APPENDIX 3:

Study Committee Meeting Notes

Airport Investment Study
Advisory Committee Meeting
9 a.m. to 12 p.m. / October 30, 2013
Boeing Field, Seattle

Attendees:

Advisory Committee Members Present:
Kate Adams: Tax Policy Specialist, Department of Revenue
Megan Ouellette: Managing Director of Government & Community Relations, Alaska Airlines
Kandace Harvey: Owner, Harvey Field / President, Washington Airport Management Association
Stephen Kiehl: Principal Planner, Puget Sound Regional Council
Jamelle Garcia: President, Washington Aviation Association
James Lucci: Communications Center Supervisor, Airlift Northwest
Deb Wallace: Airports & Ferry Administrator, Pierce County / Washington Airport Management Association
Robert Kay: Washington State Liaison, Recreational Aviation Foundation
David Ulane – Northwest Mountain Regional Manager, Airport Owners and Pilots Association
Les Smith: President, Washington Pilots Association
John Dobson: Executive Director, Port of Shelton / Washington Public Ports Association
Jamie Shmunk: Mayor, Town of Lind, Washington Community Airports Association
Dave Ketchum: Senior Planner, T-O Engineers / Washington Community Airports Association
Michael Ehl: Director of Operations, Seattle Tacoma International Airport
John Gowey: Director of Seaplane Operations, Kenmore Air
Ryan Sheehan: Director of Operations & Maintenance, Spokane Airports / Washington Airport Management Association
Ken Wirtz: Air Ambulance Pilot, Northwest Medstar
Tom Dent: Owner, Tom Dent Aviation / Association of Washington Business
Mike Ennis: Government Affairs Director, Transportation & Environmental Policy, Association of Washington Business
Heather Hansen: Lobbyist / Association of Washington Aerial Applicators
Stephanie Wright: Councilmember, Snohomish County Council / Washington State Association of Cities
David Lehman: Pacific Northwest Business Aviation Association

WSDOT Aviation Staff Present:
Tristan Atkins: Director of Aviation
Rob Hodgman: Senior Planner / Project Manager
Eric Johnson: Airport Construction and Grants Program Manager / Stakeholder Management and Quality Management
Carter Timmerman: Aviation Planner & GIS Specialist / Project Integration Management and Project Risk Management
John MacArthur: State Capital Improvement Program Coordinator / Project Schedule Management and Budget Management
Nisha Marvel: Aviation Communications / Project Communications Management
Colleen Miller: Executive Assistant

Consultant Staff Present:
Mark Brower: Transportation Project Manager, CH2M Hill / Study Project Manager
Tony Davis: Senior Airport Planner & Project Manager, CDM-Smith / Study Financial and Funding Analysis Lead
Ryan Martin: Transportation Engineer & Planner, CH2M Hill / Study Needs Assessment Task Lead

Other attendees:
Kent Sherburne: Financial Manager, Boeing Field
Gary Molyneaux: Planning Manager, Boeing Field
Mark Bergam: Airport Engineer, Boeing Field
Marshall Sana: Pistol Creek
Jessica Fortescue: Vulcan
Pat Dunn: Pistol Creek

Welcome and Introductions:
WSDOT Director of Aviation Tristan Atkins welcomed the committee to its first meeting and thanked the group for participating in this important study. He explained the need to obtain a clear, holistic picture of Washington's funding sources, airport needs and the gaps and consequences. Atkins then led the group through introductions.

Project Manager Rob Hodgman briefed the committee on the meeting's agenda:

Welcome and Opening Remarks
Administrative Notes
Introductions
Project Overview
- Background
- Goals, Objectives and Success Factors
- Process

Study Committee
- Roles and Expectations
- Communications Plan

Baseline Conditions Approach and Progress
- Local, State, Federal Investments
- Short- and Long-Term Needs

Questions and Comments
Next Steps

Project Overview
Hodgman emphasized that committee's expertise, experience and diversity is valuable to the study. He said that the study team is interested in and depending on receiving the committee's input on the information presented during the meeting.

