

Oregon State Aviation Board Meeting Minutes

Sept. 17, 2008

Coos Bay, Oregon

Pursuant to notice made by press release to newspapers of general and local circulation throughout the state and mailed to persons on the mailing list of the Committee, a meeting of the Oregon State Aviation Board was held on Sept. 17, 2008 at the Red Lion Hotel, Coquille Room, Coos Bay, Oregon.

Board Members in attendance included: Vice Chair Chris Corich; Board Members, Jack Loacker, Larry Dalrymple, Joe Smith, Nan Garnick, Mark Gardiner.

Employees in attendance included: ODA Director, Dan Clem; ODA State Airports Manager, Rob Pruitt; ODA Fiscal Manager, Cindy Pease; ODA Director's Executive Assistant and Board Secretary, Renee Stryker.

Presenters and Guests in attendance included: North Bend/Coos Bay Airport Director, Gary LeTellier; Carl Middleton; Sam Spayd.

1. Call to Order

Vice Chair Corich called the meeting to order Sept. 17, 2008, 8:10 a.m.

Self introductions were made. Steve Beckham was absent.

Public Comments:

Sam Spayd from the Florence Airport said he was interested in what is happening in Aviation. Informed the group by the time Flightlines was received most of the events had already taken place except for this board meeting. Rob informed them these events will be listed on the ODA website.

Action Item – Approval of meeting minutes for July 16, 2008

Motion: Mark Gardiner moved to approve, seconded by Larry Dalrymple.

The motion passed unanimously, Steve Beckham was not present.

Information Item – Board Member Activity

Vice Chair Chris Corich

Continues working on the PDX Master Plan. He entered the Flugtag competition in Portland.

Larry Dalrymple

The 2008 Advanced World Aerobatics Competition was in Pendleton. Dan and ODA staff had a booth there.

Joe Smith

He attended the OPA Annual Conference in Eugene on Aug. 23. The guest speaker was Congressman Peter DeFazio and went well. Also flew to Denver for the Democratic National Convention, then off on a short vacation. He also attended the Oregon Aviation Historical Society meeting where two persons, Phil Boyer, AOPA President, and Ray Costello of Corvallis were inducted into the Hall of Fame.

Jack Loacker

He plans to attend the Hall of Honor on Oct. 19, 2008, at the Evergreen Aviation and Space Museum in McMinnville.

Nan Garnick

Was at the Team Oregon Outreach in Redmond. Attended the Madras Air Show which was lots of fun.

Mark Gardiner

He flew to Redmond to the Team Oregon Outreach.

2. Current Topics:

Information Item – Ethanol – Dan Clem

He provided the Board with the latest update in regards to ethanol fuel. It was determined clear premium is still available thru shippers to distributors, but appears to be a shortage of service stations to meet the sufficient needs of the consumers for this fuel. It's possible the Legislature may consider a mandate for clear-premium fuel. Dan said he would keep the Board informed as to whether or not the Legislature would decide to amend the Oregon Ethanol Law. The 15th of Sept. was the last day Oregon Ethanol Law would allow you to buy clear-fuel without it being blended. It is possible that certain planes are not flying because of the lack of clear-fuel.

Information Item – Aerospace Industries Council – Dan Clem

Dan informed the board that Mark Withrow of Cessna of Bend, and the growing industry of kit planes may want to form this council. He explained ODA can offer administrative support but cannot lobby for it. Mark and Dan will meet to discuss this further

Information Item – Outreach Update – Dan Clem

Informed the Board ODA staff have been attending and having booths at air shows. ODA is also working to support the Cottage Grove Air Museum.

Rob Pruitt: informed the Board he and ODA staff had attended the Hood River Air Show. Over 200 planes flew in. He also stated that Hood River Aviation Museum tourism signs are being made.

Information Item – Airport Improvements/Maintenance – Dan Clem

Mulino is being thoroughly surveyed to identify property-lines, with the possibility of putting in 14-16 additional tee-hangars. There is a possibility of purchasing the existing Cougar Development property and the owner is interested. Port of Portland is getting ready for the transfer of ownership. Dan explained ODA is working on a few leasing enforcement issues. Larry Knox has the new FBO, which is now installed.

Information Item – Rule Making Update – Dan Clem

The Legislature will meet on Sept. 25th for the E-Board and review from 1999 to 2007 all grants. Dan will go with a request to get more FAM grants, with ODA in a better financial situation than past. The Legislative Fiscal Council would like to see ODA in an even better financial situation.

