

Memorandum

To: Chairman and Commissioners

Date: November 28, 2006

From: John Pfeifer, TACA Chairman

Ref No: 4.8(b)
ACTION

Ref: 2006 Activity and Accomplishments in the Aeronautics Program

Issue: Should the Commission accept from the Technical Advisory Committee on Aeronautics (TACA) its report on 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 2006, TACA:

- recommended that the Commission approve the 2006 Aeronautics Account Fund Estimate, which the Commission adopted in March 2006.
- recommended that the Commission adopt the three-year 2006 Aeronautics Program, which consisted of 21 projects. Fourteen of the projects were from previous years, because the Legislature had diverted revenues from the Aeronautics Account to the General Fund and those projects did not receive an allocation. The Aeronautics Program totaled \$2,691,700. The Commission acted to adopt TACA's recommendations at its April meeting.
- recommended that the Commission retain a match rate of 10% that local agencies must provide to obtain State funds for Acquisition and Development projects. The Commission acted to adopt TACA's recommendation at its June meeting.
- recommended that the Commission reduce the Airport Improvement Program (AIP Match) rate from 5 percent to 2.5 percent by the State which, in turn, increased the local match for federal grants. The Commission acted to adopt TACA's recommendation at its July meeting.
- continued to recommend that the Commission support legislation that would provide a stable funding source for the Aeronautics Account.
- continued to recommend that the Commission support legislation dealing with the impacts from incompatible land use on airports.
- 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.
- considered SB 1266 which designates \$2 billion for trade corridors, as part of the infrastructure bonds that passed in November. TACA recommended specific criteria for selecting highway projects in trade corridors to accommodate freight movement at and around airports. TACA recommended that the following criteria be used:
 - Require plan(s) be coordinated with airports, regional agencies and Caltrans district(s).
 - Balanced distribution of available funds across trade corridors.
 - Allow for multi-phased projects.
 - Improve access to intermodal air cargo facilities.
 - Projects must be deliverable in the near term.

- Encourage use of other funds.
- Stakeholder acknowledgement of benefit.
- Demonstrates current demand or anticipated long term demand.
- Improves reliability of air cargo movement.

Attachment

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2006 ACTIVITY AND ACCOMPLISHMENTS

Air Transportation

The Aeronautics Program comes from a 10-year Capital Improvement Plan comprised of a fiscally unconstrained list of projects from eligible airports. The Aeronautics Program, a biennial three-year program of projects, is fiscally constrained. The Aeronautics Account, which receives revenues from State general aviation fuel taxes, funds the Aeronautics Program. Funding from the Aeronautics Program, combined with local matching funds, is used to receive federal Airport Improvement Program (AIP) grants and fund capital outlay projects at public-use airports through the Acquisition and Development (A&D) element of the California Aid to Airports Program (CAAP). The CAAP also includes a statutory annual credit grant program, which provides annual nondiscretionary grants of \$10,000 for each general aviation airport in the State. Aeronautics Account funds are applied first to Caltrans aeronautics operations and the annual credit grant program. Any remaining funds are then available for the projects in the Aeronautics Program adopted by the Commission.

In March 2006, the Commission adopted the 2006 Aeronautics Account Fund Estimate. Based upon that Fund Estimate, the Commission adopted the three-year 2006 Aeronautics Program in April 2006. The Aeronautics Program consisted of 21 projects that totaled \$2,691,700. Fourteen of those projects were carryovers from previous years because the Legislature had diverted revenues from the Aeronautics Account to the General Fund and those projects did not receive an allocation.

In June 2006, the Commission retained a match rate of 10% that local agencies must provide to obtain State funds for Acquisition and Development projects. In July 2006, the Commission reduced the Airport Improvement Program (AIP Match) rate from 5 percent to 2.5 percent by the State which increases the local match required to qualify for federal grants. The reduction in the AIP matching rate will permit previously unfunded A&D non-safety projects to receive State funding during the Fund Estimate period.

During the year, the Commission received advice from its Technical Advisory Committee on Aeronautics regarding the Aeronautics Program and the matching ratios of the Aeronautics grant programs. The Commission also received advice from TACA on pending legislation. The Commission supported bills to increase funding for general aviation capital projects and changes in airport and land use compatibility law. Lastly, TACA advised the Commission on SB 1266, specifically focusing on criteria for selecting road and highway projects in trade corridors that would help accommodate cargo to and from airports.

