through Economic Development:
    a. Implement legislation to allow Through-the-Fence/Public-Private Partnership Program at non-commercial public-use airports.
    b. Support and encourage Oregon aviation Industry cluster that promotes aviation related jobs and businesses.
    c. Support retention and expansion of commercial air services
    d. Ensure that all of the Non-Primary Entitlement (NPE) funds, as distributed by the Federal Aviation Administration (FAA) are being used for airport improvement projects at Oregon's general aviation airports. (SCIP program).
4. Improve Safety and Operating Condition of State-owned/operated airports:
    a. Construct required safety improvement projects (Five-Year Capital Improvements Plan).
    b. Attempt to make each airport financial self-sustainability by allocating costs to users.
    c. Construct Control Tower at Aurora State Airport. Operate tower under FAA Contract Tower Program.
    d. Maintain state-owned/operated airports efficiently and effectively. (Pre-positioned equipment, local agreements).

e. Attain sufficient staffing levels for operations and maintenance by increasing revenue or reducing workload.

f. Improve security accessibility, infrastructure and safety (mishap free separation of vehicle/aircraft)

5. Protect and Enhance Aviation:

a. Support higher-education and promotion of industries, infrastructure and jobs in aviation disciplines.

b. Assist airport sponsors/communities with construction of critical Airside Facilities per the State Aviation System Plan (runway lighting, instrument approaches, and weather stations "AWOS").

c. Publish and update statewide infrastructure requirements of the Oregon Aviation Systems Plan, and Economic Impact Study.

d. Provide aviation consultation and services, including air flight and fleet management services for governmental agencies, consultation and assistance for emergency response services, and coordination with Transportation Security Administration and Federal Aviation Administration, and Departments of Transportation.

e. Support aviation-related outreach, education, search-and-rescue programs, and other support programs.

f. Encourage availability of non leaded aviation fuels as a replacement for 100 Low Lead AVGAS.

2013-2022 10-YEAR PLAN

Aviation links Oregon's citizens and businesses to the rest of the world. Each year Oregon's aviation industry supports more than 84,000 jobs with $ 2.776 Billion in wages and $ 8.273 Billion in business sales annually in the state's economy.

10 year outcomes for Department of Aviation

- Promote economic development through airport transportation infrastructure development at state owned NPIAS airports and planning coordination with FAA and statewide airport sponsors. Continuous See LC 335
- Assist local communities with aviation economic development via legislative Concept LC 335
- Promote job growth at state airports (800 plus jobs at AURORA) via Through the Fence (Public/Private venture).
- Provide environment that supports employment at airports for private industry (FBOs, mechanics, retail businesses)
- Manage 28 airports including 12 FAA funded (National Plan of Integrated Airport system – NPIAS). Divest airports that have little utility to state aviation system by 2014
- License and inspects 97 public use airports annually.
- Register 360 plus private airports annually.
- Manage over 280 hangar, land lease and access agreements annually
- Coordinates with counties regarding land use around airports. Continuously,
- Review tall structure applications to FAA for safety in relation to airports. Continuously
- Implement and coordinate Statewide Capital Improvement program on behalf of FAA for 55 federally funded NPIAS airports in the state by 2014.
- Provide aviation outreach and expertise and assistance to all public and private airports, counties and local governments in Oregon. Continuous.
- Provide leadership and assistance to Oregon Pilots Association (OPA). Oregon Airport Managers Association (OAMA), Aircraft Owners and Pilots Association (AOPA) and other aviation organizations. Continuous
- Provides staff liaison to Oregon Emergency Management for aviation related emergencies and crisis response teams. As required by events and training.

AGENCY PROGRAM DESCRIPTIONS

All Aviation programs are funded entirely by OTHER FUNDS as aviation user fees and federal grant funding. Following are descriptions of our program areas.

Administration provides the overall direction and guidance for the agency and supports the work of the other divisions. This is accomplished through three program areas: Statewide Services, Aircraft and Pilot Registration, Search and Rescue.

Statewide Services: 3 FTE

- Lead and manage the Agency.
- Coordinate and develop statewide aviation policy.
- Promote aviation related economic development
- Advocate for safe, efficient aviation system.
- Develop solutions to statewide and regional aviation problems such as citing of airports, noise mitigation, airport and heliport funding.
- Foster strong internal and external relationships.
- Manage agency budget and finances.
- Provide public information and outreach services.
- Coordinate agency activities with the Oregon Legislature.
- Maintain aviation lending library.
- Provide technical and aviation related support services.
- Manage aviation archives.

