

# WSDOT Aviation Division: Airport Investments

*“Funding Shortfalls & Airport Investment Study”*

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# Presentation Agenda

- WSDOT Aviation overview
- The state's aviation system
- Airports contribute to economic growth, jobs & more
- Aeronautics Account— advancing aviation
- Airport funding shortfalls
- Airport Investment Study overview
- Questions



# WSDOT Aviation

## Motto



**Washington State  
Department of Transportation**

Aviation Division

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*"A Steward for Washington's Aviation System"*

## Mission Statement

To enhance Washington state's aviation system interests in ways that strengthens our transportation system, economy and quality of life.

## Vision

To be a leader in aviation system planning and innovation.



# Who we are and what we do

**WSDOT is charged with advancing the state's aviation interest in seven crucial areas:**

- capacity
- environment
- safety
- stewardship
- economic vitality
- mobility
- land use & preservation

## Major Programs

- ▶ Airport investments (grants & capital improvements)
- ▶ Aviation system and land-use planning
- ▶ Aircraft registration
- ▶ WSDOT-managed airports
- ▶ Aviation emergency management services

<http://www.wsdot.wa.gov/aviation/>





# WSDOT Aviation makes a difference

- Our aviation system is an “economic engine” that is responsible for:



**Jobs**



**Wages**



**Economic Output**



**Enhanced  
Tax Revenue**

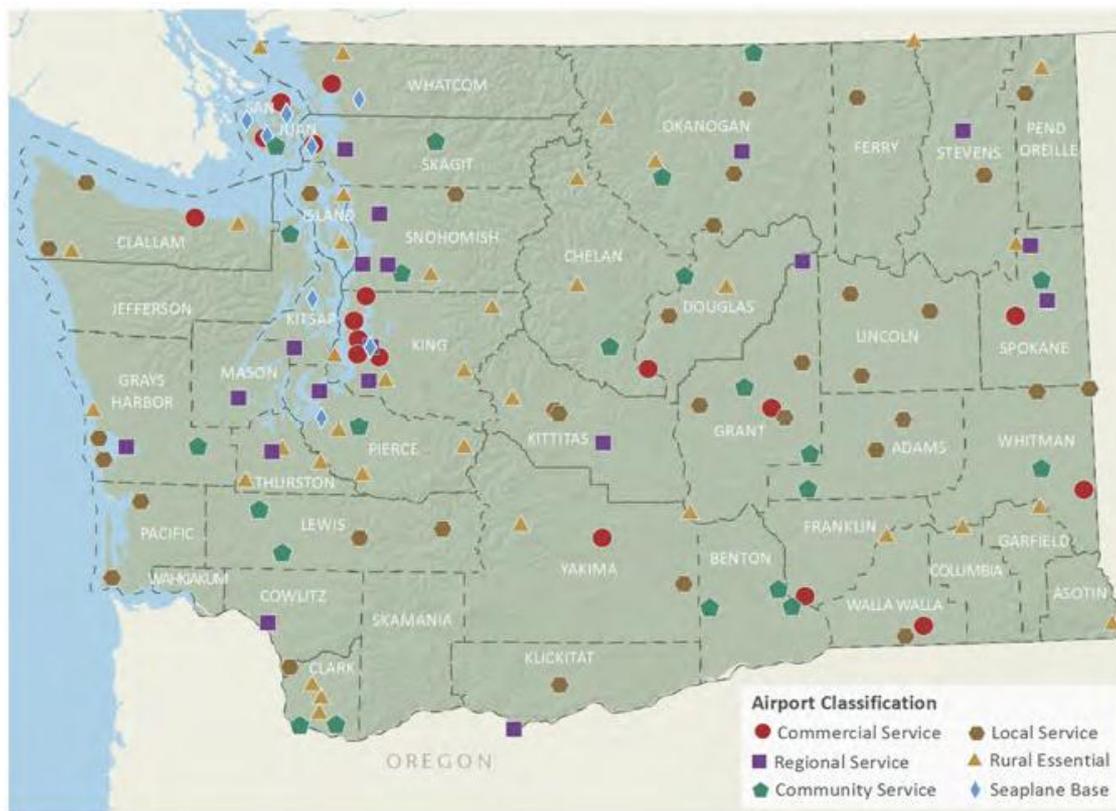
**Plus airports enable life-saving, resource-saving, and other quality of life service for our communities!**



