

Memorandum

To: Chairman and Commissioners

Date: November 19, 2004

From: Diane C. Eidam

Ref No: 4.7
ACTION

Ref: 2004 Activity and Accomplishments in the Aeronautics Program

Issue: Should the Commission accept its Technical Advisory Committee On Aeronautics (TACA) report on its 2004 activities and accomplishments for inclusion in the Commission's Annual Report?

Recommendation: Staff recommends that the Commission accept the attached TACA Annual Report on its activities and accomplishment for inclusion in the Commission's Annual Report.

Summary: During 2004, TACA:

- recommended that the Commission approve a revised priority setting methodology for selecting projects for Acquisition and Development funding, which the Commission did at its February meeting. The revised priority ranking methodology is intended to promote projects that enhance the statewide system plan, meet statewide system needs, prepare for growth, and generate regional benefits. The annual funding available for Acquisition and Development would be split up into three categories: 15% for airport land use compatibility plans; 35% for small airports that are not on the National Plan of Integrated Airports Systems (NPIAS); and 50% for airports that are on the NPIAS. The Commission approved, at its February meeting, the new priority ranking system with the proviso that if disputes arose about priorities that TACA would review the projects and make a recommendation to the Commission.
- recommended that the Commission accept as part of the California Aviation System Plan (CASP), a System Requirements Element that identifies initial statewide minimum infrastructure standards to help Caltrans effectively target how scarce funding resources are used to achieve local and state priorities. The primary purpose of the Requirements Element is to identify and prioritize needed airport capacity and safety related infrastructure enhancements that impact the safety and effectiveness of the California Aviation System, particularly for General Aviation and Reliever Airports. TACA reviewed the System Requirements Element which is estimated to cost an estimated \$120.28 million to implement.
- recommended that the authors of SB 1095 (Chesbro) and AB 1800 (Oropeza) amend their respective bills proposing to transfer \$745,000 from the Aeronautics Account to the General Fund, as part of the 2004-05 Budget process. TACA recommended that the proposed \$745,000 shift from the Aeronautics Account to the General Fund be a loan that would be repaid by a date certain from the General Fund to the Aeronautics Account. The Commission accepted TACA's recommendation and sent a letter on April 27, 2004 to the respective authors of SB 1095 and AB 1800 requesting that the bills be amended. During the budget process, the Legislature decided not move money from the Aeronautics Account to the General Fund because the

Legislature concluded that it was important to preserve the state's General Aviation and Reliever Airports.

- recommended that the CAAP Acquisition and Development match rate be 10%, which the Commission affirmed at its June 2004 meeting.
- recommended that the Commission approve the 2004 Aeronautics Program, which contained 35 projects totaling \$4,798,000. The Commission approved in June 2004 the 2004 Aeronautics Program, which was extremely constrained and only two safety projects were added.
- continued to focus on a comprehensive review of the role and responsibilities of the Caltrans Division of Aeronautics and the funding sources for the various state programs related to aviation.

Attachment

L:\rc\ww60\2004 activity and accomplishments in Aeronautics Program.doc

2004 ACTIVITY AND ACCOMPLISHMENTS

Aeronautics Program

The Aeronautics Program is a biennial three-year program of projects funded by the Aeronautics Account, which receives revenues from excise taxes on the state general aviation fuel. Aeronautics Account funds are essential for the California Aid to Airports Program (CAAP), which is comprised of three financial aid grant programs (Annual Credit grants, Federal Airport Improvement Program (AIP) local match participation, and Acquisition and Development) for small city or county General Aviation airports. A project in the state Aeronautics Program can receive a 90% funding grant under the Acquisition and Development category. The Aeronautics Program also provides for state participation in sharing the Federal Airport Improvement Program (AIP) local match requirement at 5% of federal grant funding.

The Commission approved, at its February meeting, a change in the methodology to select projects for Acquisition and Development (A&D) funding, which receive funding from the Aeronautics Program after the Division of Aeronautics operations, Annual Credit grants, and federal AIP local match participation are funded. At the same meeting, the Commission accepted a new element to the California Aviation System Plan (CASP), which identifies minimum statewide standards for safety, capability and capacity. The Commission in April took a position to continue urging the Legislature to retain funds in the Aeronautics Account rather than transferring them to the General Fund.

