AVIATION ADVISORY BOARD MEETING

Dillingham, Alaska
July 26, 2017

Aviation Advisory Board
July 26, 2017
Dillingham Meeting
Bristol Inn Conference Room
1:30p.m. – 5:00p.m.
Dial 907/266-2455

MEETING AGENDA
July 26, 2017

1:30 p.m. Call to Order — Lee Ryan, Chair
Approval of Agenda and Past Minutes

1:45 p.m. Commissioner Remarks — Commissioner Marc Luiken

2:00 p.m. Deputy Commissioner Remarks — Deputy Commissioner John Binder
- Budget Items
- Dillingham Airport Project Overview (description, timeline, and history)
- FAA Reauthorization Update
- AIAS FY17 Review
- Statewide Aviation
  - After Hour Services – how goes it?
  - Rural Rates & Fees
  - Capital Improvement and Maintenance Program (CIMP)
  - Backcountry Airports

2:30 p.m. FAA Presentation — Byron Huffman, Director FAA Airports Division

3:00 p.m. Board Discussion
- Aviation Revenue

5:00 p.m. Meeting adjourned
Public Comments will be accommodated throughout meeting

Aviation Advisory Board Meeting Minutes
May 8, 2017 (teleconference)

Meeting called to order by Chairman Lee Ryan at 1:04 p.m.

PARTICIPANTS:

Board Members: Jim Dodson, Tom George, Lee Ryan, Steve Strait, Frank Neitz, Dennis Parrish, Marilyn Romano, Gideon Garcia, Bob Hajdukovich, Earl Samuelson

DOT&PF: John Binder, Marc Luiken, Linda Bustamante

OTHERS: Jason with Security Aviation

AGENDA and MINUTES – Steve moved to accept agenda, Dennis seconded. Steve moved to accept minutes, Gideon seconded. Motions passed unanimously.

Commissioner Luiken Remarks:
Commissioner advised that the motor fuel tax is still in play in legislative budget discussions. He feels it is incumbent upon the Board to have a conversation about revenue options in order to help pay for the costs to operate the aviation system. Jim asked about the foreign fuel tax exemption and if that discussion in Juneau is causing air cargo carriers to reevaluate using ANC as a tech stop? The Commissioner encouraged the Board to let legislators know their concerns and potential impacts to business at the ANC airport should that exemption be eliminated. DC Binder was asked to send the Board information on fees at ANC and how they compare to competitive airports. Chairman Lee asked board members to copy him with all correspondence sent to legislators.

Deputy Commissioner Binder Update:

DC Binder talked about the FY18 DOT&PF operating budget – as of today it is mostly seeing cuts to the Alaska Marine Highway System. If the motor fuel tax bill is passed the department could see $72M of unrestricted general funds (UGF) replaced in the budget by fuel tax revenue.

The President's proposed budget eliminates the federally funded Essential Air Service Program. This program sends $21M to Alaska where there are 60 EAS sites. Alaska's congressional delegation is working with other states to keep this program funded.

The Department's after hours service agreements for staffed airports should go into effect May 28th. Forms and fees were requested to be posted on the DOT&PF website. Rural airports rates and fees will be increased effective July 1st.

The department's Capital Improvement and Maintenance Program (CIMP) looks at service levels and measuring performance targets at rural airports. An Airport Needs Directory is updated through data pulled from the AASP website and is available through the internal link on the website. Board requested access to the directory. The board also suggested that air carrier pilots might be able to perform the CIMP inspections. This idea will be discussed more with the program manager.

Board Discussion

Opioid Committee Report - Steve and Gideon met with Lindsey Holmes on April 11th to discuss communications between DOT and DPS - looking to improve overall security through better info sharing and understanding of the department's abilities and limits. Steve also met with Michael Duxbury, Statewide Drug Enforcement Unit on April 14th. The AST goal is to build relationships with individual air carriers. Copy of AAB Drug Committee notes attached. Earl asked if the board could bring air carriers, Trooper Duxbury, and Senator Murkowski together for the next discussion. Bob Hajdukovich and Steve Strait will work on this request.

Drone UAS Task Force - Steve reported there is a new bill from Senator Shelley Hughes relating to the task force on unmanned aircraft systems (see attached) Steve will remain on the committee. DOT&PF is now using drones and Northern Region recently issued an RFP for professional services utilizing UAV's. It was recommended by the board that educational PSA's be issued about drone operations. Steve Strait and his media company offered to assist with this.

