



**APPENDIX 3:**

**Advisory  
Committee  
Meeting Notes**



**Airport Investment Study  
Solutions Phase  
May 28, 2014  
9 a.m. to 1 p.m.  
Boeing Field / Seattle, WA**

**Agenda:**

Welcome and Opening Remarks  
Administrative Notes  
Introductions  
Committee Charge and Responsibilities  
Project Review Process  
Solutions Phases Goals and Objectives  
Decision-Making Process  
Screening and Evaluation Criteria  
Potential Solution Ideas  
Questions and Comments  
Next Steps  
Closing Remarks

**Welcome and Opening Remarks:**

WSDOT Senior Aviation Planner Rob Hodgman introduced WSDOT Aviation Director Tristan Atkins. Atkins greeted the group, welcomed them to “Solutions Phase” of the Airport Investment Study, and thanked them for attending. He then introduced the group to guest speaker, Rep. Gael Tarleton, who represents the 36<sup>th</sup> District and is the Co-Chair of the newly formed Aviation Caucus. He said Rep. Tarleton serves on the Higher Education, Technology & Economic Development, Transportation and Rules committees.

Rep. Tarleton thanked the group for its time and reminded them our state faces competing needs for all infrastructure. She said that legislators are paying attention and highlighted the importance of aviation stating that airports benefit our economy in every district in the state. She emphasized the difference between being caretaker and stewards in that stewards have to invest in the future. She said that right now stewardship is what we need.

**Committee Charge and Responsibilities:**

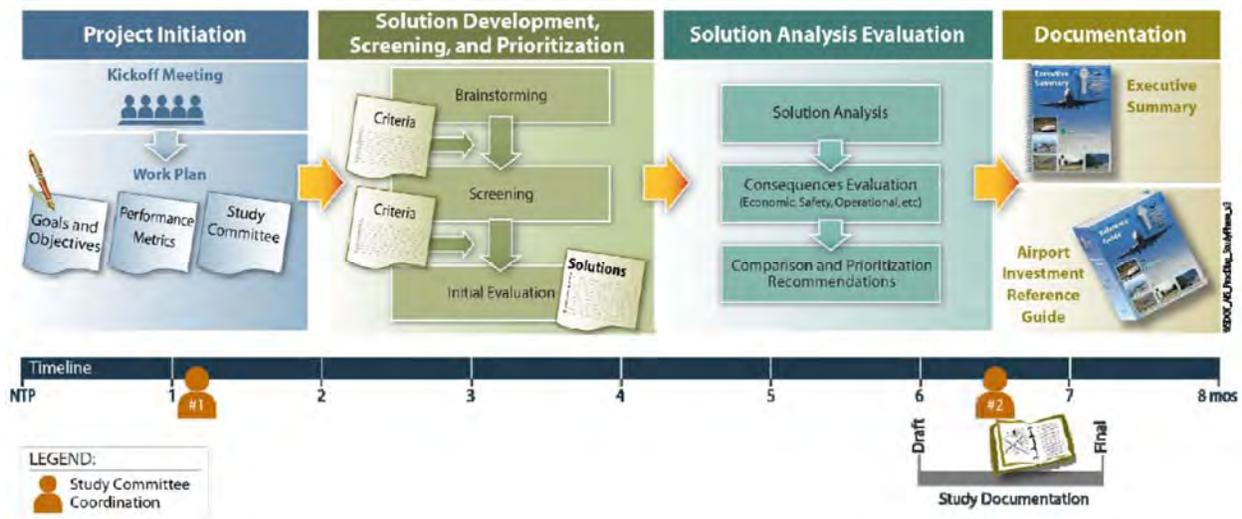
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- Understand and articulate the Committee’s purpose and responsibilities
- Represent constituent group by:
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- Convey information back to stakeholders
- Review and comment on drafts and inputs throughout the process
- Provide feedback to the project team

Hodgman said that the project team has established a discussion board online. He emphasized that it is a way for the group to have a collaborative discussion and members are encouraged to post there.

CH2M Hill's Mark Brower described the study process:



### Goals and Objectives:

WSDOT Aviation Planner Carter Timmerman discussed the study's goals and objectives:

**The overall goal of the study is to identify and analyze potential implementable solutions to address the airport preservation and improvement needs of the Washington State aviation system.**

Key Study Objectives include:

- Seek solutions that produce the greatest benefit to the aviation system capital and preservation needs.
- Seek solutions that yield scalable and appropriate impact to users.
- Seek solutions that support the Governor's "Results Washington" initiatives and support Washington State "Priorities of Government."
- Seek solutions that improve the aviation system benefit to the Washington State Economy.