# The state's aviation system

- 136 public-use airports
- 64 airports are eligible for federal funding (NPIAS)

Ownership	Airports
City/Towns	40
County	10
Port Districts	33
WSDOT	16
Private	30
Joint / Airport Authorities	5 / 2





# Airports contribute to jobs & economy

## Airport funding: why care?

Total impact attributed to aviation-related activities in Washington State—

- **248,500** jobs
- **\$15.3 billion** in labor income
- **\$50.9 billion** in economic output



WSDOT Aviation Economic Impact Study

<http://www.wsdot.wa.gov/aviation/WAEconomicStudy.htm>



# Airports contribute to tax revenue

## Airport funding: why care?

### ▪ Fiscal Impact Analysis

Classification	Aircraft Excise Tax	Aviation Fuel Tax*	Sales and Use Tax**	Property Tax***	B&O Tax	Other	Total
Commercial	144,000	471,000	390,277,000	30,335,000	121,000,000	115,228,000	657,455,000
Regional	235,000	829,000	7,724,000	13,804,000	98,980,000	6,227,000	127,799,000
Rural Essential	49,000	124,000	680,000	1,628,000	89,000	163,000	2,733,000
Community Service	105,000	364,000	923,000	604,000	401,000	334,000	2,731,000
Local Service	19,000	60,000	132,000	255,000	169,000	37,000	672,000
Seaplane Base	1,000	0	112,000	53,000	10,000	26,000	202,000
<b>Total</b>	<b>553,000</b>	<b>1,848,000</b>	<b>399,848,000</b>	<b>46,679,000</b>	<b>220,649,000</b>	<b>122,015,000</b>	<b>791,592,000</b>
<i>% of Total</i>	<i>0.1%</i>	<i>0.2%</i>	<i>50.5%</i>	<i>5.9%</i>	<i>27.9%</i>	<i>15.4%</i>	

- Public-use airports generated about **\$792 million** in tax revenue in 2009.
- **\$548 million** supports the state's General Fund.
- Nearly **\$244 million** is split fairly evenly amongst cities, counties, and special purpose districts.



