

Chapter 7 Airport and Aviation Funding Programs

Airports and aviation projects across the nation benefit from many funding sources including the federal, state, and local units of government. Some improvement projects may qualify for several sources while others only for one. Oregon airports and the aviation system are fortunate to have additional resources and funding programs provided by the state, available only to Oregon airports. The following paragraphs describe the funding programs available to Oregon airports and the aviation system.

In addition to the sources listed below, others may exist which should be evaluated for particular projects. Public sources, such as non-aviation agencies and programs, as well as private funding and partnerships, can benefit airports and the state-wide aviation system. As projects are formulated and implemented, consideration should be given to all available funding resources.

7.1 Airport Improvement Program (AIP)

The most popular and heavily funded grant program for airport projects is the *Federal Airport Improvement Program (AIP)*. The *AIP* was created by the Airport and Airway Improvement Act of 1982 (as amended), and is administered by the Federal Aviation Administration (FAA). The program has multi-year authorizations and requires annual appropriations. *AIP* revenues are from *The Airport and Airway Trust Fund*, established by the *Airport and Airway Revenue Act of 1970*, and generated by user taxes on aviation. The trust fund concept guarantees a stable funding source whereby users pay for the services they receive.

The *AIP* provides grants to public agencies, and, in some cases, to private owners and entities, for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems (NPIAS). Statutory provisions require that some *AIP* funds be apportioned by formula to specific airports or types of airports. Such funds are available to airports in the year they are first apportioned and they remain available for additional fiscal years. The program also reserves a percent of the funds for various types of priority projects. Public use airports serving civil aviation are eligible for *AIP* funding, as are some privately owned, provided they are classified as relievers, or have scheduled passenger service with annual enplanements over 2,500.

Airport categories, defined by activity, are listed below:

Commercial Service Airports: are publicly owned airports that have at least 2,500 passenger enplanements each year, and receive scheduled passenger service.

Non-Primary Airports: are commercial service airports that have at least 2,500 and no more than 10,000 passenger enplanements each year. Non-primary airports receive \$150,000 annually for eligible projects, and are also eligible to receive apportioned funds.

Primary Airports: are commercial service airports that have more than 10,000 passenger enplanements each year. Primary airports receive apportionment funds based upon the number of passenger enplanements. If full funding is made available for obligation, the minimum amount apportioned to the sponsor of a primary airport is \$1,000,000, and the maximum is \$26,000,000. Primary airports are divided into sub-categories based on hub type, including: Large Hub, Medium Hub, Small Hub and Non Hub. Primary airports can also impose *Passenger Facility Charges (PFC)*.

Cargo Service Airports: are airports that, in addition to other air transportation services, are served by aircraft transporting cargo with an annual landed weight of more than 100 million pounds. Cargo service airports share 3.5% of *AIP* apportionment. Cargo funds are distributed in proportion to landed weight of cargo at each airport compared to all cargo service airports. No cargo service airport is entitled to more than eight percent (8%) of the total amount apportioned to all cargo service airports.

Reliever Airports: are airports designated by the FAA to relieve congestion at commercial service airports, and to provide improved general aviation access to a community. Reliever airports may be publicly or privately-owned. There is a small set-aside for large reliever airports, but most of the funds are provided from the apportionment and non-primary entitlement funds.

General Aviation Airports: are the remaining airports, which primarily serve general aviation aircraft. General Aviation airports receive up to \$150,000 annually for eligible projects from the non-primary airport entitlement fund, and are eligible for apportionment funds.

Categories of AIP funding include:

Apportioned Funds

Passenger Entitlements: Eligible to primary airports based on annual enplanements.

Non-Primary Entitlements: Eligible to non-primary airports.

Cargo Entitlements: Eligible to cargo airports based on their landed weight.

State Apportionments: Distributed to states based on a formula of land area and population.

Alaska Supplemental Apportionment: Eligible to Alaska airports.

The Small Airport Fund is generated from the turn back of entitlements by large hub airports for the right to assess higher *Passenger Facility Charges (PFC)*. The small airport fund is available to Small Hub, Non Hub, and non-primary airports.