Background
Hodgman described the background information that demonstrated the need for this study:

- In 2005, a WSDOT-sponsored airport pavement study estimated a backlog of nearly $163 million in essential pavement maintenance in our state.
- In 2009, the Governor's Aviation Planning Council determined that Washington's aviation system suffers from a significant funding shortfall and determined that $600 million is needed to bring all public use airports into compliance with state performance objectives.

- In 2012, WSDOT conducted an updated pavement study- released July 2013. Study findings: Pavement conditions have declined statewide and with current funding the backlog will increase to $257 million
- In 2012, the FAA Modernization and Reform Act increased the required state and local match from 5% to 10%. This placed a greater financial burden for airport investments on state and local governments. This change alone could require an additional $1.7 million biennially in state matching funds.
- In 2012, WSDOT's Airport Aid Grant program, which only has $1 million available per year, fell far short of funding the $4 million requested.
- In 2013 the Statewide Capital Improvement Program received airport project requests totaling nearly $500 million.

Hodgman said that this data represents pieces of an incomplete puzzle. He emphasized that this study is needed to provide the facts that will show the complete picture of the state's aviation system funding, needs, gaps and consequences.

Goals and Objectives:
CH2M Hill Study Project Manager Mark Brower then detailed the study's goals and objectives. He said the simple breakdown is that we have to understand that system wide need in our state. Whether it is a large, medium or small airport, we need to understand if our current funding levels are effective at moving projects forward. He said that this study would assess short term and long term needs, determine if funding is adequate and, if not, identify the consequences.

Success Factors and Metrics:
Brower asked the committee, "What does success look like?" The study team developed a list of success factors and methods. He said that the study needed to be clear and comprehensive and accessible to a wide variety of audiences including legislators, airports and the general public. He noted that the study team should provide simplicity for airports to provide inputs. He said the team should also provide coordinated touch points with stakeholders and clearly communicate the study's process and findings. He emphasized that the study team will rely on the committee to provide feedback and ensure that progress resumes on the right track. Brower said that it remains crucial that this study results in data that is valid, traceable and credible.

Study Process:
Brower said that WSDOT and the consultant team strategized together regarding what the study process should look like. He said the team would use data collection and fact finding to evaluate baseline conditions. The team would analyze how the state leverages available funding (local, state and federal) and turns it into aviation capital projects. Brower added that the team would perform a comparison with other states. From there the team will build an unconstrained list of airport needs statewide. The team will also produce a baseline forecast analysis, looking forward

to the prioritization of projects and the economic impacts. Brower said that the final products will be an Airport Investment Research Reference Guide and Baseline Conditions memo. Brower also noted that the study team is at the two month mark of the eight month study, and that the data collection process is well underway.

Summary of Discussion:
The committee discussion is summarized as follows:

- We should look at how the airport system is comprised. Do we need to make adjustments within the system to prevent duplication of airports?
- We must emphasize the economic benefits of airports and explain how they contribute to the state's health and vitality. Draw upon the recently completed Aviation Economic Impact Study.
- Washington must be promoted as an aviation friendly state otherwise people won't care. We must protect general aviation. Business aviation will only go where it is friendly and fair.
- The committee should strategize to determine how each member can be a voice that speaks to local officials and other influences. This is an opportunity for advocacy and demonstrating why this study matters.
- This study is meant to be fact-based. We don't know how big the problem is. One of the primary deliverables is to quantify the magnitude of the gap and determine the consequences. If significant gaps and consequences exist, we will move forward from there. It is premature to jump to solutions before we know the full story.
- January 28 is Airport Funding Day at the Capital. This will be a good venue to communicate where we are in the study process to the legislature.
- Remember the importance of smaller airports as they pertain to public safety. Many of these airports are used for emergencies and medical evacuation and, though they are small, they provide enormous benefit to the communities they serve.