Aircraft and Pilot Registration: 0.5 FTE

- Registers over 5,000 pilots, 4,412 aircraft, and 15 aircraft dealers per year.
- Front line contact with Oregon's pilots and aircraft owners.
- Responsible for the collection of approximately 8% of agency revenues.
- Provides the front office reception for the agency.

Search and Rescue: 0.41 FTE

- All revenues from pilot registration fees are dedicated to this program.
- Net revenues after collection costs are restricted to Oregon Emergency Management (OEM) search and rescue activities.

Operations:

STATE AIRPORTS DIVISION:

State-owned airports provide community access, economic development, recreational opportunities, and links to medical and emergency services (airborne firefighting, disaster relief). This division operates 28 public use airports through four program areas: Airport Services, Airport Maintenance, Airport Operations and Planning.

Airport Services: 3 FTE

- Oversees more than 200 leases and other property agreements.
- Advises inspections, planning, engineering, and construction of airport development projects.
- Coordinates tenant relations.
- Provides advice for and administers federal airport development grants.

Airport Maintenance: 1FTE

- Maintain 28 state-owned airports to applicable federal and state safety standards. Includes routine and preventive maintenance such as mowing, obstruction removal, pavement preservation, and lighting maintenance.

Airport Operations: 1 FTE

- Conduct airport safety inspections at public use airport statewide.
- Investigate proposed new airport and heliport sites.
- License and register all Oregon airports and heliports.
- Provide technical advice to airport owners and operators on a variety of airport issues including site surveys, safety, security, and feasibility.

AVIATION PLANNING DIVISION

Aviation Planning is responsible for all external services provided to Oregon's aviation industry. This division is responsible for tracking trends in aviation, providing information about aviation to other agencies and the public, coordinating aviation safety with federal regulators and providing services that promote the vitality of Oregon's airports and aviation industry at publically owned airports within Oregon's aviation system plan. This division develops and oversees airport construction of Capital Improvement projects.

Planning: 1.5 FTE

- Applies for and administers federal airport development grants.
- Develops and oversees contracts for consultant engineers and construction contractors.
- Manages construction projects at state-owned airports.
- Directs planning studies at state-owned airports.
- Develop and implement the Oregon Aviation Plan and related policies.
- Conduct continuous aviation system planning consistent with Federal Aviation Administration requirements and guidelines.
- Provide technical assistance on airport planning and development to local communities and governments.
- Comment on land use and zoning requests that may impact civil aviation.
- Review proposed development that may pose a safety hazard to aviation in Oregon.

General Aviation Entitlement Program:

Administers projects at the twelve state owned airports that are part of the National Plan of Integrated Airport System (NPIAS). This program is used to address safety, operations, infrastructure development at NPIAS airports. Projects are determined based upon a combination of factors including but not limited to pavement condition studies, safety, FAA compliance inspections, FAA design standards, short and long range planning goals for each of Aviation's 12 federally funded airports. A five year capital improvement plan (CIP) is approved by both the Oregon Aviation Board and the FAA. These projects are funded at 90% of project costs as of Feb 2012 when a new FAA Reauthorization Bill was signed into law. (the first FAA Reauthorization since 2007 that was not a Continuing Resolution) This law raised the FAA grant match for funded projects from 5% to 10% for all new projects after the law became effective in Feb 2012.

General Aviation Entitlement Program has 0 FTE

Pavement Maintenance Program: (PMP) Administers the program that is funded by 45% of aviation fuel tax transfer from ODOT. On average, approximately $900,000 to $1,000,000 per year is allocated to the PMP program. These projects include runway surface preservation, (slurry seal, fog seal), crack sealing, patching, and other areas of runway preservation. It is not a repair program. It is designed to extend the life of existing pavement prior to the need to conduct more expensive repairs.

Pavement Maintenance Program has 1 position 0.5 FTE

Jobs and Economy Strategy 1; Focus on sustainable business development, advanced manufacturing and the chain of innovation through market-based strategies and creative partnerships.

- 1.1 Focus on sustainable business development and the chain of innovation
- 1.2 Amplify local and state economic effects and make Oregon's economy more resilient
- Promote Economic Development by doubling the number of existing Aviation related jobs in Oregon by 2022.
  - Estimated number of jobs or investments brought to the communities in 2012
    - 875 direct employment jobs at State Owned Airports.
    - 13,032 direct and spin off related jobs (2007 OAP)

Jobs and Economy strategy 2; Be more effective, integrate economic and community planning, project finance, infrastructure and regulatory services from the bottom up for efficiency.