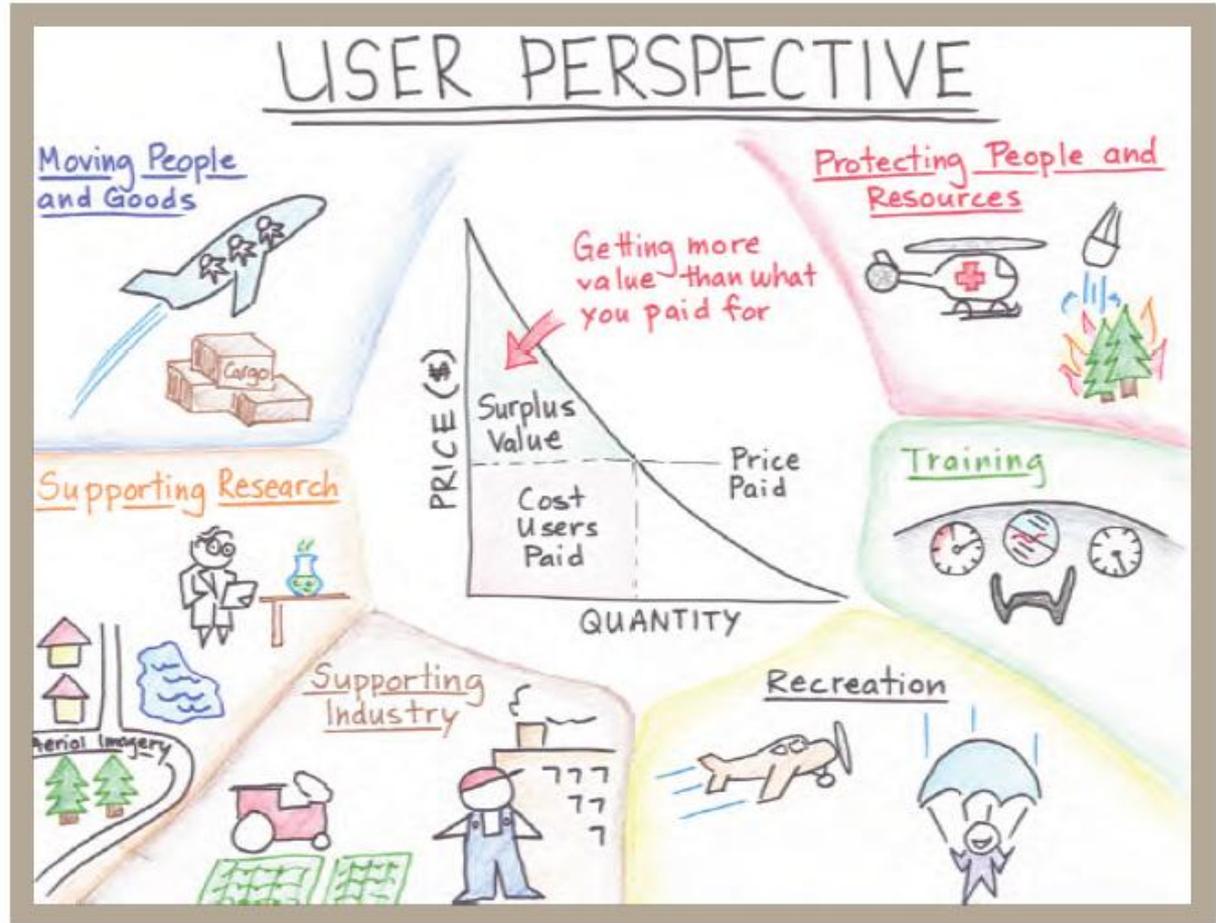


# Airports contribute to communities

## Airport funding: why care?

### Enables Services that:

- Save Lives
- Protect Property
- Promote Business Activities
- Support Recreation & Tourism

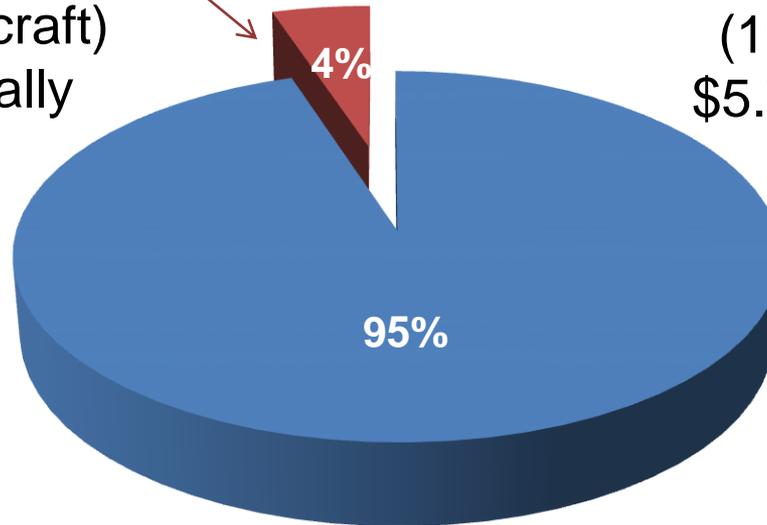




# The Aeronautics Account: *funding sources*

**Aircraft Registration & 10% of Excise Tax**  
(\$35-\$140 per aircraft)  
\$280,000 biennially  
**4%**

**Aviation Fuel Tax**  
(11 cent per gallon)  
\$5.7 million biennially  
**95%**



## PRIMARY SOURCES OF STATE FUNDS- 99%

- Aircraft fuel tax (11.0 cents per gallon)
- Aircraft excise tax (10% excise tax collected)
- Aircraft registration fees (\$15 year/aircraft)

## OTHER SOURCES OF STATE FUNDS- 1%

- Aircraft dealer license fees (\$75 annually)
- Miscellaneous revenues
- Treasury deposit earnings

# The Aeronautics Account: *funding sources*

## Aviation fuel tax: How it works

11 cent per gallon aviation fuel tax



Who Pays?