Committee responsibilities:
Eric Johnson, Stakeholder and Quality Management Lead, discussed with the committee its role and responsibilities including:

- Attend meetings and contribute to discussions
- Understand and articulate the Committee's purpose and responsibilities
- Represent constituent group by:
  - Communicating perspective on key issues
  - Convey information back to stakeholders
- Review and comment on drafts and inputs throughout the process
- Provide feedback to the project team

Johnson also said that, like with any project, this study has a communication plan that will ensure consistent, transparent communication with the study team, interested parties list and general public. Communication tools include:

- Website (http://www.wsdot.wa.gov/aviation/AirportInvestmentStudy.htm)
- Aviation News service
- Interested party list
- Advisory Committee Charge
- Airport Investment Study folio
- Study brochure
- Requested briefings

Summary of Discussion:
Johnson asked committee members if they had any input on their role and communications strategies. The discussion is summarized as follows:

- It is useful for WSDOT to proactively provide press releases for committee members to disperse to their various groups.
- It is important that the committee provide their stakeholder groups with consistent messaging. We need to be clear about what this study is doing and what it's not doing.
- AWB has a subcommittee related to just aviation and it is useful to have materials that could be sent electronically to this group.
- CAA members should ensure they are communicating directly with airport sponsors to make sure the information is going where it needs to go.
- It is helpful to have web links embedded in press releases.
- The more channels we use for communication, the better. Using multiple channels is not only effective, but it will highlight the importance of the study
- It will be helpful to provide the study team with deadlines for newsletter articles. The study team can provide content for newsletters as appropriate.
- It is helpful to see what other committee members are sharing with their groups.

Baseline Conditions Approach and Progress:
Mark Brower said that the next section would delve into the available funding and the needs.

Local, State, Federal Investments
Brower initiated discussion of the approach to vet the historic and current investments. He started with federal funding, which is apportioned through entitlement and discretionary funds for the 64 airports that are eligible:

- AIP Funding
- Apportionment
- Entitlement Funds
    - Primary Airports
    - Cargo Service
    - Non-Primary
- Discretionary Funds
    - High Priority Projects

Brower said that the study team would forecast the status quo to understand the funding sources and competing interests. He said that since there is not enough money to fund every project, the team would make a reasonable assessment regarding what growth would look like and consider benchmarks of significant importance.

Tony Davis, Financial and Funding Analysis Lead, then discussed WSDOT's aeronautics account, which funds the department. The account receives revenues from an 11 cent fee on aviation fuel as well as aircraft registration/excise tax/dealer fees. He said that the study team would examine:

- History of aviation taxes in WA
- Revenue sources
    - Define and measure each source
    - Quantify revenue by source
- 10-year revenues/expenditures

Davis said that the study team would also perform an aviation tax comparison with six other states. He said that the study team would use Conklin De Decker software to evaluate the various aviation taxes and document all levels. He noted that they would also use information from NBAA, AOPA and DOR to evaluate where revenue is being generated. Davis said that the team would develop a high/low comparison regarding the range of taxation. They would also develop metrics to compare different taxation methods, the investment per airport and the investment per

based aircraft. He said that they would look to the advisory committee for input on other potential metrics.

Brower then delved into to the local funds. He said that with dwindling federal fund and state funds, airports are working to find ways to increase local funding sources. He said that the study team would survey the state's airports to find the traditional, and unique ways that locals fund their airports.

Brower gave an example of the Jackson County Airport in Medford, Oregon that uses an outside of the box approach to local airport funding. That airport developed a replica of the Oval Office that they rent out for events and capitalizes on multiple sponsorships and advertising.

Summary of Discussion:

- We need to take a holistic look at where the money goes and how much of it actually comes back to aviation. AOPA is a good resource for this.
- Situations exist where taxation has changed the face of aviation in particular states, e.g. Montana and Florida.
- The advisory committee can provide input on states to be used in the comparisons since the list hasn't been finalized yet.
- We should make a distinction between the number of airports that are and are not eligible to receive federal funding.

Short-Term and Long-Term Needs:

Ryan Martin, Needs Assessment Task Lead, presented on the short-term and long-term needs, emphasizing that the consultant team will look at all capital plans. He said that they would differentiate between NPIAS and non NPIAS airports and use an uncostrained budget view. He noted that the goal was to obtain a true assessment of airport needs across the state. Martin said that the team would summarize total short-term and long-term project lists, and prioritize using existing FAA and WSDOT programs.