Discretionary Funds are the remaining funds of the *AIP*, and are divided into two types.

1. Set-aside Funds, which are sub-divided into three categories.

Noise Program – Thirty-five percent (35%) of discretionary funds are for noise compatibility and clean air projects.

Military Airport Program (MAP) – Four percent (4%) of discretionary funds are for MAP (see MAP section, this chapter).

Reliever Airports – 0.66% of discretionary funds are for a limited number large reliever airports meeting specific criteria.

2. The remaining Discretionary Funds are those available after the set-aside requirements have been met. Seventy-five percent (75%) of these funds are for preserving and enhancing capacity, safety, and security, and for noise compatibility planning and programs at primary and reliever airports. The remaining twenty-five percent (25%) can be used at any airport, and are usually distributed based on a national priority system.

Additional information is available from:

FAA's Seattle Airports District Office
1601 Lind Avenue SW – Suite 250
Renton, Washington 98057-3356
Phone 425-227-2659

7.2 ConnectOregon

In 2005, the Oregon Legislature authorized funding for air, marine, rail, and transit infrastructure, known as *ConnectOregon*. The purpose of this program is to improve commerce, reduce delay, and enhance safety for the state's multi-modal transportation system.

Funding for the program is from lottery-based bonds, sold by the Oregon Department of Administrative Services, deposited into Oregon's Multimodal Transportation Fund, and administered by the Oregon Department of Transportation Local Government Section. Projects eligible for the Oregon's Highway Fund are not eligible for *ConnectOregon*, which gives aviation projects less competition for *ConnectOregon* funding.

ConnectOregon is the state's first significant funding program for multi-modal transportation, excluding highways, and serves as a follow-up to similar state programs specifically for highways. *ConnectOregon* promotes and maintains Oregon economy and employment, and facilitates movement of people, products, and services between Oregon and the world.

In 2005, the Oregon Legislature authorized the first round of funding, known as *ConnectOregon I*, with \$100 million. *ConnectOregon I* divided the state into five regions, and allocated fifteen percent (15%) of the funding to each of the regions. This ensures that funding is distributed around the State, and airports in different regions don't have to compete for funding with all Oregon airports.

Projects to be funded were selected by the Oregon Transportation Commission and modal committees from applications based on the project:

- Reduce transportation costs for Oregon businesses
- Benefit or connect two or more transportation modes; being a critical link in a statewide or regional transportation system
- Have the cost borne partially by the applicant
- Creates jobs in Oregon
- Ready for construction

Of 43 projects funded under *ConnectOregon I*, 10 were awarded to aviation improvements. Airports in Bend, Eugene, John Day, Klamath Falls, Lexington, Medford, North Bend, Ontario, and Redmond received *ConnectOregon I* funding. Projects included runway relocation, runway extension, air cargo facilities, aircraft maintenance facilities, terminal improvements, and aircraft services and fueling. *ConnectOregon I* funding also went to a multi-region project: the statewide aviation system's Automatic Dependent Surveillance – Broadcast (ADS-B) project, installing ground-based transceivers at airport locations around Oregon.

In 2007, the Oregon Legislature authorized *ConnectOregon II*, appropriating another \$100 million. The two funding programs differ in that *ConnectOregon I* allocated fifteen percent (15%) of funds to each of the five regions, and *ConnectOregon II* allocates ten percent (10%) to each region. This allows airports across the state to compete better with other applicants, and not be limited by geography.

Projects to be funded will be selected by the Oregon Transportation Commission and modal committees from applications based on the project: reducing transportation costs for Oregon businesses or improving access to jobs and labor sources; economically benefiting the state; connecting and improving the efficiency of Oregon's transportation system; having the cost borne partially by the applicant, and; being ready for construction.

ConnectOregon II became effective on July 1, 2007. Applications were submitted from October 1 through November 21, 2007. Project implementation is expected to begin in June 2008.