GA



Business Aviation



State Aircraft



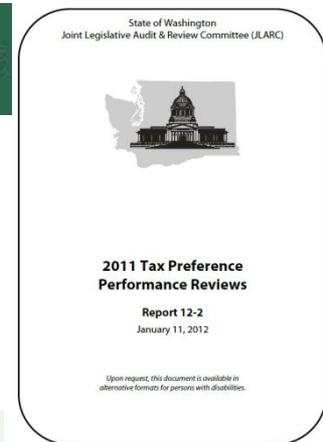
U.S. Government



Airlines



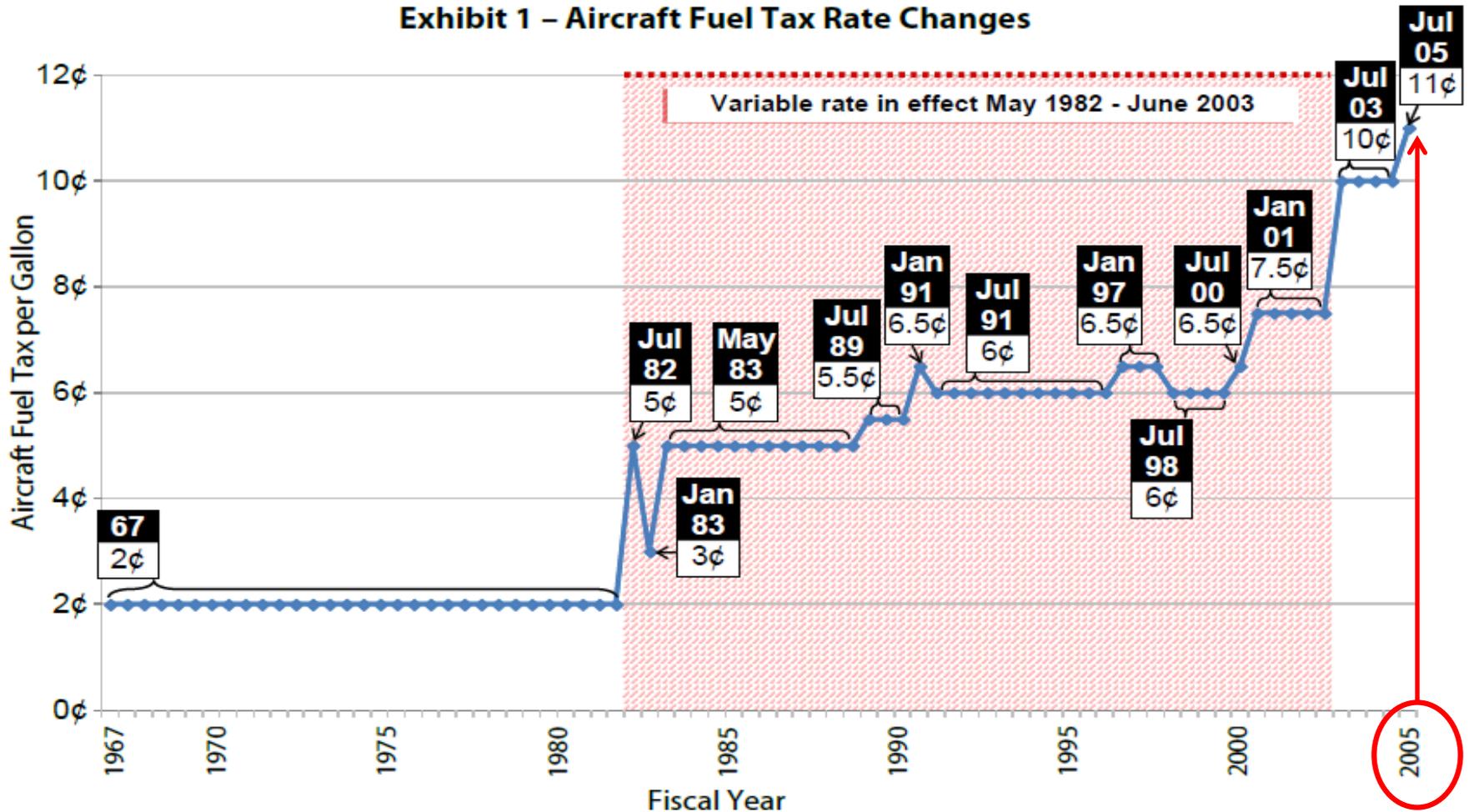
- 2011 Tax Preference Performance Reviews conducted by the JLARC— **Recommendation:** The Legislature should “review and clarify” these exemptions.





# The Aeronautics Account: *fuel tax history*

Exhibit 1 – Aircraft Fuel Tax Rate Changes



Source: Department of Revenue 2010 Tax Reference Manual, page 85.