Martin said that for the short term needs, the study team would leverage WSDOT's existing State Capital Improvement Program (SCIP) data. He noted that the team would try to use all available master plan and airport layout plans, and also survey airports to obtain missing or additional information.

Davis presented on the consequences evaluation. He said that the national infrastructure is deficient in many ways, stating that many roads, bridges and tunnels are in a state of disrepair. He emphasized that airports can easily fall into this category if we are not educated on funding, needs and consequences. Davis stated that this study would identify the consequences of remaining on our current path, including the economic impacts. Davis said that the study would

also measure the impacts of airports to the end users. He noted that the Aviation Economic Impact study identified 17 user-derived benefits of airports, and that these would also be used to evaluate the consequences of staying on the current path.

Summary

Hodgman summarized the meeting, emphasizing that this study must be based on credible, traceable and transparent best available facts. He said that the magnitude of investigating a CIP for 136 airports is significant and that there is a lot of work ahead for the study team. He emphasized again the study team's goal to use the advisory committee for its knowledge and expertise and thanked members for attending.

Summary of Discussion:

- The study is on schedule; the data collection has started and CIPs have been accessed. The next step will be surveying the airports.
- AOPA data will be helpful with the states' comparisons.
- The aeronautics account typically provides $1 million a year for airport aid. During the 11-13 biennium only, the grant program has an additional $1.5 million (using existing funds). At the end of this biennium, WSDOT Aviation will return to the original funding level.
- Airports need to show that they are efficiently using funding provided.
- The study team will use a margin of error range in the needs phase.
- Provide advisory committee with the Washington airport map showing NPIAS and Non-NPIAS airports.
- The study team will develop criteria for airports that do not have master plans or airport layout plans.
- The study team will apply the metrics to airports where standards do not apply.
- Make a clear distinction between federal recommendations and federal requirements. Also consider that not every airport is required to meet standards.
- Aerial applicators have provided feedback about differences in airport needs between managers and users.
- At unmanned airports, private businesses often provide information about the airports.
- Take into consideration that FAA standards are sometimes different than industry standards.
- In order for the investment study to be credible we need to have specific parameters. We need to have the lowest common denominator – a standard that is applicable at every airport.
- We should also look at the operations of airports, particularly the remoteness of the airport and the need to be accessible by EMS. We should look both at the

FAA standard and the state perspective. For instance, Ione is a NPIAS airport, but Colville isn't. Both have a relevant role in particular EMS functions.

- After we do objective classifying, then we will do a subjective analysis in order to try and vet some of these projects.
- When we consider investment and funding, consider volunteer groups. Many of these groups take care of airports and are willing to help keep the airport viable.
- Evaluating how a specific state's tax structure impacts the aviation system is a difficult analysis.
- When putting together the tax comparisons, consider the aviation industry and not just airports. Take a big picture approach.

Airport Investment Study
March 20, 2014
10 a.m. to 1 p.m.
900 E Selah Road
Yakima, WA

Advisory Committee Members in Attendance:
Kate Adams, Washington State Department of Revenue
Beau Perschbacher, Washington State Department of Revenue
Dan Coyne, Alaska Air Group / Coyne Jesernig, LLC
Tom Dent, Association of Washington Business / Owner, Tom Dent Aviation
John Dobson, Washington Public Ports Association / Executive Director, Port of Shelton
Mike Ehl, Operations Manager, Seattle Tacoma International Airport
Michael Ennis, Association of Washington Business / Government Affairs Director, Transportation and Environmental Policy
David Ketchum, Community Airports Association / Senior Planner Airports and Heliports, T-O Engineers
David Lehman, Pacific Northwest Aviation Business Aviation Association
James Lucci, NW Regional Representative, Airlift Northwest
Ryan Sheehan, Washington Airport Management Association / Director of Operations & Maintenance, Spokane Airports
Les Smith, Washington Pilots Association
David Ulane, NW Mountain Regional Manager, Aircraft Owners and Pilots Association
Ken Wirst, Air Ambulance Pilot, Northwest Medstar
Deb Wallace (on the phone) Washington Airport Management Association / Airports and Ferry Administrator, Pierce County