CH2M Hill's Sielen Namdar then presented the decision making process, which involves preliminary screening, initial evaluation, technical analyses and consequences evaluation and the final evaluation. Namdar said that this meeting would focus on the screening and evaluation

criteria and potential solutions. Hodgman said that the group could propose any solution at this meeting and that even if a solution is screened out, or does not make the short list to be studied further, all would be recorded as part of the study.

### **Screening Criteria:**

WSDOT Aviation Planner Duncan Crump provided an overview of the screening criteria:

- Narrow down from a ‘world of solutions’ to ones that are feasible, acceptable, suitable, distinguishable, and complete.
- Employ an effective method for ‘weeding out’ solutions that won’t work.
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The following are the initial screening criteria developed by the consultant team.

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3. Funding and non-funding solutions that reduce the funding gap

4. Solutions that support Washington State Priorities of Government and the Governor’s “Results Washington” initiatives

5. Solutions that are harmonious with and do not preclude other solutions

#### **Distinguishable – distinct or unique**

6. Solutions that do not share critical components with other solutions

#### **Complete – having all parts or elements; whole; entire**

7. Solutions that are not dependent on other solutions

8. Solutions that are complete; not missing key elements or steps

### **Summary of Discussion:**

- *Criteria 1: Informing* legislators is important. A balanced approach will be critical. We need to show what we have to offer, in return for what we are asking for.
- *Criteria 1: Feasibility:* what if a solution is not feasible today, how do we address that?
- *Criteria 3: Non-funding solutions:* We should balance funding increases with solutions that address the cost or need side of solutions, such as eliminating non-performing facilities.
- The study is going to pursue feasible and actionable items.
- Both funding/non-funding solutions are potentially viable and we’ve already identified potential ways to reduce the needs.
- *Criteria 2:* In order to sell solutions, benefits should be proportionate to impacts for various stakeholder groups.
- *Criteria 2:* There should be a nexus between the solutions and outcomes we’re seeking.

- Criteria 2: There could be a direct cost benefit to stakeholder groups as a result of solutions, but we also need to think about and recognize indirect benefits for solutions that benefit the system.
- Criteria 1: Informing the legislature is critical. Informing is an important part of these criteria.
- Criteria 3: We will need to demonstrate solutions that save the state money (cost reduction) along with funding increases.
- Criteria 1: Feasibility: Screening criteria should allow for solutions that may not be feasible today, but could be later.
- Criteria 3: Non-funding solutions are important. We need to work at the cost side too or where there may be overlapping.

**Evaluation Criteria:**

Namdar then presented the Evaluation Criteria:

- Align with Project Objectives
- Used to measure, evaluate and rank each solution
- Highlight trade-offs
- Can be weighted for a more in-depth comparison

The following are the initial evaluation criteria developed by the consultant team.

**Objective 1.** Seek solutions that produce greatest benefit to the aviation system capital and preservation needs.

Evaluation Criteria
Solutions that support and enhance safety and security
Solutions that support and enhance system capacity
Solutions that support and enhance facilities and operational efficiencies
Solutions or combinations of solutions that address the funding gap
Solutions that support emerging technologies and future aviation system needs
Solutions that are stable and sustainable
Solutions that have the highest benefit to cost ratio

**Objective 2.** Seek solutions that yield scalable and appropriate impact to users

Evaluation Criteria
Solutions that can be implemented in a timely manner
Solutions that have stakeholder support
Solutions that are equitable among various users
Solutions that balance the needs of various Washington airport categories

**Objective 3.** Seek solutions that support the Governor’s “Results Washington” initiatives and support Washington State priorities of government.

Evaluation Criteria
Solutions that increase jobs
Solutions that maintain infrastructure assets at 2012 baseline levels
Solutions that improve at least 92% of airport pavements to fair or better condition
Solutions that provide for safety of people and property
Solutions that protect and improve, and provide access to natural resources, and cultural and recreational opportunities throughout the state
Solutions that improve economic vitality of businesses and individuals, and vibrancy of communities
Solutions that improve statewide mobility of people, goods, and services
Solutions that improve quality of life and environment
Solutions that maintain prior investments in transportation systems and services

**Objective 4.** Seek solutions that improve the aviation system benefit to Washington state economy.

Evaluation Criteria
Solutions that increase jobs, wages, economic output, and/or tax revenues
Solutions that provide opportunity for growth

**Summary of Discussion:**

**Objective #1**

- Are these criteria in any order? (Response: They are not in any order at this time.) Safety and security should be above capacity.
- Need to have a criteria that supports and enhances ‘preservation’

## **Objective #2**

- A balance across WA geographically (west vs. east, etc.) may be desirable.
- Stakeholder support may shift. A solution may not have support today, but could achieve it through discussions. Criteria may need revising or removing so solutions are not dropped too early.