# The Aeronautics Account: *funding sources*

## Aircraft Excise Tax: How it works



Registration + Excise Tax

\$15 + **\$20**



\$15 + **\$50**



\$15 + **\$65**



\$15 + **\$100**



\$15 + **\$125**

## Aircraft Excise Tax

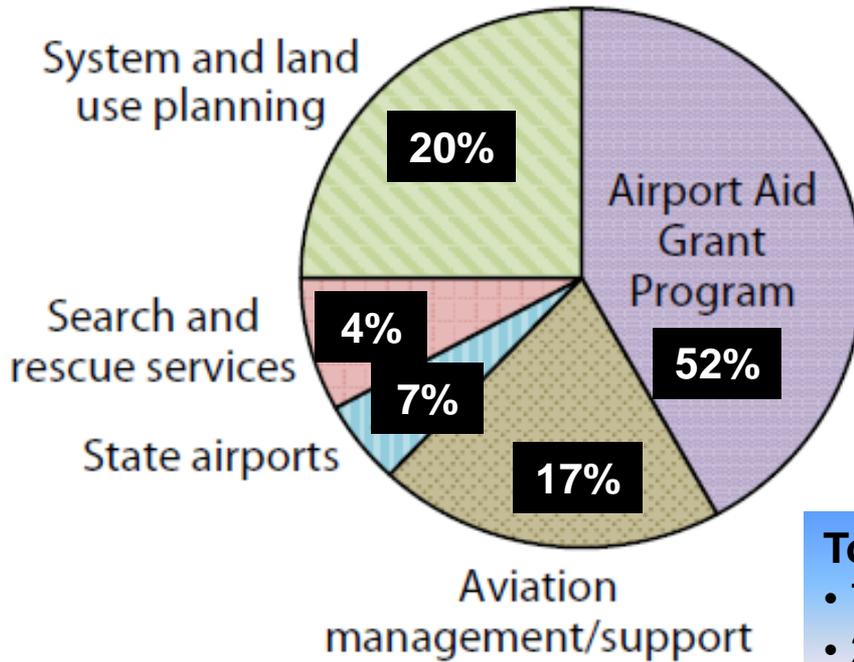


- Aeronautic Fund 10%
- General Fund 90%



# Aviation budget breakdown

## 2013-15 Transportation Budget (including federal funds)



52% of Aviation Division Budget used for airport grants

**= \$3.5 million awarded to AIRPORTS (2013-15 Biennium)**



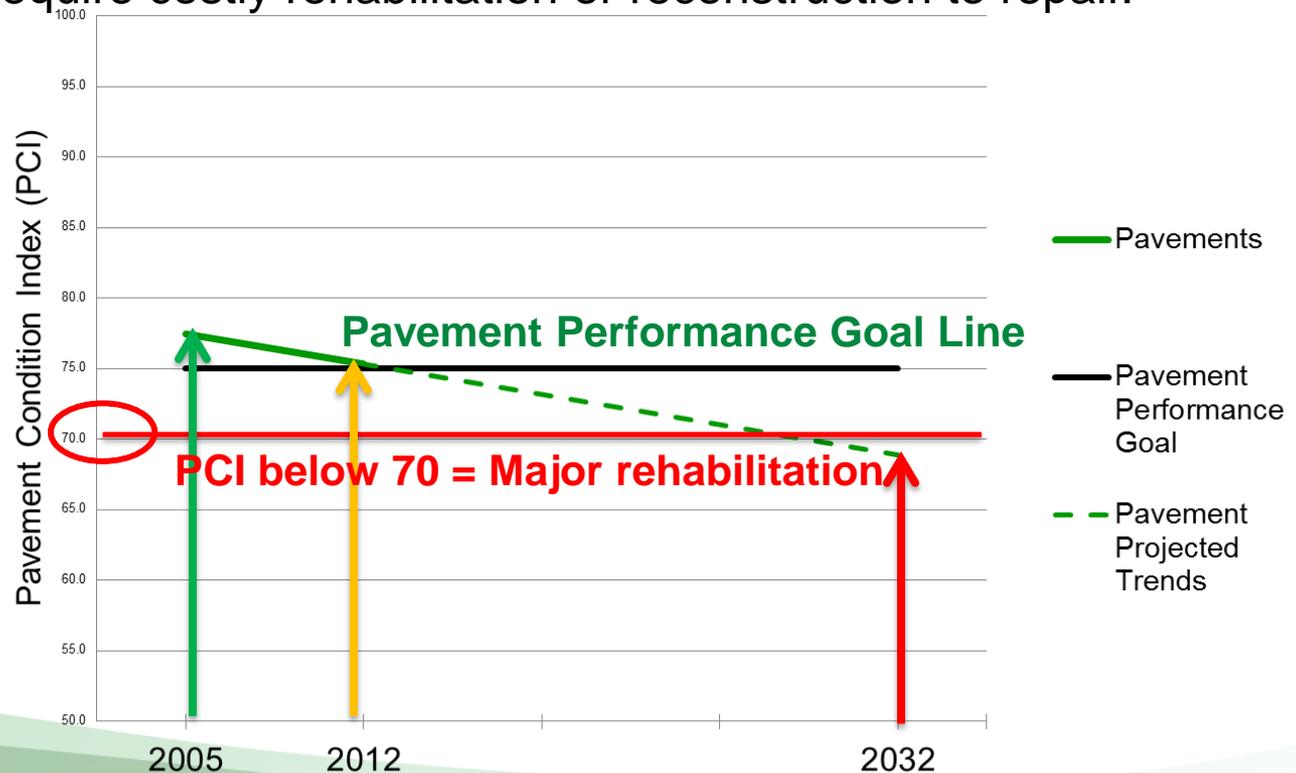
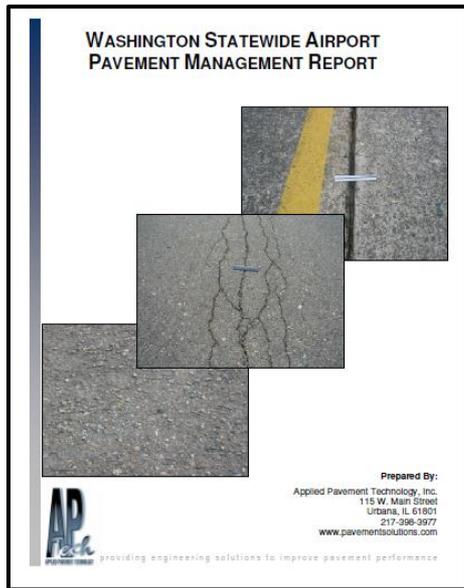
**Total \$9.511 million:**  
• 77% from Aeronautics Fund  
• 23% from federal funds