Honorary Guest Speakers:
Senator Jim Honeyford
Senator Curtis King

WSDOT Staff Present:
Tristan Atkins, WSDOT
Rob Hodgman, WSDOT
Eric Johnson, WSDOT
Carter Timmerman, WSDOT
John MacArthur, WSDOT

Nisha Marvel, WSDOT

Consultant Staff Present:
Mark Brower, CH2M Hill
Ryan Martin, CH2M Hill
Tony Davis, CDM Smith

Welcome and Introductions:
WSDOT Director of Aviation Tristan Atkins welcomed the committee to its second meeting, and thanked the group for traveling to Yakima. Atkins addressed the group regarding the passing of a valuable committee member, Bob Kay, from the Recreational Aviation Foundation.

Opening Remarks:
Atkins then introduced Senator Jim Honeyford, who represents the 15th district, co-chairs the Aviation Caucus and has supported several aviation bills.

Senator Honeyford thanked the committee for its participation in the Airport Investment Study, and emphasized the importance of identifying funding sources to support airports.

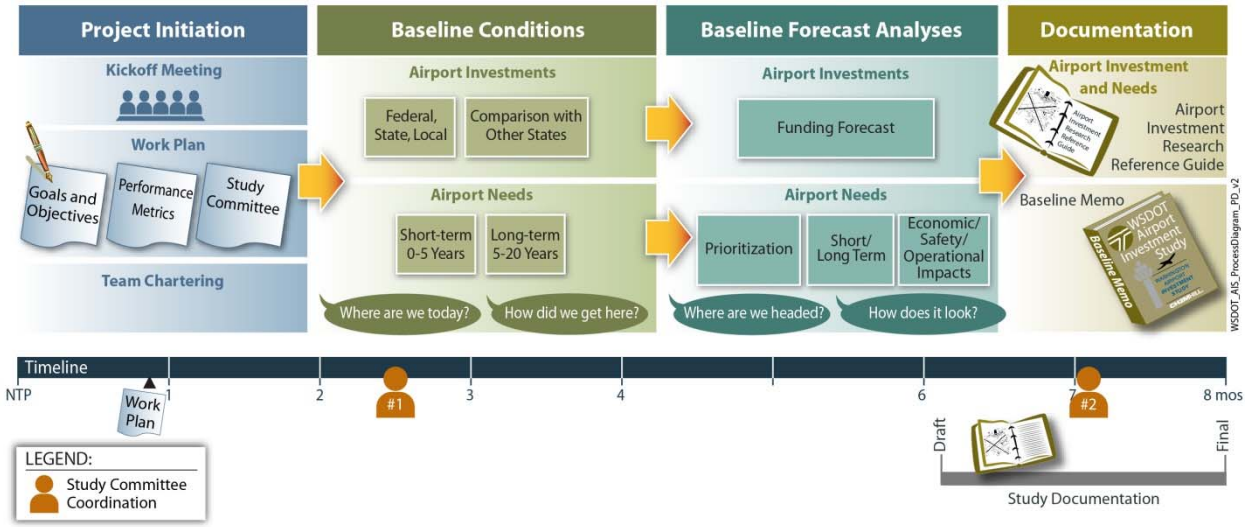
WSDOT Aviation Senior Planner Rob Hodgman briefed the committee on administrative notes, led group introductions and presented the agenda.

Agenda:
Welcome and Opening Remarks
Administrative Notes
Introductions
Project Process Review
Baseline Conditions Findings
Funding Airport Investments
- Federal, State, Local

Airport Investment Needs
Consequences of Perpetuating the "Status Quo"
- Economic and Revenue Impacts
- User Impacts
- Facilities and Operations Impacts

Questions and Comments
Next Steps
Closing Remarks

Project Process Review
CH2M Hill's Mark Brower provided background information about the project process.