## **Objective #3**

- Safety may be considered differently amongst stakeholders. We need for the safety of people and property criteria to apply to airports, and also beyond airports to the communities.
- Duplication of “increase jobs” criteria with one in objective #4. We need to be careful in weighting these items if there is duplication.

## **Objective #4**

- Objective speaks for itself. The better the airports are managed the better the economy.
- Consider criteria that emphasize leveraging private investments.
- These airports don't act individually, but as a system (support each other) – part of a much broader network that connects our economic centers. They provide cargo movement between airports and communities that otherwise are challenged to access.
- Create/generate projects that the private sector can accomplish in short order. The government should have the first right of refusal.
- Criteria that measures solutions that improve public awareness and access to the aviation system. This increases use and public support, associated revenues, etc.
- If we don't know about details of airports, how can we increase jobs? Airports need skilled people and so does the industry.
- Create more partnership with education to train skilled workers for aviation jobs. Partner with aerospace/education.
- Commerce doesn't end at state lines. Consider our strategic relationships with boundary states and airports, such as PDX, Lewiston/Clarkston, etc.
- There is competition with tax structures outside of our borders. WA taxes (9.5%) are higher than taxes in ID and OR. How does WA compete? Operators buy tanker fuel in from other states, so we are not realizing the sales taxes on fuel.
- Consider a portion of excise/sales tax at airports going to aviation?

## **Potential Solution Ideas:**

The group then broke out into four smaller groups to discuss potential solutions.

### Solutions Brainstorming

Group #1 – Lead: Jamelle Garcia

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2. Study fuel tax exemptions.
3. Promote commissions at small airports.
4. Cargo opportunities with border states/countries – (eg, Coeur d’Alene, Vancouver BC).
5. Aviation taxes (leasehold, sales, excise) should go to aviation.
6. Coordinate USDOT roadway paving with airport paving projects to benefit from economy of scale, mobilization savings.
7. Address FAA standards that may be more than needed at certain airports.
8. Kiosks – point of focus to improve education/assets to airports. Tiered system with size depending on airport.

Group #2 – Lead: Ryan Sheehan

- Waive FAA requirements – but maintain safety (NPIAS Airports).
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- Make distinction between high revenue generating airports and lower revenue generating airports, and consider their respective ability to pay and allocation of funds.
- Airport Management BMP Tool Kit. Emphasize BMP & take credit for implementation. WSDOT Aviation should facilitate individual airport assessments.
- Through-the-fence & business planning – communicate how it can be done.
- Protect aviation excise tax to aviation account! (first)

- Adjust exemptions to aviation account.
- Consider ways to create benefit to commercial aviation to create support for above 1¢ gallon on commercial aviation fuel.
- EB-5 – Investor Visa Program (investigate opportunity.)
- Investigate best practices among FAA regions for implementation (take advantage of FAA weekly calls with regions to learn).
- Investigate airport sponsor differences to identify & possibly implement sponsorship changes. Audit differences; trend analysis for different types of sponsors, i.e. port vs. municipal vs. other.
- Block grant opportunities (give WSDOT authority).
- P-3 (public private partnership) Funding.
- Leverage outside resources.

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#### **Follow-on Discussions – Solutions Brainstorming:**

- West Coast Infrastructure exchange program – looking for opportunities to bolster infrastructure for commerce.
- NPIAS (WA has the most non-NPIAS airports).
- Should we look at the density of airports?
- FAA requirements are very specific for being NPIAS.
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- Need to address the number of airports and concentration of them (why do we have 134, do we need all of them?).
- There is still value to many smaller airports (emergency, etc.).
- Some ideas from this process can be rolled into the system plan.
- We need specific implementable solutions.
- Would like to see the System Plan scope to see the whole program (non-funding, right-sizing the NPIAS component of the system, etc. (Hodgman noted the scope is in raw form currently, but would circulate when ready.)
- Can, for example, three airports be combined and move to a new location that serves several communities?
- Geographic analysis can help determine ‘combining’ ideas-system plan. May be a long-term solution.
- Regional airport system: create synergies among larger and smaller airports - mothership model (parent). For example Felts Field benefits from the same Airport Board as Spokane International.
- P3 (Public/Private Partnerships) FAA has a pilot program for airport privatization.
- Use private sector money, then turn over to the public sector.
- Need to think differently about diversion of aviation-generated revenues – recapture current funding revenue back into aviation.
- Airport ground leases. Based on percent of appraisal – can get higher lease rates?
- Market assessment every five years.
- We’re not looking enough at industrial uses at airports.
- Registration fee: we need to provide an excise tax solution.
- Capturing existing revenues from the general fund – need to maximize current revenues before adding new ones.
- Every other industry and stakeholder group has similar ideas for using the general funds or re-capturing diverted fund to the general fund. We need to provide a compelling and balanced case.
- As an industry we need to persuade by the ability to leverage existing federal money for local match (multiply – say 10% match) – complete the circle.
- Funds from general fund to aviation, funds more airport projects, leads to more jobs, which generate more tax revenues, which feeds back into the general fund as airports are operated more efficiently and “as a business.”
- Take advantage of legislative caucus.
- Smaller airports make annual grant requests. Can we promote the interest and management BMP system?
- Focusing on economic development whether one time, or program-based.
- Leverage airport investment, especially with the “airport investment study.”
- Take care of excise tax, then identify economic development money and link to jobs – money that is invested from the general fund.
- Our goal should be to develop positive trends and consider future technologies.