Information Item – Connect Oregon II Update – Dan Clem

Dan has asked for additional moneys for staff including Ron Rende to assist in managing Connect Oregon II status of projects. The Board may want to actively attend events where projects are starting, in development and ceremonies of ribbon cuttings on finished projects. Dan commented he was not actively involved in the Connect Oregon I projects and not sure how involved the Board was, ODOT had managed the projects.

Jack Loacker: Stated there must have been a large amount of staff time involved in getting ready for Connect Oregon II before it even took off, just the preparation for it.

Dan acknowledged this and that is why he is asking for additional moneys for staffing. He informed the Board he has travel funds for the Board to participate on keeping up with these projects as they are taking place.

Larry Dalrymple: Stated Connect Oregon II was vastly superior to Connect Oregon I.

Information Item – Land Use Update – Dan Clem

Chris Cummings attended a hearing in Astoria regarding the LNG Lease at the Port of Astoria. The LNG will continue to be an issue. Currently ODA does not have the authority to intervene in these types of issues. With one of the Legislative Concepts Dan will be presenting, it would give ODA the authority to intervene, but it may not pass. The public expects the FAA or ODA to play a role in issues like this as they arise. Currently the FAA will not oppose the LNG Lease but have asked to have the tanks lighted.

Information Item – Budget Update – Dan Clem

Dan explained the budget handouts of the agency to the Board. Presented the Board with a review of the budget from July 1, 2007 to June 30, 2008, with a 13-month accounting adjustment which shows the end of the year, status of moneys that will be and yet to be paid out or transferred. At one year of two the agency is 48%, with 5% down for revenue, which on the print-out shows it is from jet-fuel and av-gas. If it was higher than 7% he would be concerned.

Chris Corich: Says he should be concerned because of the PDX issue with jet-fuel tax and the current trend that is happening and most likely going to continue.

Dan said the agency has already been hit pretty hard by the jet-fuel tax for the international airlines that were reimbursed. It took approximately two months to pay these airlines back that are exempt from the aviation fuel-tax.

Chris Corich: Informed the Board of the daily flights for these international airlines and their schedules at PDX. They fly cargo only, the soles of Nike shoes, no passengers.

Dan continued expenditures being paid out are at 49% to date. The agency has overspent for Capitol Outlay and he will continue to do so, due to strategy to provide maintenance equipment to volunteers and partners helping ODA maintain state airports. The agency has currently been making deals and building a positive relationship and partnership with ODOT, acquiring ODOT old equipment, to make it available to various airports so the maintenance crews do not have to haul heavy equipment to away far airports, it will stay on the premises.

Rob Pruitt: Informed the Board of the case of the Joseph Airport. ODA has contracted to have the airport maintenance services done for a flat-rate of \$500 per month. This will save moneys which would be spent for staff, hotel, travel time, and fuel. The idea is to have surplus equipment from ODOT and leave it at the airport for them to use. He praised Dan for this partnership with ODOT in acquiring their surplus equipment.

Information Item – SB 680 Update – Dan Clem

Dan invited the Board to the next SB680 “Through the Fence” meeting which is scheduled for September 22, 2008, in Baker City. He provided an overview of the last 18 months and what SB680 entails. There are 3 (Aurora, Baker City and Scappoose) airports in this pilot project operating plan. The draft is very large and needs to be whittled down. He explained about the Aurora Airport and the PAAM Group.

Information Item – Pending Items – Dan Clem

The agency is wanting to purchase 41 acres on the west side of the Independence Airport from the owner. The FAA cannot do anything at this time until there is an audit of the Independence residential tenants. The FAA does not want any new public-use residential airports. FAA reasons for not supporting residential airparks include; persons moving into residential airports and not being involved in aviation, kids, bike and safety issues, and persons living in these residential areas and not paying usage fees.

3. Action Item – Leasing Authority – Dan Clem

Dan disbursed a handout that explained to the Board their duties, authority, powers and responsibilities before going on to explain Motion Item #3. He informed the Board he was starting out by doing this because they were going to discuss old Lease Agreements from 1991-94.