Baseline Conditions Findings

Federal:
CH2M Hill's Mark Brower explained the federal revenue sources, apportionment to WA, eligibility, federal share/local match, leveraging AIP funds and forecast. He said the federal funding sources for the FAA Airport Improvement Program are the Airport and Airways Trust Fund, supplemented by the General Fund. Brower said the funds are apportioned to Washington through Entitlement (primary airports, designated cargo, and non-primary airports) and Discretionary Funds (high priority projects). 73 percent of AIP funding is apportioned to primary airports, while 17 percent goes to general aviation.

Brower said that airports must be in the National Plan of Integrated Airports System (NPIAS) to receive AIP funds. The FAA does not generally fund projects that lead to revenue generation. He explained that:

- AIP funds are applicable to 64 of the 134 Washington airports.
- In the past 10 years, AIP funds to WA state have averaged $100m per year.
- Status quo forecast (based on current policy through 2015, and aligned with projected domestic enplanement growth beyond) predicts that $2.1 billion may be available to Washington airports over the 20-year planning horizon.
- Leveraging federal funds using state dollars to maximize funding for NPIAS airports is an important part of the state's grant program.

State Airport Aid:
Rob Hodgman, WSDOT Airport Construction Project Manager Eric Johnson and WSDOT Aviation Planner Carter Timmerman presented on the State Airport Aid Grant Program. Timmerman explained that WSDOT's programs are funded through the Aeronautics Account, which receives revenues from sources such as aircraft fuel tax, aircraft registration fees, aircraft excise tax fees, motor vehicle fuel tax (0.028 percent of gas tax collections), and other sources. WSDOT's programs are primarily funded through the aircraft fuel tax (95 percent).

Johnson explained that state aid is applicable to eligible projects at all Washington public use airports, which creates a significant demand. He said that revenues are limited and the forecast is flat for revenue sources, with $1.4 million potentially available annually for the airport aid grant program ($28 million total in 20 years).

Local Funds:
Mark Brower provided information about local funds, and included the following:

- Ability for airports to fund locally is highly dependent on airport location and the number of operations.
- The current 10% local match requirement is a challenge to WSDOT and local resources.
- It is common for GA airports to be dependent on sponsor general funds.
- The majority of Washington airports have limited ability for generating capital funds, and are reliant on the FAA/WSDOT grant assistance.

Summary of Discussion:

- It is WSDOT's practice to only fund NPIAS airports after they have exhausted their options for federal funds. WSDOT also supports NPIAS airports with their match funds.

- WSDOT's grant program is primarily funded through aviation fuel taxes. This is how WSDOT provides state support to airports.

State Aviation Taxes:
Tony Davis, CDM-Smith, compared Washington's aviation taxes with other states: Colorado, Florida, Ohio, Tennessee, Indiana, Louisiana, Texas and Wyoming.

Colorado:

- 100% aviation fuel taxes reinvested in airports and aviation programs
- Airlines not exempt from fuel taxes
- In 2011, sales tax on jet fuel produced $34.2 million in revenue
- In 2012, $21M was invested in aviation programs

Florida:

- One of the largest and most progressive airport systems
- FDOT funded solely by fuel taxes, portion of motor vehicle and 92% of aviation fuel taxes
- FDOT budget has exceeded $100 million
- In 2011, $40M in aviation fuel tax was collected, $130M was appropriated to aviation programs

Indiana:

- Recently eliminated sales tax on aircraft parts and labor to retain and bolster aircraft maintenance and manufacturing
- Lowered aviation fuel tax by >40 cents per gallon and lowed fuel excise tax from $0.18 to $0.10
- Previously ranked highest nationally in aviation taxation, now competitive.
- In 2012, state grant program was $1.2 million. 2014 grant program is $2.4 million

Louisiana

- In five years, funding for aviation projects has gone from $8 to $30 million/year
- Expanded fly-away exemption to include taxes paid in other states and aircraft with 50+ seats
- In 2009, $9.7M in fuel tax was collected and used for aviation

Ohio

- No taxes on aircraft parts/labor
- Exemptions for taxes related to flight simulators
- Continuing to increase exemptions to spur growth in aircraft maintenance and flight training
- Annual state budget for airport improvements is $1-1.2M