**Next Steps:**

Hodgman encouraged the group to continue thinking and send criteria and solution ideas to WSDOT Communications Nisha Marvel or post on the SharePoint site. He said the project team would solicit feedback from the group in the coming week or two on weighting the evaluation criteria. Once the project team conducts the screening and evaluation processes, they will document and present to the committee in draft form for review and comment.

Atkins thanked the group again for attending the meeting.

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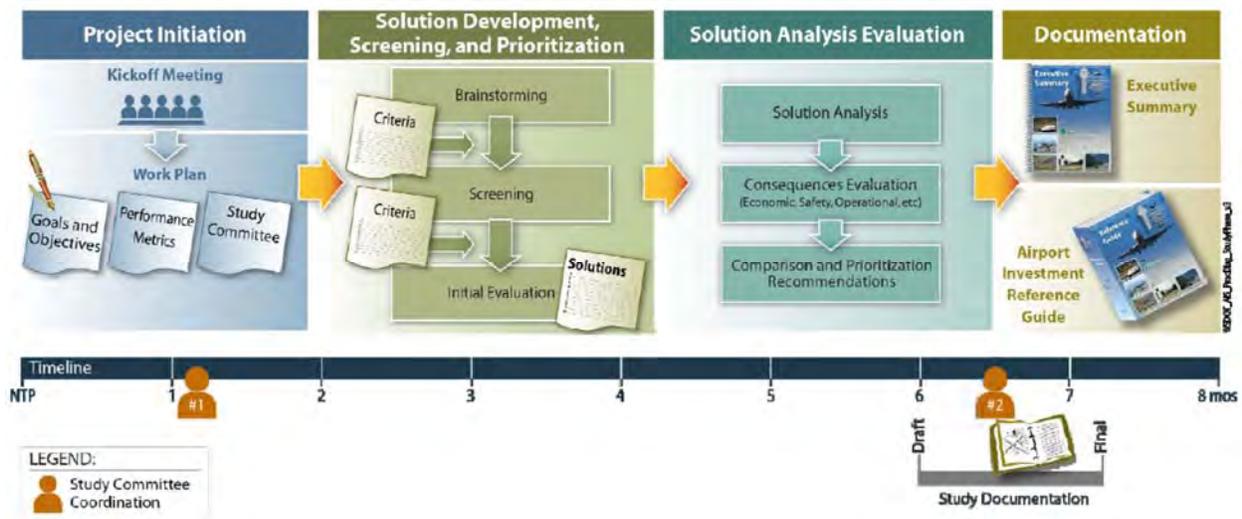
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- Can, for example, three airports be combined and move to a new location that serves several communities?
- Geographic analysis can help determine ‘combining’ ideas-system plan. May be a long-term solution.
- Regional airport system: create synergies among larger and smaller airports - mothership model (parent). For example Felts Field benefits from the same Airport Board as Spokane International.
- P3 (Public/Private Partnerships) FAA has a pilot program for airport privatization.
- Use private sector money, then turn over to the public sector.
- Need to think differently about diversion of aviation-generated revenues – recapture current funding revenue back into aviation.
- Airport ground leases. Based on percent of appraisal – can get higher lease rates?
- Market assessment every five years.
- We’re not looking enough at industrial uses at airports.
- Registration fee: we need to provide an excise tax solution.
- Capturing existing revenues from the general fund – need to maximize current revenues before adding new ones.
- Every other industry and stakeholder group has similar ideas for using the general funds or re-capturing diverted fund to the general fund. We need to provide a compelling and balanced case.
- As an industry we need to persuade by the ability to leverage existing federal money for local match (multiply – say 10% match) – complete the circle.
- Funds from general fund to aviation, funds more airport projects, leads to more jobs, which generate more tax revenues, which feeds back into the general fund as airports are operated more efficiently and “as a business.”
- Take advantage of legislative caucus.
- Smaller airports make annual grant requests. Can we promote the interest and management BMP system?
- Focusing on economic development whether one time, or program-based.
- Leverage airport investment, especially with the “airport investment study.”
- Take care of excise tax, then identify economic development money and link to jobs – money that is invested from the general fund.
- Our goal should be to develop positive trends and consider future technologies.