Motion Item #3 (revised handout dated Sept. 15, 2008)

To approve this policy Dan explained this allows him the authority on old leases to take the parcel out for the land agreement. He asks the Board to grant him this authority to make these decisions to determine if the land is available for development. He will keep the Board informed and updated of what has been done and what is in the process. He explained the leasing authorities and the Board’s responsibility. The Department of Justice is working with ODA on a new template for leases.

Chris Corich read the Motion

Larry Dalrymple moved to approve the proposed Motion
Jack Loacker 2nd the proposed motion

There was lengthy and detailed discussion with Dan and Board members of designating the above Leasing Authority to the ODA Director, and how the Board and Director play a role in this.

Joe Smith moved for a “Friendly Amendment to the proposed Motion”

I move that the Oregon Aviation Board delegate to the Director for the Oregon Department of Aviation the authority to make the determination that the premises are required by the department for airport development. This delegation of authority requires the Director to provide the Board information on any such determination.

Larry Dalrymple the first accepts the friendly amendment
Jack Loacker the 2nd accepts
All present voted in favor of the amendment.

All voted in favor of the amended Motion.

4. Information Item – State Airports Presentation – Rob Pruitt

Rob presented, with the first few slides giving a brief overview of the budget, FAA Entitlement grants and explaining the various types of grants and funding airports can apply for: FAM grants, Connect Oregon II funds, etc. The presentation showed the maintenance crew working at various airports throughout the state, the duties, projects, and repairs they work on, and the equipment they use to complete these projects. It is clear the maintenance crew needs additional equipment to complete these tasks safely and effectively. He would like to have some of the funds connected to Connect Oregon II.

He explained that ODA would need \$10-15 million dollars to start an Aviation Trust Fund. Also would allow ODA to loan these moneys out to airports as a revolving fund, which many states do. But in order to do so the agency must have these moneys in the bank to start.

Rob went on to explain the point system for surveying airport runways and how one determines the need for rehabilitation of the pavement or the reconstruction. ODA airports are way behind in their preventative maintenance, many of the airport runways are in bad shape. The PMP (Pavement Maintenance Program) is not a grant program. He plans to discuss with Chris and Cindy about a 5-year plan and how to provide funding for the reconstruction of the non-NPIAS airports. The agency must review the last pavement condition survey. There is currently a consultant providing these surveys but as Rob is trained in this area he will be training staff to provide these surveys.

Dan explained to the Board the Oregon PMP program is unique from other states; the funds are directed to be spent on asphalt. Previously maintenance has continued to seal the broken pavements over and over and now the pavements are in need of reconstruction.

ODA staff recently visited the Independence Memorial Day Event, the Mulino Pancake Feed and the Hood River Air Show. Rob will be attending the AAAE Conference, the Airports Manager Conference and the Team Oregon Outreach meeting. At these outreach events we have a booth and answer questions the public has. One of the biggest misconceptions is that ODA is funded by the general fund; the agency must generate almost each dollar it spends.

Rob explained how many maintenance staff currently works at ODA and how many additional staff are needed.

At 9:57 a.m. Gary LeTellier, North Bend/Coos Bay Airport Director arrived and thanked ODA and the OAB Board for coming to this community for the Board meeting. Spoke about losing Horizon Air Service and how Dan had taken on the task of how to continue to have commercial air service in this area.

Break 10:00 a.m.

5. Action Item – 2009-11 Budget Requests of Policy Option Packages – Dan Clem

Motion Item #5

Dan explained the “Budget Box” handout and the process of the budget for the agency as well as the budget narrative.

Policy Option Package #100:

Purchase of the Mulino Airport and two additional FTE maintenance staff persons. This amount will be lower if the Port of Portland does the items needed that are being discussed.

Policy Option Package #101:

One additional FTE , one administrative adjustment and one reclassification of an existing position.

Policy Option Package #102:

To acquire additional land from two land owners at the Jordan Valley Airport. No additional staffing needs for this.

Policy Option Package #106:

Jet fuel tax increase of \$0.01 per gallon. To assist with necessary agency needs required to meet operational expenses for the state airports.

Dan gave an explanation of the tax increase and the Board discussed this in lengthy detail. Oregon is one of six states in the U.S. that jet fuel tax is under \$0.02 per gallon. One of two states that rely solely on jet fuel and av-gas fuel taxes to fund the department and the ownership of the airports.

Nan Garnick

Asked if the one penny would assist with operation cost or would it just even it out.