Tennessee

- Property tax based on intended use. Example: $5 million jet pays $92,250 annually
- Parts and Labor taxed at 7%, air carriers and aircraft removed within 15 days exempt
- 4.5% aviation fuel tax dedicated to aviation
- $4M annually in airport grant aid

Texas

- Highway funds used to support aviation
- Each year about $2.2 billion in motor fuel taxes goes to Highway Trust Fund
- Low tax burden for aviation users
- No aviation fuel tax

- FY2013 state aviation investment was $10.8M

Wyoming

- 100% of aviation fuel taxes used for aviation.
- Mineral Trust Fund also supports aviation
- In 2012, Wyoming collected over $1.6 billion in mineral tax revenue
- Over the next three years, state budgets for airports is $8-9M

Davis said that:

- WA is the only state of those compared with more Non-NPIAS airports than NPIAS airports
- WA has one of the highest number of based aircraft per NPIAS airport, an indicator of good utilization
- Dramatic difference in aviation funding between states
- WA aviation funding is among the lowest, based on airports and aircraft

Summary of Discussion:

- These findings are true of just the states studied – they aren't national findings.
- Colorado changed much of its funding structure in the 80s.
- The study team has done a thorough job capturing other states' tax structures.

Airport Investment Needs:

Ryan Martin, CH2M Hill, provided the committee with the data sources used for identifying the need from the ground up:

- Statewide Capital Improvement Program (SCIP)
- Master Plans / Airport Layout Plans (ALP)
- Airport Pavement Management System (APMS)
- PSRC's NextGen Study
- FAA Master Record Form 5010
- Airport Sponsor survey

He said the goal of the airport investment needs portion of the Airport Investment Study is to develop and document a clear and defendable method for establishing an overall total capital need for the short-term (0-5 years) and long-term (6-20 years) planning periods.

Martin said the data was validated through airport surveys, which addressed:

- General information (existing and future)
- Short- and long-term capital projects
- Aviation related activities & public benefits
- Local airport funding resources and issues

Martin explained capital project costs, project prioritization and then summarized the statewide need:

- Total 20-year need
    - Over 4,300 unique projects
    - $3 Billion (current $$)
    - Includes ineligible
- Need is likely understated
    - Unreturned Surveys
        - $3.2 million (NPIAS)
        - $90 million (Non-NPIAS)
- Long-term planning is lacking clarity
    - Only $1.7 billion in long-term projects (6-20 years) identified, compared to $1.3 billion in short-term (0-5 years) projects identified.
- As such, the near term (0-5 years) projects were projected to identify a more likely 20-year Projected Program Need: $3.6 Billion
- $1.1 billion in identified projects are ineligible for state and/or federal funds.

Summary of Discussion:

- Study team took a reasonable approach of getting a realistic estimate by taking the highest fidelity number we knew and then projecting that out into the future without inflation.
- There must be a clear description of how the study team got to the projected number in the final document.
- The state is doing a better job at keeping up with pavement maintenance at smaller airports, which should mean there won't be a big payment number at the five to ten year levels.
- Ineligible projects are valid needs at airports. They represent one third of the amount of projects.
- WSDOT funding is based on the availability.
- Must look at the fact that the needs analysis includes Sea-Tac, and that is a big number. We need to make people aware of that in the report, as Sea-Tac skews the numbers.
- Historically, WSDOT hasn't funded Sea-Tac projects. Sea-Tac has its own, much larger funding sources and may recognize the need for WSDOT to target its limited funds to address other aviation system needs.
- Make sure you are clear in the final report regarding eligible and ineligible projects. Spell this out for people rather than making them guess.
- It is important for the legislature to understand the need, but then see the need without SeaTac.
- Aviation is a major benefit to the state regardless of the size of the airport. Every airport is important large and small.

- Each time WSDOT solicits grant applications it announces how much it is awarding. Airports use that information to determine whether to apply. If WSDOT has less to offer it sees certain airports drop off.

