



September 29, 2017

Executive Summary on HB 2075

The Oregon Department of Aviation (ODA) is pleased to submit this report under ORS 319.020 with details regarding applications for distributions of fuel tax revenues. A copy of this report may be obtained by contacting the Oregon Department of Aviation, and can also be found on the Department's website at:

http://www.oregon.gov/aviation/Pages/Aviation_System_Action_Program.aspx.

BILL OVERVIEW

House Bill 2075 was introduced and passed in the 2015 Legislative Session. The measure amends ORS 319.020 by increasing aircraft fuel from nine cents to eleven cents per gallon and increasing jet fuel from one cent to three cents per gallon. The measure mandates ODA to distribute the revenue from the fuels tax increase for specific purposes. Per the legislation, five percent of the revenues will be appropriated to ODA for the costs to administer the program. The remaining ninety-five percent of the revenues shall be distributed as follows:

- (a) Fifty-percent shall be distributed to assist airports in Oregon with match requirements for Federal Aviation Administration Airport Improvement Program (AIP) grants, emergency preparedness and infrastructure projects in accordance with the Oregon Resilience Plan, services critical and essential to aviation, aviation-related business development, and airport development for local economic benefit;
- (b) Twenty-five percent shall be distributed for the purposes of assisting commercial air service to rural Oregon, and;
- (c) Twenty-five percent shall be distributed towards state-owned airports for the purposes of safety improvements and infrastructure projects at public use airports.

The State Aviation Board shall establish a review committee composed of one member from each of the Area Commissions on Transportation (ACTs) who will review and recommend applications to the State Aviation Board. The State Aviation Board shall select applications following specific priorities per OAR 738-125-0035(3).

House Bill 2075 became effective January 1st, 2016 and has a sunset date of January 1st, 2022. The programs resulting from House Bill 2075 are solely funded through fuels tax and are not funded through bonds; therefore the Department must accumulate sufficient monies prior to the disbursement of grant funding.

AGENCY REPORTS

The following sections summarize the Department's progress on the Aviation System Action Program Fund (ASAP) and the first cycle of the Critical Oregon Airports Relief Grant Program (COAR). For more information about the Aviation System Action Program Fund, please visit link above.

COAR Grant Program: COAR is funded by the revenues described in section (a) of the Bill Overview section of this report.

The first COAR grant cycle was conducted in 2016-2017 once sufficient revenue was accumulated, as HB 2075 required that funding could only begin on January 1 2016.

- **By March 7, 2017:** The Aviation Board had \$1,737,029 available for the 1st cycle COAR Grants. The Board awarded funds to 30 projects at 20 airports totaling \$1,614,329. The Board approved the entire slate of 55 projects with the intent to fund additional Priority 3 projects as funds became available due to previously awarded projects came in under forecast cost.
- **April – September 2017:** ODA issued award letters and executed grant agreements. As ODA reviewed remaining funds it was determined there were sufficient funds available for three additional Priority 3 projects. This brings the number of grants awarded to 31 projects at 23 airports totaling \$1,683,072. The remaining \$53,957 will carry over to the 2018 COAR Grant Cycle.
- All but three of the 31 grants have been executed.
- As of September 29, 2017, grantees have submitted approximately \$119,281 in requests for reimbursements to ODA.

COAR Grant Cycle 2018: ODA procured a software package through the DAS and ODOT IT procurement procedures to automate the grant process from application to completion and final inspection. ODA and Agate Software, Inc. completed the configuration of the e-Grants software in June 2017. ODA e-Grants can be accessed by visiting: www.ODAE-Grants.com. All first grant cycle 2017 applications, including those not funded, were loaded into the software and will be managed through the software for all future grant cycles. Airports may submit request for reimbursements online which will allow for tracking and reporting as follows:

- Attachment A is a summary report detailing all aspects of the applications submitted for Cycle 2017.
- Attachment B is a financial report detailing the status of all requests for reimbursements submitted.
- Attachment C is a public report of approved grants accessible by anyone online through e-Grants.

The timeframe to apply for 2018 COAR grants is from September 1st - October 2nd, 2017. Once applications are submitted they will undergo a series of reviews completed by different committees in accordance with OAR 738-124-0035 as follows:

- **October 3 – October 13, 2017:** ODA reviews the application packages for completeness and require appropriate changes from the applicant as needed.
- **October 16 – December 22, 2017:** The 12 ACTs review and grade applications for proposed projects within their corresponding ACT region. The ACTs use the Statutory Review Form furnished by ODA via the E-Grants software to complete their reviews.
- **January – February 2018:** ODA provides a compiled list of all graded projects from each ACT and presents the collective list and appropriate review items to the Aviation Review Committee (ARC), which is composed of one member from each of the ACTs. The ARC will meet and compile a list of projects to recommend to the Aviation Board, in accordance with OAR 738-125-0035.

ROAR Program: The Rural Oregon Aviation Relief Program (ROAR) is funded by the revenues described in section (b) of the Bill Overview section of this report.

The agency has engaged in multiple planning meetings and outreach with diverse stakeholder groups including the aviation industry businesses, chambers of commerce, airport sponsors, and city managers, as well as members of the Legislature. As approved by the Aviation Board, the Department is conducting a study with Eco Northwest to determine appropriate service areas and determine the customers for rural air service. The study will focus on rural market areas, potential public-private partnerships, customer base, and including but not limited to non-traditional air service models, and timelines for service delivery. Anticipated outcomes of the study will be to further define "...assisting commercial air service to rural Oregon." Attachment D is a summary report on the Board approved ROAR projects.

- **April 20, 2017:** The Aviation Board awarded \$70,200 to Crater Lake Klamath Regional Airport for an emergent grant to assist in their "Air Service Marketing Plan."
- **August 18, 2017:** The Aviation Board awarded \$66,420 to Southwest Oregon Regional Airport for an emergent grant to assist in a "Marketing Campaign to Increase Passenger Loads."

SOAR Program: The State Owned Airport Reserve Program (SOAR) is funded by the revenues described in section (c) of the Bill Overview section of this report.

The Aviation Board approved a budget of \$1,659,430 for 18 projects at 10 out of 28 state-owned airports for the first 2 year cycle of projects. Four of the projects will benefit multiple state airports, including maintenance and operational equipment, seasonal/temporary employees and a contingency fund for smaller projects. Precision Approach Engineering was awarded a 5 year contract for design and engineering projects at non-federally funded state-owned airports. The forecasted revenue available for this first round of projects collected through December 31, 2017 is approximately \$1.8 million.

The majority of the 1st round of Board-approved projects have been completed, expending approx. \$364,507 to date. The remaining projects are pending the start of the next construction season and are scheduled to be completed by mid-summer 2018. Attachment E provides details about the approved projects. During the next two months, the Aviation Board expects to evaluate and approve the SOAR projects for the next two year cycle.