In June 2004, the Commission approved the 2004 Aeronautics Program, which contained 35 projects totaling \$4,798,000. The Commission continued the severe curtailing of allocations for the Aeronautics Program and restricted allocations to projects for federal AIP local match participation and A&D safety projects.

Commission's Aviation Responsibilities

The Commission's primary responsibilities regarding aeronautics include:

- advising and assisting the Legislature and the Secretary of the Business, Transportation and Housing (BT&H) Agency in formulating and evaluating policies and plans for aeronautics programs;
- adopting the California Aviation System Plan (CASP); a comprehensive plan defining state policies and funding priorities for general aviation and commercial airports in California; and
- adopting and allocating funds under the biennial three-year Aeronautics Program, which directs the use of Aeronautics Account funds to:
 - provide a part of the local match required to receive Federal AIP grants; and
 - fund A&D capital outlay projects for airport rehabilitation, safety and capacity improvements at public-use airports.

Technical Advisory Committee on Aeronautics (TACA)

Section 14506.5 of the California Government Code states that the chairman of the California Transportation Commission shall appoint a Technical Advisory Committee on Aeronautics (TACA), after consultation with members of the aviation industry, airport operators, pilots, and other aviation interest groups and experts, as appropriate. TACA gives technical advice to the Commission on the full range of aviation issues to be considered by the Commission. The current membership of TACA includes representatives from airport businesses, aviation divisions of large companies, air cargo companies, pilots and aircraft owners, managers of commercial and rural airports, managers of operations at major commercial airports, metropolitan and local planning organizations, and Federal and state aviation agencies.

This statutorily mandated advisory committee lends its expertise to the Commission as it carries out its responsibility in advising the Secretary of the BT&H Agency and the Legislature on state policies and plans for transportation programs in California. During 2004, TACA has continued to focus on a comprehensive review of the role and responsibilities of the Division of Aeronautics of the Department of Transportation (Caltrans) and the funding sources for the various state programs related to aviation. TACA has been working with Caltrans and the BT&H Agency to identify potential roles and policies for the state in developing California's aviation system.

The members of the Technical Advisory Committee on Aeronautics are:

- Hardy Acree, Director, Sacramento County Airport System
- Daniel Burkhart, TACA Chairman, Director of Regional Programs, National Business Aviation Association
- Joe Chan, Commissioner, Alameda County Airport Land Use Commission
- Jack Kemmerly, Director of California Operations, Exceptional Strategies, Inc.
- Chris Kunze, Manager, Long Beach Municipal Airport
- Harry A. Krug, Association of California Airports, Airport Manager, Colusa County Airport
- Mark F. Mispagel, Attorney/Consultant, Law Offices of Mark F. Mispagel
- John Pfeifer, TACA Vice Chairman, Aircraft Owners and Pilots Association (AOPA), California Regional Representative
- Alan Thompson, Senior Planner, Southern California Association of Governments
- Alexander Waters, Vice President of Business Development, KaiserAir, Inc.
- William T. Weil, Jr., Manager, California City Municipal Airport.
- Austin Wiswell, Ex Officio, Chief, Division of Aeronautics, California Department of Transportation
- James Ghielmetti, California Transportation Commission, Commissioner liaison
- Vacant, Ex Officio, Federal Aviation Administration

Acquisition and Development Priority Setting Methodology Changed

TACA recommended that the Commission approve a revised priority setting methodology for selecting projects for Acquisition and Development funding. This category of projects receives funding from the Aeronautics Program after the following are funded first: Division of Aeronautics operations, Annual Credit grants and federal AIP local match participation. The intent of the revised priority ranking methodology is to promote projects that enhance the statewide system plan, meet statewide system needs, prepare for growth, and generate regional benefits.

The annual funding available for Acquisition and Development would be split up into three categories: 15% for airport land use compatibility plans; 35% for small airports that are not on the National Plan of Integrated Airports Systems (NPIAS); and 50% for airports that are on the NPIAS. Flexibility was given to Caltrans to award a limited number of bonus points per category to a project or projects that Caltrans thought would help meet statewide system needs. The Commission approved, at its February meeting, the new priority ranking system with the proviso that if disputes arose about priorities that TACA would review the projects and make a recommendation to the Commission.