Consequences of Perpetuating the "Status Quo"

Ryan Martin introduced the gap discussion based on available funding a projected need:

- Forecast FAA Funding
  - Short-Term: $444 million
  - Long-Term: $1.62 billion
  - **Total: $2.1 billion**
- Forecast WSDOT Funding
  - Short-Term: $7 million
  - Long-Term: $21 million
  - **Total: $28 million**

He said that the study conclusions focused on evaluating the consequences of state funding levels which only apply to "eligible" projects. The "Program Need" is the Total Need minus ineligible projects.

	Program Need (from Study Data) ($ Millions)			Program Need (from Projected Data) ($ Millions)		
	NPIAS	Non-NPIAS	TOTAL	NPIAS	Non-NPIAS	TOTAL
Program Need	1,715	102	**1,817**	3,359	198	**3,557**
Likely to be Funded	1,328	12	**1,340**	1,887	11	**1,898**
Unlikely to be Funded	387	90	**477**	1,472	187	**1,659**

The 20-year funding gap is significant - $1.7 billion.

Tony Davis discussed potential economic consequences for not addressing the funding gap. If we don't fund and accomplish the program need projects identified as unlikely to be funded, the impacts could include over 13,000 jobs that would not be created, $0.7 billion labor income and $2 billion total economic output unrealized, and $74 million in unrealized tax revenues.

Ryan Martin discussed potential impacts to the aviation related activities that airport users directly benefit from. The 17 activities defined in WSDOT's Economic Impact Study include:

Skydiving, Aerial Sightseeing, Agriculture, Aircraft Manufacturing, Aerial Photography, Scientific Research, Emergency Preparedness and Disaster Response, National Security, Firefighting, Search and Rescue, Medical Air Transport, Blood, Tissue and Organ Transportation, Air Cargo, Pilot Training, Personal Transportation, Business and Corporate Travel, and Commercial Service. All of these activities will be moderately to largely affected as a result of projects not being funded.

Ryan Martin discussed potential impacts to airport facilities and operations. Due to the funding gap, airport capacity and sustainability projects will likely continue to be strained and will defer to more critical safety related projects. Non-NPIAS and smaller GA airports will likely be unable to afford to implement a majority of their planned capital improvement plans, resulting in minimal maintenance of facilities and operations.

Summary of Discussion:

- The ability of local airports to determine their match is more dynamic because of all of the different sources. We might be able to make assumptions on whether the airport could meet its local match by classification.
- Recognizing that WSDOT does not typically fund projects at SEA-TAC, the Program Need excludes SEA-TAC projects.
- We can capture one-time construction related job numbers using WSDOT Aviation's economic calculator.
- The study team took a conservative approach in regards to B&O taxes, i.e., not a cumulative approach. B&O is a low rate compared to sales tax.
- Airports are struggling to do projects that support revenue generation. Revenue generating projects are most likely ineligible.
- Consider NextGen in future project expenses.
- There will be NextGen infrastructure needs and the study team included those at Puget Sound airports.
- Executive summary will be challenging.
- Twenty-year forecasts are common timeframes in airport planning.
- WSDOT is interested in funding airport revenue generating projects. Local airports have to be able to provide their percentage.

Next Steps:

Tristan Atkins asked the group to consider next steps based on the investment needs and the gaps.

Summary of Discussion:

- It is the responsible thing to do, once you identify a problem, to figure out how to fix it.
- The study team has taken a conservative approach to explain the needs that is credible.
- Funding for a "solutions" study would come from funds allocated to the grant program during the last legislative session.
- The follow on study would start in May and end by Dec. 31.
- Keeping the same advisory committee would preserve expertise and increase efficiencies.
- Two advisory committee meetings would occur between May and Dec.
- Department of Licensing, Department of Commerce and MPOs and RTPOs may be recruited for assistance and participation.

Closing Remarks:
Atkins introduced Senator Curtis King, who represents the 14th district and has sponsored several aviation related bills.

Senator King emphasized the importance of airports on the region and state's economy. He said that recent transportation needs discussions have not included aviation. People don't fully understand how crucial aviation is to our state in terms of jobs and economic output. He commended the committee for the work they've done thus far to determine gaps and encouraged them in the important work going forward of finding solutions.