**Next Steps:**

Hodgman encouraged the group to continue thinking and send criteria and solution ideas to WSDOT Communications Nisha Marvel or post on the SharePoint site. He said the project team would solicit feedback from the group in the coming week or two on weighting the evaluation criteria. Once the project team conducts the screening and evaluation processes, they will document and present to the committee in draft form for review and comment.

Atkins thanked the group again for attending the meeting.

**Airport Investment Study**  
**Dec. 17, 2014**  
**9 a.m. to noon**  
**Terminal Building**  
**Boeing Field/King County International, Seattle**

**Advisory Committee Members Present:**

Mike Ennis: Government Affairs Director, Transportation & Environmental Policy, Association of Washington Business

Tom Dent: Representative 13<sup>th</sup> District / Owner, Tom Dent Aviation / Association of Washington Business

Ryan Sheehan: Director of Operations & Maintenance, Spokane Airports / Washington Airport Management Association

Deb Wallace: Airports & Ferry Administrator, Pierce County / Washington Airport Management Association

Stephen Kiehl: Principal Planner, Puget Sound Regional Council

David Ketchum: Senior Planner, T-O Engineers / Washington State Community Airports Association

Kandace Harvey: Owner, Harvey Field / President, Washington Airport Management Association

Beau Pershbaucher: Tax Policy Specialist / Washington State Department of Revenue

**WSDOT Staff Present:**

Tristan Atkins: Director of Aviation

Rob Hodgman: Senior Aviation Planner

Eric Johnson: Airport Construction and Grants Program Manager

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

Duncan Crump: Aviation Planner

Nisha Marvel: Aviation Communications / Project Communications Management

**Consultant Staff Present:**

Mark Brower: Transportation Engineer/Project Manager, CH2M HILL / Study Project Manager

Ryan Martin: Transportation Engineer & Planner, CH2M HILL / Solutions Performance Analysis

Eric Laing, Aviation Planner, CDM Smith / Financial and Funding Analysis

Chip Snowden, Aviation Planner, CH2M HILL / Solutions Analysis

Sielen Namdar, Planner / Facilitator, CH2M HILL / Study Facilitation and Communications  
Scott Sanders, Aviation Market Sector Lead, CDM Smith / Solution Economic/Aviation System  
Assessments

**Others in Attendance:**

Dale Clark

**Welcome and Introductions:**

WSDOT Aviation Director Tristan Atkins, WSDOT Senior Aviation Planner Rob Hodgman and CH2M HILL Project Manager Mark Brower welcomed the group to the meeting and thanked them for the time and hard work they have put into the Airport Investment Study and Airport Investment Solutions Phase. The group then watched a video by Assistant Secretary of Community and Economic Development Amy Scarton that further thanked each member, highlighted the importance of the studies and applauded the work of the committee.

WSDOT SCIP Program Coordinator John MacArthur presented Boeing Field's General Aviation & Facilities Coordinator Courtney Meredith with an award for her assistance in coordinating successful Airport Investment Study Advisory Committee meetings at the facility on the airport.

**Agenda:**

Welcome and Opening  
Administrative Notes  
Introductions and Agenda Overview  
Study Process Review  
Decision Making Process and Initial Results  
Solutions Analysis Summary  
Potential Solution Performance  
Question and Comments  
Break and Select Solutions for Discussion  
Solutions Discussion  
Project Funding Analysis  
Economic Impacts  
Next Steps  
Closing Remarks

Hodgman told the group that this meeting would provide an overview of background and study processes, but that the focus would be on the solutions. He said the Project Team would provide a high level description of the solutions, but that the advisory committee would have an opportunity to select specific solutions to delve into more deeply.

### **Study Process Review:**

WSDOT Aviation Planner Carter Timmerman provided a brief overview of the study process including:

- Project Initiation
- Solutions Development, Screening and Prioritization
- Solution Analysis Evaluation
- Documentation
- Legislative Coordination
- Final Documentation

### **Decision Making Process and Initial Results:**

WSDOT Planner Duncan Crump described the decision making process and initial results.