# Airport funding shortfalls

Pavement: Critical measure of airport performance and safety

- In 2005, a WSDOT-sponsored airport pavement study estimated a backlog of nearly **\$163 million** in essential pavement maintenance in our state.
- In 2012, WSDOT conducted a pavement study update (*due June 2013*).
- Preliminary data indicates pavement conditions **have declined** statewide; 29% of airport pavement will require costly rehabilitation or reconstruction to repair.

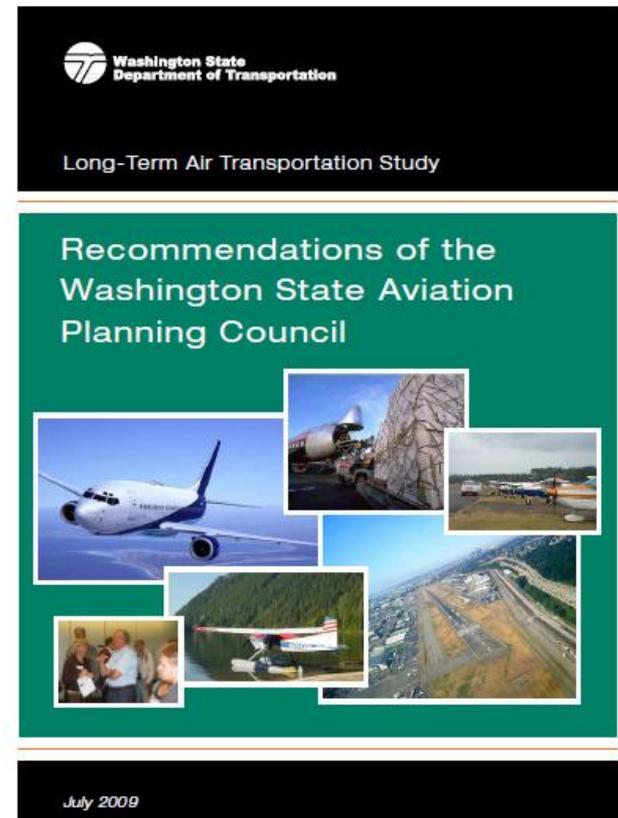




# Airport funding shortfalls

Landmark Aviation Study: Additional funding is needed

- **In 2009**, the Governor's Aviation Planning Council determined that Washington's aviation system **suffers from a significant funding shortfall**.
- **\$600 million** is needed to bring all public use airports into compliance with performance objectives.