- Create a next generation financing mechanism for infrastructure and business development that combines local, regional, state and multi-state opportunities to attract private capital. (see LC109.2)
- Create a fertile economic environment in Oregon for all businesses.
- Integrate at a regional and local level planning for transportation, land use, housing, work force development and infrastructure.

Leverage investments and coordinate agencies to maximize resources

- Bring FAA programmed UAS Center of Excellence to Oregon by 2013
  - Work with ORSCS in central Oregon on UAV/UAS initiative in 2012-2013
- Provide Aviation related expertise and (if available) funding assistance to enable Oregon's rural airports to develop jobs and infrastructure that attracts industry and makes airports economically sustainable.
  - Working with Southern ORSC on Klamath Falls Airport study to make airport self-sufficient and generate jobs
  - Continue to support and promote Aviation Industry Cluster.
- Liaison with FAA to attract federal grants for Oregon Airports and streamline regulatory processes
  - Continue to coordinate Statewide Capital Improvement Program (SCIP) with FAA and National Plan of Integrated Airport System (NPIAS) airports. These are the airports that are eligible for federal funds.
  - Continue to work with Eastern Oregon ORSC, FAA and US Navy on Boardman Region deconfliction with Wind turbines.
- Working with FAA, Metro ORSC, Dept. of Energy on Troutdale Energy Center power plant

Increase long-term spending on transportation for key infrastructure to keep pace with rate of growth of population

- By 2013, develop mature process for statewide capital Improvements program (SCIP) leverages investment from FAA with 90% return on investment. FAA match is 10%. (up from 5% in 2011)
- By 2013, Promote SB 680 Commercial Through The Fence (TTF) Program to be successful in developing public/private venture at fed funded airport (Aurora-800+ jobs).
- Annually, work with FAA to maximize FAA grants for Oregon Airports and infrastructure statewide.
- In past 5 years, over $77 million FAA funds has gone to General Aviation airports.
- Support CONNECTOREGON funds for aviation development in accordance with the Oregon Aviation Plan
- Over $75 million into statewide airports in past 3 years.

- In 2013, Identify revenue sources to assist rural communities in airport development
- Assistance to rural airports via legislative concept to offset increase in FAA grant match requirements by 5%
- Revitalize Financial Aid to Municipalities per OAR 738-020 for aviation economic development. (LC 109-2)

Economy and Jobs Strategy 3; Focus on Oregon's long term economic prosperity and resiliency through people-based strategies designed to lift up Oregon workers, innovators and entrepreneurs.

- By 2013, develop strategies to promote a highly skilled workforce that can help sustain and grow the Aviation Industry clusters
- Continuously help strengthen and align Oregon's aviation workforce via economic development to meet the labor skill demand of employers and move people into career pathways via workforce achievement compacts.
- Continuously help create aviation infrastructure to enhance work ready communities.
- Continuously support Aviation entrepreneurism and highly skilled individuals in aerospace jobs.

Outcomes for Strategy 3
Increase per capita wages to exceed national average by 2025

- Promote strong Aviation Industry Cluster group to maximize high tech, living wage jobs
  - Aviation industry jobs are high living wage jobs. 2010 per capita wage =26,171. Average aviation wage > $34,000.
  - Aviation is a multi-Billion dollar industry in Oregon (2007 OAP)

- By 2013, Liaison with Universities and Community Colleges as part of Aviation Industry Cluster to help develop pipeline of trained and employable talent pool for high tech aviation industry jobs.

Reduced unemployment and increased employment

- By 2022, double number of aviation related living wage jobs in Oregon.
- By 2013, Liaison with Universities and Community Colleges as part of Aviation Industry Cluster to help develop pipeline of trained and employable talent pool for high tech aviation industry jobs.
- Identify revenue source for increasing assistance to communities. Revitalize Financial Aid to Municipalities per OAR 738-020 for aviation infrastructure development jobs.

Plan to support growth of entrepreneurs in Oregon.