Thirty-three possible solutions were developed that fell into four categories:

- 13 New Funding Solutions
- 7 Refinements to Current Funding Programs
- 6 Revisions to Current Funding Sources
- 7 Aviation System Revisions/Airport Management Best Practices

Crump said that the Project Team applied screening criteria to the possible solutions based on whether they were feasible, acceptable, suitable, distinguishable and complete. The team also used Initial Evaluation Criteria to compare solutions and identify ones that best met the four primary study objectives:

- Produce the greatest benefit to the aviation system capital and preservation needs.
- Yield scalable and appropriate impact to users.
- Support the Governor's "Results Washington" initiatives and Washington State "Priorities of Government."
- Improve the aviation system benefit to the Washington State Economy.

The criteria were weighted through:

- Consultant Team (Pairwise Comparison)
- WSDOT/Advisory Committee (Online Survey)
- Average Weighting Factors Used

Based on that effort the Project Team and Advisory Committee ranked and scored 13 possible solutions using a weighted scoring system.

Solution	Solution Name	Rank - Total Score (No Weight)	Weighted Score	Rank - Weighted Score
3b	Airport leasehold taxes to go directly into the aeronautics account	1	133	1
2a	Realignment of current funding allocations	2	130	2
2b	Restructure the current State transportation and general funds	2	130	2
1j	Alternative economic development based consumption tax	2	130	2
1i	Alternative taxing of the proportional value of transportation benefits derived	6	125	5
1d	Public Private Partnerships, (P3) project funding	2	125	6
4f	Develop a Management Best Practices toolkit for state airports	6	123	7
3a	Increase existing aviation taxation rates	8	120	8
1g	Alternative taxing of airport operationally oriented uses	10	118	9
3c	Revise Fuel Tax Exemptions	10	118	10
3d	Modify and improve the State aircraft excise/sales tax program	10	118	10
1k	Establish a State sponsored revolving aviation infrastructure loan fund	10	116	12
1b	Utilize "Infrastructure Exchange" financing	8	115	13
1f	Establish wide ranging state tax credits to airports	14	112	14
1h	Alternative taxing of on airport generated commercial activities	15	111	15
4e	Right size airport infrastructure	16	104	16
4g	Investigate FAA funding best practices by region	16	102	17
3e	Utilizing other State and Federal grant funding sources	16	101	18

### Analysis Summary:

Chip Snowden and Eric Laing presented on the Analysis Summary and Methodology including New Funding Sources:

- 1B – West Coast Infrastructure Exchange (WCX) Project Funding: This solution would leverage WCX to pair potential private investors to large, revenue generating aviation projects.
- 1D - Public Private Partnerships (P3): This solution entails the full utilization of private sector funding for revenue producing airport projects.
- 1G - Alternative Taxing of Airport Operationally Oriented Uses: This solution collects additional tax revenue from users of airport parking lot fees and/or ground transportation operations at commercial service airports.
- 1J - Alternative Economic Development-Based Consumption Tax: This solution collects additional tax revenue from users of hotels and motels.
- 1K - Establish a State-Sponsored Revolving Aviation Infrastructure Loan Fund (SRF): The solution establishes a revolving loan program that would fund capital infrastructure projects at airports that have an ability to pay back the loan.

Refinements to Current Funding Programs:

- 2A - Realignment of Current Transportation Revenue Allocations:

- Reallocation of Motor Vehicle Fuel Tax: This solution allocates a greater share of motor vehicle fuel taxes paid into the General Fund to the Aeronautics Account, based on improved estimates of motor vehicle fuel usage for aviation operations.
- Reallocation of Rental Car Tax: This solution allocates a greater share of taxes paid for rental cars into the General Fund to the Aeronautics Account, based on portion of rental cars that are initiated at Washington State airports.
- 2B – Modify State Transportation Funds Allocations Across All Modes
  - This solution would revisit all transportation funding resources and prioritize investments in each of the transportation modes (aviation, highways, ferries, rail, etc.), based on the relative benefits back to the state and citizens, and other key statewide strategies.

#### Revisions to Current Funding Sources:

- 3A - Increase Select Aviation Tax Rates:
  - Increase Aircraft Fuel Excise Tax Rate: This solution increases the existing aircraft fuel excise tax rate. Four of the six industries are exempt from this tax, so only recreational aviation and general aviation could be subject to increased costs.
  - Increase Dealer License and Aircraft Registration Fees: This solution increases the fees for aircraft dealer licensing and aircraft registration. The increased costs for aircraft dealers could be passed on to aircraft buyers, predominately affecting recreational aviation and general aviation.
- 3B – Airport Leasehold Taxes Go Directly into the Aeronautics Account
  - This solution reallocates taxes paid for leasing publicly-owned airport land from the General Fund to the Aeronautics Account.
- 3C - Revise Fuel Excise Tax Exemptions:
  - This solution revises the aircraft fuel excise tax exemptions for aerospace manufacturing, commercial air service provider, aerial agricultural applicator, and emergency medical air transport industries.
- 3D - Modify the State Aircraft Excise Tax Program:
  - This solution revises the aircraft excise tax from a fixed fee to a percentage of aircraft value.
  - This solution extends the existing aircraft excise tax to include unmanned aircraft.
  - This solution reallocates the current aircraft excise tax paid into the General Fund to the Aeronautics Account.