Dan said if it was a quarter of a penny it would probably just even it out but a full-penny increase is pretty powerful. He is having consultants Mead and Hunt check to see how it will affect ticket costs and the cost to the carrier. He'll provide the results to the Board when they become available.

Mark Gardiner

Commented one cent to carriers with the cost of fuel changing in the last year by a dollar a gallon cannot be measured.

Vice Chair Chris Corich

Relayed his opinion regarding the jet-fuel tax from the POP point of view. This \$3.7 million dollars amounts to about \$11.00 per plane, per passenger. Would like to find another way to find this funding.

Policy Option Package #107:

Aircraft registration fee increase in order to fund state matching requirements for AIP (Airport Improvement Program) funds. The state currently charges \$50 for single-engine planes; wants to change it to \$55 per year. Jet planes are currently at \$162 and will rise to \$300 per year. Oregon has jets come and register in the state because the cost is so low.

Policy Option Package #108:

Pilot registration fee increase is currently \$8 and would rise to \$12 per year. Dan does not have the authority to do this, statutory. At this time there is no penalty for not being registered.

Policy Option Package #109:

Financial Aid to Municipalities Grant requests expenditure limitation authority in Other Funds to restore grant program used by cities, counties and districts in operating and improving their local general aviation airports.

Policy Option Package #110:

New Debt Service requests expenditure limitation authority in Other Funds to meet debt service and financing expenses during the biennium incurred for the acquisition of the Jordan Valley State Airport and the Aurora Control Tower COP (Certificate of Participation).

Vice Chair explained a motion on the floor to vote all items except *Policy Option Package #106 Jet Fuel Tax*

Joe Smith moved to approve all Policy Option Packages submitted except for #106.
Jack Loacker 2nd the motion

Passed unanimously

Policy Option Package #106

Joe Smith moved to approve Policy Option Package #106
Jack Loacker 2nd the motion

Motion

5 in favor

1 opposed, Chris Corich

6. Action Item – Strategic Plan – Dan Clem

Motion Item #6

Dan gave the Board a detailed summary. Passed out a handout of the Strategic Plan for the agency; essentially is the same the Board voted on and approved in 2007. It has just been reformatted into 5 areas: Protecting Public Use Airports, Leveraging Technologies to Enhance General Aviation Programs, Support Communities Through Economic Development, Improve Safety and Operating Conditions on State-Owned/Operated Airports, Protecting and Enhancing Aviation. He also explained about updating or replacing the old data base.

Vice Chair Chris Corich read the motion

The Oregon Aviation Board delegate to the Director for the Oregon Department of Aviation the authority to make the determination that the premises are required by the department for airport development. This delegation of authority requires the Director to provide the Board information on any such determination.

Mark Gardiner motion to move
Larry Dalrymple 2nd the motion

Motion

Passed unanimously

7. Information Item – Commercial Air Service Coalition – Dan Clem

Dan informed the Board of how the commercial flight service contract came about. North Bend/Coos Bay and Klamath Falls lost their northbound service. The Governor formed the coalition with Dan heading it, to work with the airline service companies to agree to contract for one year to continue air service to these areas. This all happened very quickly. They supplied those involved with data-performance evaluations to determine loss or break-even losses. Communities needed to raise moneys to cover this one-year contract commitment. The second year may not require funding. This ended up costing ODA approx. \$16,000 to obtain this commitment.

SkyWest was looking at possibly having to close their maintenance facility due to the number of aircraft that must fly in and out of this area, which could be around 200 jobs.

SkyWest is the only carrier in the area with 30-seat capacity planes. The contracts were signed and on Oct 12, 2008, the flight service will start. The flight capacity is very good.

Air services to Newport and Astoria are being re-bid. Salem is looking at having an air service analysis first. The Governor's Office priorities at this time are Pendleton, Salem and Redmond. Dan will contact Newport and Astoria to assist with air-services in their areas. Eugene and Medford did not sign with the coalition. The states of Montana, Nebraska and Utah have called Dan asking for copies of how the contracts were negotiated and accomplished.

Oct. 12, 2008 is the date for the inaugural flights to Klamath Falls and North Bend/Coos Bay with SkyWest, connecting to PDX. Dan will provide more information to the Board as times are available.

Executive Session was cancelled.

Oct. 13 is the next OAB teleconference from 1:30 to 2:30 p.m.

The next OAB meeting will be Nov. 12, 2008, in Salem.

The meeting adjourned at 1:45 p.m.

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