California Aviation System Plan: System Requirements Element

As part of the California Aviation System Plan (CASP), Caltrans developed a System Requirements Element that identifies initial statewide minimum infrastructure standards to help Caltrans effectively target how scarce funding resources are used to achieve local and state priorities. The primary purpose of the Requirements Element is to identify and prioritize needed airport capacity and safety related infrastructure enhancements that impact the safety and effectiveness of the California Aviation System, particularly for General Aviation and Reliever Airports. TACA reviewed the System Requirements Element which is estimated to cost an estimated \$120.28 million to implement.

Impact of the State Budget Crises on the Aeronautics Program

In 2002-03, the Commission showed its support for aviation projects by writing a letter to the Administration questioning the transfer of \$6 million from the Aeronautics Account to the General Fund and recommending that the transfer should be a loan. The 2002 Aeronautics Program included 59 A&D projects for \$17.963 million. Because of the transfer, allocations were limited to safety projects and matching federal funds.

During the 2003-04 budget process, \$4.762 million was transferred from the Aeronautics Account to the General Fund. SB 1048, supported by the Commission, would have reversed the \$4.762 million transfer and restored the funds to the Aeronautics Account. This budget action forced the Commission to halt allocations for several months until available funding was identified.

During the 2004-05 Budget process, Senate Bill 1095 (Chesbro) and AB 1800 (Oropeza) proposed to transfer of \$745,000 from the Aeronautics Account to the General Fund. TACA recommended that the authors amend their respective bills to specify that the proposed \$745,000 shift from the Aeronautics Account to the General Fund would be a loan that would be repaid by a date certain from the General Fund to the Aeronautics Account. The Commission accepted TACA's recommendation and sent a letter on April 27, 2004 to the respective authors of SB 1095 and AB 1800 requesting that the bills be amended. During the budget process, the Legislature decided not move money from the Aeronautics Account to the General Fund because the Legislature concluded that it was important to preserve the state's General Aviation and Reliever Airports.

The Commission remains concerned about the annual proposed shifts of Aeronautics Account funds to the General Fund. TACA is developing model legislation that could be used by the Legislature to provide the Aeronautics Account the means to make it a stable revenue source to meet identified needs. The model legislation could consider prohibition of any permanent transfer of funds from the Aeronautics Account to the General Fund. Further, all transfers should be treated as loans to be repaid with interest at a specified future date.

Aeronautics Account revenues are essential to California's aeronautics programs and used to fund safety, security, and capacity projects. The 2004 "System Requirements Element" of the California Aviation System Plan estimates \$120.28 million in airport capacity and safety-related infrastructure is warranted for general aviation and reliever airports. If the Aeronautics Program funding remains at its current annual \$5 million level, it would take up to 24 years to fund the \$120.28 million in identified airport capacity and safety-related projects from the System Requirements Element.

2004 Aeronautics Program

The Commission is required by statute annually to establish a local matching rate between 10% and 50% that local agencies must meet to receive A&D grants. At its June meeting, upon the advice of the Department and TACA, the Commission retained the 10% CAAP A&D local match requirement that has been in effect since 1995. This would continue to ensure that the maximum number of airports participate in the Aeronautics Program and be consistent with the matching rate required for Federal AIP grants. Further, a low match rate does not result in a small number of large grants because statute limits CAAP A&D grants to a maximum of \$500,000 per airport per year.

In June 2004, the Commission approved the 2004 Aeronautics Program, which contained 35 projects totaling \$4,798,000. Programming in the 2004 Aeronautics Program was extremely constrained and only two safety projects were added. Seven other projects were placed on a waiting list by the Commission. The Commission continued the severe curtailing of allocations for the Aeronautics Program that began two fiscal years ago and restricted allocations to projects for federal AIP match and A&D safety projects. Other projects seeking allocations were placed on a pending list. Currently, 18 Acquisition and Development non-safety projects totaling \$3,084,200 are on the pending list.