- By 2013 assist aviation industry cluster to become a stand-alone industry cluster organized to develop Aviation and aerospace industries that leverage their collective economic power and increases opportunity for jobs.
    - More than 200 aviation businesses in Oregon.
    - 90% of National Heavy Lift Helicopters based in Oregon
    - World's largest Kit Manufactured aircraft based in Oregon (Van's Aircraft at Aurora)
- Assist with attracting new business such as for Unmanned Aerial Vehicles initiative in Oregon (ongoing)

Process Improvement Efforts for Department of Aviation

The Department of Aviation made a number of process improvements during the current biennium. A short summary of key improvements are listed below

- Aviation has aligned all central services including leasing, budgeting, contracting, Human Resource management, with ODOT for central services (legislatively mandated).
- ODA also streamlined leasing processes via ODOT Right Of Way section to consolidate record keeping, semi-automate Consumer Price Index (CPI) rate increases and standardize leasing templates via DOJ, DAS leasing section and ODOT Right of Ways leasing department.

- ODA has revised revenue collection for pilot and aircraft registration to include an aging report for past due renewals and a more assertive collection effort to pursue all revenues due to the agency. Results have been a record level of aircraft registration fee collection for the first half of the 11-13 biennium.
- The Department has implemented Lean Manufacturing style flow charts for key processes so that corporate knowledge does not leave the agency when employees turn over. Having reduced staff from 17 to 12.5 FTE, ODA must be streamlined and efficient to achieve the agency's mission. The Agency uses graphs and charting to evaluate performance (primarily financial) of the agency. Since the Agency is entirely an OTHER FUNDED agency, it must operate more like a small business than a government agency and remain aware of profit and loss of key programs and airport operations.
- The Aviation Department is working to implement the Governor's 10 year plan and incorporate 10 year plan thinking throughout the agency. ODA management is looking at the long range sustainability of the agency and has a legislative concept in to raise revenue that not only promotes aviation industry and infrastructure. It also financially strengthens the agency's ability to do long range planning and reduce deferred maintenance making Oregon's system of airports safer and more sustainable.
- Promotion of Aviation Industry Cluster: ODA has put new energy into promoting jobs and economic development. This includes a revitalization effort to encourage an Aviation Industry Cluster to harness the growth of a dynamic aviation business base in Oregon. The Board of Aviation and ODA sponsored an Aviation Industry Cluster Summit in June of 2012 at the Evergreen Aviation and Aerospace Museum that drew over 120 people from a wide variety of aviation businesses in the state.
- The Board of Aviation has a continuous process of evaluating the roles and missions of the department including roles of the state airports, missions of the agency, evaluating commercial air service needs of the state and outreach and education on aviation issues.

ENVIRONMENTAL FACTORS

Unpredictable Aviation Fuel Tax Revenues

Jet fuel tax rate has been at $0.01 per gallon since the 1999 Legislative session. Of the $0.01 tax, 55% supports the Department's operating budget and 45% is dedicated to pavement maintenance for all paved public use airports. The net fuel revenue to Aviation has declined substantially over the past several years.

Aviation fuel (AVGAS) tax has been $0.09 per gallon as approved by the 1999 Legislature. Of the $0.09 tax, $0.03 supports the Department's operating budget and $0.06 is dedicated to statewide Pavement Maintenance Program. Revenue continues to decline year over year. (See chart below) As of the halfway point in 2011-2013, the revenue continues to remain flat. The model that fuel tax revenue was based on in 1999 no longer exists. Airlines have consolidated flights and fly almost entirely at capacity. The Chart below shows the change in model since 2007. Net effect is a 17% reduction in fuel tax revenue for Dept. of Aviation since 2007.

State fiscal Year	Commercial operations % change over previous year	Enplaned/deplaned passengers	Average Gallons sold/month Jet	Average Gallons sold/month Avgas	Average net rev/month	net revenue to ODA
2007	+2.6%	+4.3%	16,912,719	337,676	183,816	$2,205,794
2008	-5.5%	-2.4%	17,019,900	310,263	178,549	$2,142,592
2009	-12.7%	-9.6%	13,850,205	292,467	151,910	$1,822,927
2010	+0.2%	+2%	12,798,515	276,127	152,195	$1,826,339*
2011	-1%	+3.7%	12,932,090	264,076	152,709	$1,832,519* -17% since 2007
2012 through May	-4.7%	+3.1%	11,971,617	154,988	131,430	Through 6/31/2012

*Fuel tax refunds for international flights declined.