Future continuation of the *ConnectOregon* program is uncertain. This program is a source of funding not available to airports outside of Oregon, and therefore provides a resource for Oregon airports beyond typical channels. For some airport and aviation projects, *ConnectOregon* removes the need to compete for national aviation dollars. For others, *ConnectOregon* provides an opportunity to fund aviation projects not eligible for national aviation funding programs.

Continued interest and participation in the program by airports should promote the continuation of the program by the Oregon Legislature. It is expected that future reauthorizations of *ConnectOregon*, or similar programs, will benefit aviation, and thus transportation, employment, and economy, across the state.

7.3 Financial Aid to Municipalities (FAM) Grant Program

The Oregon Department of Aviation's *FAM Grant Program* is a program for funding planning, development, and capital improvement projects at airports across Oregon, as defined in Oregon Revised Statute 738-120. Grants are provided on a discretionary basis, with funding dependant as outlined in the Department's budget, which is approved by the Oregon Legislature. *FAM* grants are funded by state taxes on aviation fuel, allowing revenue collected at Oregon airports to be spent on these same facilities.

Applications may be made by Oregon municipalities meeting eligibility, grant criteria, and matching requirements. The Department selects projects to fund based on eligibility, priority, airport category, and availability of funds. *FAM* grants are used for airport capital improvement and planning projects, as well as for projects which may be ineligible for other funding sources. Recently, *FAM* Grants have been capped at \$25,000 per airport, and are able to be used for sponsor match of *FAA* Grants.

The *FAM Grant Program* is a resource available only to Oregon airports, so that Oregon airports do not have to compete for funds with airports from around the region and nation. *FAM* Grants also provide funding for projects not able to be funded by typical aviation programs, so that Oregon airports can pursue projects that may otherwise not receive support.

The *FAM Grant Program* is expected to continue as part of the Department's budget. The popularity of the program among airport sponsors should lead to the continued availability of such funds. This program supports other funding means to provide for the continual improvement of Oregon's airports and statewide aviation system.

7.4 Pavement Maintenance Program (PMP)

This program was developed by the Oregon Department of Aviation to protect Oregon's airport investments by preserving airport pavement. Many airports forgo pavement maintenance due to a limitation in funding which can result in costly rehabilitation and reconstruction projects. The PMP provides airports the opportunity to complete preventative maintenance which extends the life of pavement and ultimately reduces costs to airport sponsors, the state, and the federal government.

The PMP program is a state-funded aid program developed to assist airports in undertaking preventative maintenance. A local match is required which varies depending upon the Category of airport. Please contact ODA for the most up-to-date local match percentages.

7.5 Pavement Evaluation Program (PEP)

The ODA has a professional services contract with Pavement Consultants Inc. to collect airport pavement condition information for 66 public use airports. This information assists airport sponsors in maintaining and operating their airports and with ODA's PMP planning. Each eligible airport is evaluated every three years. The FAA funds ninety-five percent (95%) through ODA's system planning grant and ODA provides a five percent (5%) match. For further information please contact ODA.

7.6 Military Airport Program (MAP)

The FAA manages military base conversions, the promotion of joint-use of existing military air bases with civilian aviation, and surplus property transfers for airports. The *MAP* provides financial assistance to airports which have taken part in one of the base conversions to civilian use or joint-use. *MAP* is funded through the AIP program, and administered by the FAA. A priority of *MAP* is to reduce congestion at airports experiencing significant delays by providing alternative airports throughout the metropolitan area.

MAP grants may be used for projects not generally funded by the *AIP*, such as building or rehabilitating surface parking lots, fuel farms, hangars, utility systems, access roads, and cargo buildings. Eligibility for the *MAP* is revolving, and an airport must apply with the FAA for the appropriate designation. The *MAP* allows up to 15 airports to be included in the program, with only one being designated as a general aviation airport, and the others as commercial service or reliever airports.

7.7 Navigational Aids (NAVAIDs)

Navigational Aids are equipment and facilities which support the movement of aircraft nationwide, both in the air and on the ground. They are essential to the National Aviation System, and are broken into federal and non-federal systems

Federal NAVAIDs are funded, installed, and maintained by the FAA's *Facilities and Equipment (F&E)* division. Most *F&E* new installations are earmarked in the FAA's annual appropriation bill.