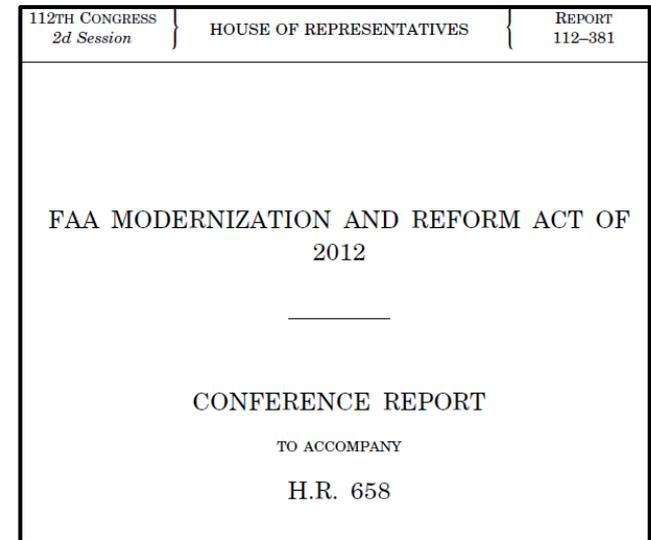




# Airport funding shortfalls

Federal Government: States must address increased funding gap

- **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**.
- Impact: This change alone could require an additional \$1.7 million biennially in state matching funds.





# Airport funding shortfalls

Airports to State: Funding needs are real and urgent

- **Also 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!

Requested— \$4 million from 39 Airports

Available— \$1 million awarded to 23 Airports





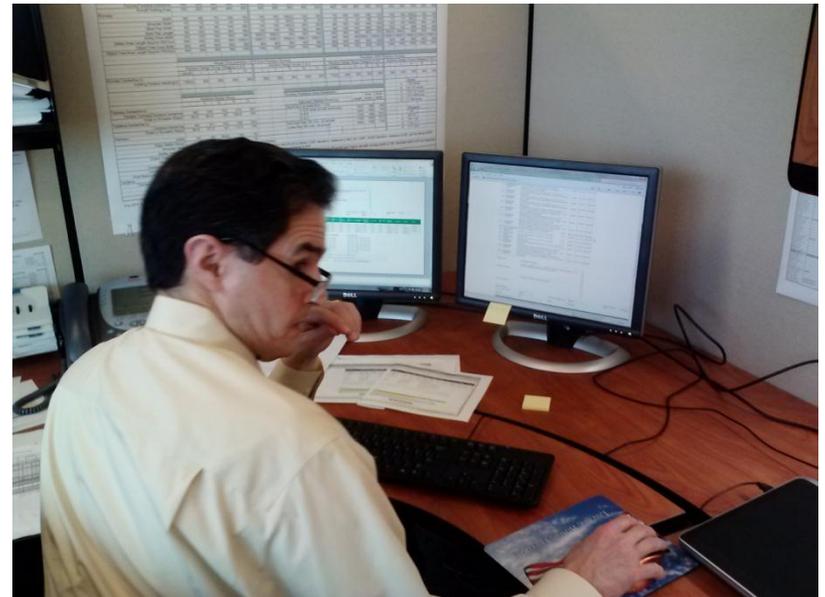
# Airport funding shortfalls

## WSDOT's Response: SCIP as a first-step

- **January 2013**, airport sponsors submitted the first-ever **Statewide Capital Improvement Program (SCIP)** airport project list to WSDOT.
- SCIP will tackle the challenge of strategically targeting limited state resources by prioritizing statewide aviation projects.

### SCIP Input Overview

- Most of the 136 public-use airports submitted five years of projects (2014-2018).
- WSDOT received more than 500 project requests.
- Initial, unrefined data indicates airports requesting nearly **\$500 million** in projects.