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)

Under Section 14506.5 of the California Government Code, the chairman of the California Transportation Commission appoints 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 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 2006, 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, the BT&H Agency and the Legislature to develop potential stable revenue sources and to clarify roles and policies for the State in developing and maintaining California's aviation system.

The members of the Technical Advisory Committee on Aeronautics are:

- Daniel Burkhart, 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, TACA Vice-Chairman, Manager, Long Beach Municipal Airport
- Harry A. Krug, Association of California Airports, Airport Manager, Colusa County Airport
- Robert Leonard, Chief Operating Officer, Sacramento County Airport System
- Mark F. Mispagel, Attorney/Consultant, Law Offices of Mark F. Mispagel
- John Pfeifer, TACA 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., Mojave Airport.
- John Chalker, California Transportation Commission, Commission liaison
- Mary Frederick, Chief, Division of Aeronautics, California Department of Transportation, Ex Officio
- Vacant, Federal Aviation Administration, Ex Officio

2006 Fund Estimate and 2006 Aeronautics Program

In March, the Commission adopted the 2006 Aeronautics Account Fund Estimate. The Fund Estimate covers Fiscal Years 2006-07 through 2008-09 and identifies approximately \$7 million over the three-year fund estimate period to be available for Federal AIP matching grants, A&D grants or funding of other eligible Aeronautics projects.

In April, the Commission approved the 2006 Aeronautics Program as recommended by the Department and TACA. The three-year 2006 Aeronautics Program consists of 21 projects totaling \$2,691,700. Of the 21 projects, five are safety projects, two are Airport Land Use Compatibility Plans, and the remaining 14 projects are projects consisting of pavement preservation that did not receive an allocation in the previous years due to funding constraints caused by the diversion of Aeronautics Account funds to the General Fund.

Acquisition & Development Match Rate Unchanged

By statute, the Commission annually establishes a local matching rate between 10% and 50% that local agencies must meet to receive Acquisition & Development (A&D) grants. At its June meeting, based upon the Department's and TACA's advice, the Commission retained the 10% A&D local match requirement that it originally established in 1995. This action continues to ensure that the maximum number of airports participate in the Aeronautics Program. Further, a low match rate does not result in a small number of large grants because statute limits California Aid to Airports Program A&D grants to a maximum of \$500,000 per airport per year.

AIP Match Rate Reduced

The Commission reduced the AIP Match rate from 5 percent to 2.5 percent at its July 2006 meeting and approved a reduced set-aside for Fiscal Year 2006-07 of \$1,650,000. This reduced set-aside will free up State funds that will allow the Commission to fund A&D projects that were previously unfunded.

Legislation

The Commission advises and assists the Legislature and the Secretary of the BT&H Agency in formulating and evaluating policies and plans for aeronautics programs. The Commission is concerned about the shifting of Aeronautics Account funds to the General Fund. In fact, the Commission focused over the last few years on the need to establish a stable funding source and for additional funding to allow more capital improvements for general aviation. TACA recommended legislation to make the Aeronautics Account a stable revenue source. The suggested legislation would prohibit permanent transfer of funds from the Aeronautics Account to the General Fund. Under the suggested legislation, the State shall repay all transfers, as if they were loans, with interest at a specified future date. In 2005, the Senate Transportation and Housing Committee approved the bill. However, the Senate Appropriations Committee did not pass the bill because the committee considered it to be a multi-year funding request.

The Commission is also concerned about the impacts from incompatible land use around airports. Last year, the Commission, acting upon TACA's advice, supported AB 1358 (Mullin) which requires that a school leasing properties or acquiring sites must have the site reviewed by Caltrans. The Governor signed the bill on September 6, 2005. The Commission is interested in pursuing similar bills that require all cities and counties statewide to consider the impacts of land use on their airports.

Lastly, TACA considered SB 1266 which designates \$2 billion for trade corridors, as part of the infrastructure bonds that passed in November. TACA recommended specific criteria for selecting highway projects in trade corridors to accommodate freight movement at and around airports. TACA recommended that the following criteria be used:

- Require plan(s) be coordinated with airports, regional agencies and Caltrans district(s).
- Balanced distribution of available funds across trade corridors.
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