#### Aviation System Revisions / Airport Management Best Practices

- 4F - Develop a Best Management Practices (BMP) Guidebook / Toolkit for State Airports:
  - This solution entails development of best practices that will help airports to move towards self-sufficiency in their capital development programs.

## **Analysis Findings**

Snowden said the analysis concluded with nine potential solutions the group would talk more about today.

### **Core Solutions**

**(In Order of Solution Reference Number)**

### **New Funding Solutions**

- 1. Public Private Partnerships (P3)**
- 2. Alternative Taxing of Airport Operationally Oriented Uses**
- 3. Alternative Economic Development-Based Consumption Tax**
- 4. Establish a State-Sponsored Revolving Aviation Infrastructure Loan Fund (SRF)**

### **Revising Existing Funding Solutions**

- 5. Reallocation of Revenues from Other State Accounts to the Aeronautic Account**
- 6. Increase Select Aviation Tax Rates**
- 7. Revise Fuel Excise Tax Exemptions**
- 8. Modify the State Aircraft Excise Tax Program**

### **Non-Funding Solutions**

- 9. Develop a Best Management Practices (BMP) Guidebook / Toolkit for State Airports**

## **Questions and Comments:**

WSDOT Airport Construction and Grants Program Manager Eric Johnson told the group they would pause for questions and discussion.

## **Summary of Discussion:**

- Leasehold tax made the list in the form of Solution 5. That solution is a combination of several solutions.
- There is a concern with the FAA loan fund. It creates an added cost to maintain but isn't necessarily an added revenue source. This will be explored more in the Aviation System Plan update.
- Research the excise tax exemptions and why they were enacted in the first place to make a better case for any potential changes.

## **Potential Solution Performance:**

Brower led the group through a presentation on the Performance Analyses and Potential Solutions Performance, Solution Comparison and Stakeholder Support.

### Determine Potential Performance

- Potential financial contribution
- Alignment with Study Objectives
- Understand ability to garner Stakeholder Support
- Benefits/Impacts to Stakeholders
- Benefits from system improvement
- Potential Solution Performance
- Milestone mapping
- Key Objectives
- Solutions with Key Objectives Barometer

### **Benefits and Impacts to Industry:**

Laing described how the Study Team Evaluated Six Aviation Industries:

- Aerospace Manufacturing
- Commercial Air Service Providers
- Aerial Agricultural Applicators
- Emergency Medical Air Transport
- Recreational Aviation
- General Aviation

Evaluated

- Cost Impacts (negative impacts)
- Benefits (positive impacts)

He said that the majority of solutions impose no new costs. The highest impact solutions raise existing taxes (6A, 6B, 7, 8). Other solutions imposed new costs to external industries (2 and 3). He said that all solutions provide moderate to significant industry benefits.

### **Questions and Comments:**

Johnson led the group through another round of questions and discussion:

- The ground transportation tax would work as a flat fee per trip when people go to the airport.
- The Study Team considered internal stakeholders as well as non-aviation stakeholders when assessing potential stakeholder support.

### **Break Out Session:**

Sielen Namdar asked the Advisory Committee to place dots next to the solution they wanted to discuss further. Solutions were written on flip chart paper and posted in the room.

10 minute break: The Advisory Committee used that time to put their dots in place.

**Breakout Session Results:**

1. Public Private Partnerships - 0 dots
2. Alternative Taxing of Airport Operationally Oriented Uses – 1 dot
3. Alternative Economic Development-Based Consumption Tax – 1 dot
4. Establish a State-Sponsored Revolving Aviation Infrastructure Loan Fund – 3 dots
5. Reallocation of Revenues from other state Accounts to the Aeronautics Account – 6 dots
6. Increase Select Aviation tax Rates – 0 dots
7. Revise Fuel Excise Tax Exemptions – 9 dots
8. Modify the State Aircraft Excise Tax Program: 0 dots
9. Develop a Best Management Practices Guidebook / Toolkit for State Airports: 0 dots

**Summary of Discussion:**

**Solution #2: Alternative Taxing of Airport Operationally Oriented Uses**

- This may be an additional burden on the users of the aviation system.
- Because this is a small tax base, administrative costs may be higher in proportion.
- Imposing additional taxes/fees on airport parking may exacerbate an imbalance between on airport vs. off airport parking.
- Implementing any solution will be a collaborative process and solutions will be crafted carefully.