AGENCY INITIATIVES

Policy Option Packages

- **Package 101:** Increased Service with Fuel tax increase asks for an increase in service to the aviation community via a fuel tax increase of 2 cents per gallon jet fuel and 2 cents per gallon AVGAS fuel. Revenue from this increase per biennium will:
  a. Provide financial relief to Oregon's rural and non-primary airports by supplementing up to a 5% grant match due to the recent increase in FAA grant match from 5% to 10% in the latest FAA Reauthorization bill for FAA eligible project and construction project costs. Up to 40% of new revenue will provide increased revenue to a trust fund to offset some or all of the 5% increase in grant match for federal funds, allowing community airports to continue to maintain, renew and improve their airport infrastructures.
  b. As authorized by ORS 835.035 and OAR 738-125, up to 22% of new revenue will fund Financial Aid to Municipalities (FAM) grant program that provides grants to rural airports that increase jobs and assist in funding for small infrastructure stimulus (less than $100,000 per grant) to local communities including last mile multimodal connections to other transportation modes. ODA has not been able to facilitate this program since 2007 due to lack of funding.
  c. Supplement Oregon Emergency Management (OEM) aviation search and rescue program by providing 3% of new revenue to augment the Aviation Search and Rescue program. ORS 837.035. Currently allows the Department of Aviation to collect pilot registration fee of $12 per month but the revenue is insufficient to fully fund the program.
  d. Using approximately 35% of the new revenue, ODA can reduce the backlog of deferred maintenance on state owned or managed airports. The state owns or manages 16 airports that do not receive federal funding, yet these airports have a role in Oregon's system of airports and aviation transportation system plan. This additional revenue will also help ODA to continue its mission of sustainability into the future and allow increase in maintenance and operations of all state owned airports.

- **Package 102:** Converts LD position to Permanent position. The Statewide Capital Improvements Program (SCIP) is a partnership with the FAA and 55 state of Oregon federally funded airports: This program was initiated by FAA in 2011. The program deliverables are funded by the FAA through a grant that pays 90% of the FTE dedicated to managing the SCIP program. This is a multiyear program. This program provides ODA with the staff to determine eligibility and manage administrative allocation of FAA grants and Non-Primary Entitlement funding to Oregon's 55 federally funded airports.

a. This program manages a statewide capital improvement project list that identifies needs based upon FAA priority in conjunction with the Oregon Aviation System Plan and each individual airports development needs. The ODA SCIP Coordinator makes project recommendations based upon the statewide capital improvement list. Each airport that is part of the National Plan of Integrated Airports System (NPIAS) receives funding of at least $150,000 per year from the FAA. FAA funding pays for 90% of project costs and the airport sponsors must pay the remaining 10% with their own financial resources. Airport owners may accumulate their entitlement dollars for up to 4 years to have sufficient budget to do larger projects than would be possible if the entitlement funds had to be spent annually. Failure to use the funding within 4 years requires the FAA to recapture the money and re-allocate it at their discretion. The SCIP program allows ODA to liaison with both FAA and airport owners (known as sponsors by FAA) to ensure all entitlement dollars can be spent within the 4 years and make sure that no entitlement monies are given back to the FAA which could result in funds being distributed out of the state. This is done by facilitating the entitlement dollars to be loaned among the NPIAS airports within the state. In the event an airport sponsor does not have a project and is in jeopardy of losing their entitlement funding that is 4 years old the money is loaned or given to an airport that has a project in need of additional funding. The benefit is the money stays in the state of Oregon and can be used to consolidate FAA entitlement funding from several airport sources to fund larger aviation infrastructure projects providing jobs and infrastructure improvements throughout the state. This FTE has already identified and worked to reallocate $591,231 in FAA entitlement in 2012. $441,231 would have expired and been returned to the FAA. This savings has already justified the continuation of this FTE.

- **Package 103:** Cottage Grove Capital Construction project. The Cottage Grove State Airport is scheduled for a major runway reconstruction and renovation project in this biennium. The project is will improve the failing infrastructure and bring the runway up to all federal standards. The project is estimated to cost just under $3 million dollars from design through completion of construction. As a NPIAS airport that receives federal funding, the project costs will be split with the FAA (FAA to pay 90%, ODA share 10%). Request of $440,000.

- **Package 104:** General Aviation Entitlements. General Aviation Entitlement projects are airport projects that address safety, operational, and developmental projects at airports in Oregon. Projects are determined based upon a combination of factors including but not limited to pavement conditions studies, safety and compliance inspections, design standards and short and long range planning goals. A five year capital improvement plan is approved annually by the Oregon Aviation Board and the Federal Aviation Administration (FAA). Projects are reviewed by the Oregon Aviation Board. General Aviation Entitlement projects are funded with 90% FAA funds. Prior biennium the projects were funded 95% Federal (FAA) funds. The remaining 10% of the project costs are funded with ODA other funds. Request of $1,001,296.