WSDOT's John MacArthur analyzing SCIP data



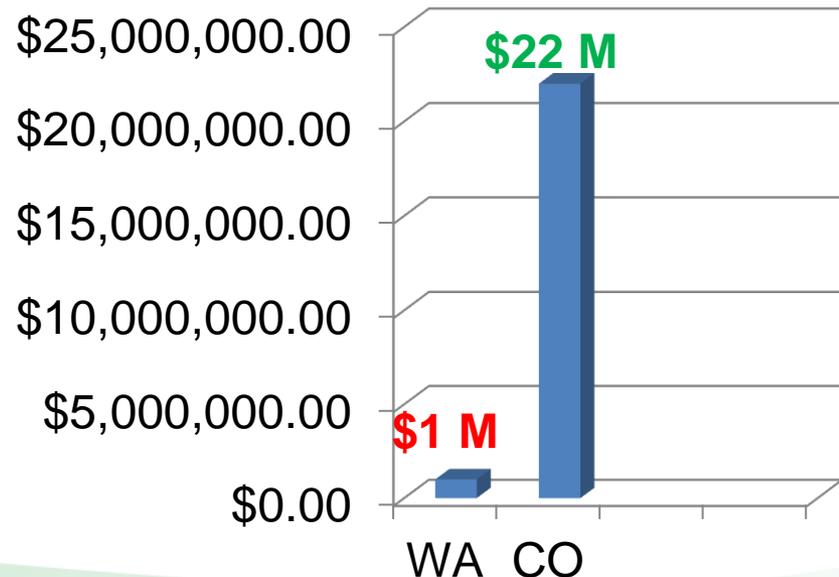
# Airport funding shortfalls

Funding comparison: Does our state measure up?

## How does our funding compare to other states?

Annual airport grant monies available (state \$): Washington vs. Colorado

State	Annual Grants \$	Public Use Airports	Per Airport Investment \$
Washington	\$ 1 million	136	\$ 7,353
Colorado	\$ 22 million	76	\$ 289,473





# Airport Investment Study

## Airport funding tops agenda at WSDOT Aviation

- WSDOT study will evaluate the need for preservation, safety, and other capital projects at the state's 136 public-use airports.
- Who: WSDOT project manager, CH2M Hill and an advisory committee of commercial and general aviation stakeholders.



**CH2MHILL**

- **The study will:**
  - ▶ Evaluate current funding levels for airport preservation and safety projects.
  - ▶ Assess short-term (0-5 years) and long-term (5-20 year) airport improvement needs.
  - ▶ Determine consequences of doing nothing in terms of economic and aviation system impacts.
  - ▶ Develop & recommend funding options to address airport investment needs.



# Airport Investment Study

## Establish Advisory Committee

Establish an airport investment advisory committee...

### Deliverables:

- Initial list of advisory committee members and tentative meeting dates
- Advisory committee brochure with overview of the project, expectations of members, and responsibilities
- Advisory committee guidance letter
- Advisory committee contact list
- Advisory committee meeting schedule
- Provide a FTP site for working documents





# Airport Investment Study

## Advisory Committee

- Airport Associations and Operators
- Aerospace
- Air Carriers
- Business Aviation
- Emergency Medical Air Transport
- Aerial Agricultural Industries
- General Aviation
- Business
- Local & State Government





# Airport Investment Study

## Conduct Research & Publish Airport Investment Reference Guide

### **Conduct Research**

Research all aspects of the four primary objectives of the Airport Investment Study.

### **Prepare and Publish Airport Investment Research Workbook**

Publish a comprehensive airport investment research reference guide designed as an easy to use resource.

### **Deliverable:**

- Airport Investment Research Reference Guide (print and electronic versions)





# Airport Investment Study

## Plan, Coordinate, and Facilitate Advisory Committee Meetings

Plan, coordinate, organize, and facilitate all aspects, activities, and requirements related to Airport Investment Study advisory committee meetings.

### **Deliverables:**

- Develop airport Investment Study advisory committee meeting agendas, research documents, and related member material.
- Conduct Airport Investment Study advisory committee meetings, including facilitator and multi-media support staff.
- Record, track, manage, and report action items and request for information that result from each meeting.
- Complete and distribute detailed meeting reports and next steps.





# Airport Investment Study

## Complete Airport Investment Study Report

Publish an Airport Investment Study report that includes the advisory committee's research, analysis, and findings in four areas:

- Evaluate current funding levels for airport preservation and safety projects
- Assess short-term and long-term airport improvement needs
- Determine consequences of doing nothing in terms of economic and aviation system impacts
- Develop and recommend funding options to address airport investment needs

### Deliverables:

- Airport Investment Study Report
- Briefing Kit- presentations, briefing sheets, brochures, display, etc.





# Questions & Contacts

## Airport Investments:

**What's the worst that can happen if we do nothing?**



**Vancouver's Evergreen Field closed in 2006**

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**Blaine Municipal Airport closed in 2008**