**Solutions #3: Alternative Economic Development-Based Consumption Tax**

- This could produce a significant amount of revenue.
- A new state level hotel/motel tax could create issues especially with the tourism industry and competing interests.
- We need to coordinate with local jurisdictions to see the benefit of a local tax.
- Use data from first Airport Investment Study to partner airports with tourism to boost revenue.
- Revising an existing tax is easier than creating a new one.

**Solution #4: Establish a State-Sponsored Revolving Aviation Infrastructure Loan Fund**

- There is a successful program in Florida.
- The rate of return requirements on the funded project to satisfy CERB is very challenging. It is not creating new jobs.
- There is a disconnect between revenue vs. non-revenue producing assets.
- This approach is easier on larger airports.
- It takes a long time for this to start to payback and we must consider the costs for creating a program such as this.

- This will create more awareness for local communities.
- This could be scaled down only for aviation multi-modal projects that are revenue producing.
- There is a substantial amount of work that is ineligible, but is revenue producing (not able to receive state or federal funding).
- We have to demonstrate rate of return. Airports can have non-revenue producing infrastructure that helps enable revenue producing infrastructure.
- Many airports in WA are small and are unable to pay the loans so another source would be needed.
- Projects don't have to be self-supporting; they just need a funding source.

#### Solution #5: Reallocation of Revenues from other state Accounts to the Aeronautics Account

- Regarding the leasehold tax- there could be local legislative actions to direct counties and cities to allocate local portion of leasehold tax revenues to airports.
- There are a lot of taxes included in #5. Consider excise and rental car tax.
- These are solutions that have been put into categories, but this is really a menu of solutions. These could be addressed individually, combined, rewritten, refined, etc.

#### Solution #7: – Revise Fuel Excise Tax Exemptions

- This is one that could receive major pushback from commercial airlines.
- At first commercial airlines were exempt because the revenues were used at smaller airports, but now it's used in other areas.
- Agricultural applicators often do use public airports and generally don't have an issue with paying more cents per gallon, provided that the money goes back to aviation.
- In favor of pursuing this if we can produce the logic of how the exemptions were developed in the first place to determine if that logic is still viable.
- Commercial airlines could end up buying their fuel elsewhere.
- Aircraft fuel tax includes two levels and is different than regular fuel tax.
- Use burn rate methodology and set a cap.
- Phasing may be important.
- Look at all airports and divide them into categories. For smaller airports, we could consider a cost-share program.
- The Aviation System Plan update will look at airports across the state, how they contribute and the level of infrastructure development.

#### **Project Funding Analysis:**

Martin provided information on the analysis, which would:

- Determine Potential Financial Contribution
- Determine Funded Projects

- Apply Contribution Levels to 20-year Program Needs List
- Federal and Local Funding Shortfalls

He described how they determine funded projects and presented the findings:

***State share exceeding \$5 million annually is unable to be leveraged, due to insufficient Federal/Local share***

- To support airport needs, WSDOT Airport Aid Program policy revisions may be considered:
  - Increase \$250,000 maximum aid per project for high priority projects at NPIAS (and potentially Non-NPIAS) airports (i.e. \$1 million or no limit?)
  - Increase aid for federally eligible projects (i.e., 5% to 50%) that are not funded due to federal share shortfalls.

**Economic Impacts Summary:**

Laing presented the Economic Impact Findings:

- Funding Airports = Economic Growth
  - Contribution Level 1 (\$4 million annually)
    - 15% growth in average GA Airport Direct Output per Airport (to over \$4 million)
    - 12% growth in average GA Airport Jobs per Airport (to 37 jobs)
  - Contribution Level 3 (\$12 million annually)
    - 60% growth in average GA Airport Direct Output per Airport (to over \$6 million)
    - 42% growth in average GA Airport Jobs per Airport (to 47 jobs)
- Funding Airports = Economic Benefits
  - Leverages federal AIP dollars to 18 times their value
  - Preserves valuable infrastructure
  - Provides access to Washington State
    - major metropolitan areas
    - Recreational access to remote locations

Martin presented the Airport User / Facilities and Operations Impacts:

- Similar Analysis to Status-Quo Scenario
- Evaluated Consequences for Each Contribution Level
- Impacts Related to Ability to Fund Projects

He stated in regards to Airport User Impacts:

- Contribution Level 1 similar to status-quo scenario
- At \$5 million annual State funding, insufficient Federal/Local Funds limits benefits
- Maximizing \$12 million state share shows improved results

- Additional funding to support Federal/Local deficits are needed.

**Next Steps:**

Atkins took the group through the upcoming next steps:

- February 2015 Provide Initial Draft to Legislators and Staff
- March 2015: Analyze Legislative Input
- April 2015 Project Completion and Final Solutions Guidebook published