Non-Federal NAVAIDs are funded, installed, and maintained by other public or private agencies or sponsors. Non-federal NAVAIDs are often funded as part of the *AIP*. Non-federal systems can become part of the National Aviation System if available to the public and approved by FAA. Certain NAVAIDs which may be installed as non-federal may be considered federal if an agreement is reached with the FAA to take control after installation. A benefit/cost analysis is often necessary to increase the NAVAIDs priority in the *AIP*, and with the FAA. Congressional earmarking of funds is another way to secure *AIP* funding for NAVAIDs.

With area-wide technologies, such as GPS and ADS-B, becoming a significant tool to aircraft navigation, FAA's priority for ground-based NAVAIDs has been reduced. Instrumentation and information traditionally supplied by ground based NAVAIDs may be better transmitted by implementation of

emerging technologies, and may also be more economical. The shifting of priorities and practices may bring a change in the NAVAID funding structure.

7.8 U.S. Department of Agriculture Wildlife Services Program

To reduce or control wildlife hazards, the U.S. Department of Agriculture's Wildlife Services (USDA WS) program offers ODA with professional wildlife management assistance for Oregon's public use airports. USDA WS cooperates not only with ODA, but with the Oregon Fire Marshal's Office, Oregon Department of Fish and Wildlife (ODFW), and the U.S. Fish and Wildlife Service (FWS) to ensure compliance with Federal, State, and local laws and regulations. Since management of wildlife on and near airports is not usually an easily solved problem, this program utilizes a comprehensive and diverse approach to effectively address this aviation safety issue.

USDA WS biologists provide consultations and assistance to all of Oregon's airports. These biologists offer airport managers on-site, mitigation of wildlife hazards posing an immediate threat to human health and safety. This initial service is either free or nominal to an airport sponsor and is covered under an annual \$20,000 contract between the USDA WS and ODA.

Furthermore, USDA WS conduct consultations on land use or the development of effective wildlife management programs for an airport sponsor at their own cost. These consults helped create management plans to minimize the attractiveness of airports to wildlife and to increase the safety of the entire airport facility.

Airport sponsors seeking more information on the wildlife services program should contact the USDA Wildlife Services program at 503-326-2346.

7.9 Airport Districts

Airport districts can be defined as independent government entities which have similar authority as cities, towns, and port authorities. This includes the ability to establish operating taxes which help offset the cost of operating and maintaining an airport. The taxing authority is authorized by the Oregon legislature within ORS 838.010 (2). Southwest Oregon Regional Airport is the only airport in the state-operated by an airport district.

7.10 Funding Responsibilities

The aviation system is supported by funding and effort from federal, state, and local governments. Depending on the airport's ownership and operational structure, different alternatives and responsibilities may apply. As acceptance of certain funding sources may obligate an airport to adhere to criteria, consideration should be given to funding options and requirements.

Locally owned airports (city, county, port, district, authority) use local funds and airport-generated revenue to finance operations, maintenance, and administrative costs, and, along with federal grants, for capital

expenditures as well. State revenue is also available for some applications, through *FAM* grants and *ConnectOregon*.

State-owned airports are funded through user fees, such as aviation fuel taxes, aircraft registrations, and leases and agreements. State-owned airports can also benefit from *ConnectOregon*. Airport improvement projects for the 26 state-owned NPIAS airports are funded through federal grants, and the local match, which comes from user fees.

The Oregon Department of Aviation supports the statewide system through advocacy which addresses airport protection, system planning, coordination with surface transportation modes, airport planning and programming, and related programs. This is funded through state-wide user fees and federal grants.

The FAA provides air traffic and navigation control, flight planning, and other safety services for aviation and airports across Oregon. Such programs are funded by fuel tax, freight tax, ticket tax, and departure tax.

Aviation and airports benefit from having many funding options. Airport sponsors, aviation agencies, and proponents of aviation should advocate for the continuation of current funding sources and the promotion of new ones.