There was discussion about HB 242 - an act establishing landing fees for the Deadhorse Airport and establishing an oil and gas company contribution toll for use of the Dalton Highway by certain vehicles. DOT&PF submitted fiscal notes that the board would like copies of. DC Binder also advised the board that a toll on the Dalton Hwy is not likely because the highway is part of the national highway system and federal regulations have strict guidelines on toll roads.

Next meeting – the board would like to hold a summer meeting in Dillingham to focus on revenue generation for the aviation system. Jim requested revenue generation information from previous meetings be sent to the board. It was also requested that at the next meeting this information be presented using DC Hatter "Quad Charts". Tentative meeting dates are July 19-21. This meeting will also provide the board an overview of recent and upcoming projects in Dillingham such as Airport Improvements and the Aleknagik Wood River Bridge.

Meeting adjourned at 2:22 p.m.

April 8, 2016

AAB Drug Committee Notes

1. April 11 4pm meeting with Asst. Attorney General Lindsey Holmes. DOT Attorney

    Introductory meeting with Steve Strait, Gideon Garcia, Lindsey Holmes

Discussed improved communications between DOT and DPS. Look to improve overall security through better info sharing and understanding of different departments abilities and limits.

2. April 14 Steve Strait met with Michael Duxbury, Statewide Drug Enforcement Unit.

Trooper goal is to build relationships with individual air carriers
Trooper position is air carriers enforcement is not their desired solution
Invites questions or concerns to his office:

Captain Michael Duxbury
Alaska State Troopers, Commander
Statewide Drug Enforcement Unit
5700 East Tudor Road
Anchorage, Alaska 99507
Main: (907) 269-5511
Desk: (907) 269-5078

3. Met with DC Binder to pass along recommendations in practices between DOT airport security and Troopers

4. Going forward: Recommend meeting between entire Drug Committee and Capt Michael Duxbury.

Submitted by Steve Strait

STATE OF ALASKA
THE LEGISLATURE

2017

Source
HCS CSSCR 4(AET) am H

Legislative Resolve No.
4

Relating to the Task Force on Unmanned Aircraft Systems.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the University of Alaska has been selected by the Federal Aviation Administration to become a test site for unmanned aircraft systems; and

WHEREAS the legislature has provided significant financial support to the Alaska Center for Unmanned Aircraft Systems Integration at the University of Alaska Fairbanks to further the center's research initiatives and to increase the center's capabilities for use as a Federal Aviation Administration test site; and

WHEREAS the State of Alaska, the University of Alaska, the Alaska Aerospace Corporation, the Alaska Aviation Safety Project, and other public and private institutions have developed cooperation with the National Aeronautics and Space Administration, the Federal Aviation Administration, the United States Department of the Interior, the United States Department of Defense, and others to further advance the research, development, and use of technology to benefit and support Alaskans and Americans with the safe use of unmanned aircraft systems; and

WHEREAS Alaska state government and the state's business and research community continue to work with the Federal Aviation Administration to promote the establishment of safe unmanned aircraft system ranges onshore and offshore Alaska, which will help establish procedures for the safe operation of unmanned aircraft systems in the National Airspace System; and

WHEREAS the Alaska Center for Unmanned Aircraft Systems Integration, by virtue of being located in Alaska, has access to an area of geographic and climatic diversity where the air and surface population density is desirable for conducting research and development of unmanned aircraft systems; and

WHEREAS the state has the highest per capita use of general aviation activity in the nation, and Alaska aviation organizations have helped the Federal Aviation Administration develop the next generation of air traffic control for the nation and the world, while making major gains for the state's aviation safety in the process; and

WHEREAS the Task Force on Unmanned Aircraft Systems created by Legislative Resolve 17, Twenty-Eighth Alaska State Legislature, and continued by Legislative Resolve 60, Twenty-Eighth Alaska State Legislature, has performed the tasks required of it but finds that further hearings and research are required to carry out its mission;

BE IT RESOLVED by the Alaska State Legislature that the Task Force on Unmanned Aircraft Systems created in the legislative branch in 2013 by Legislative Resolve 17, Twenty-Eighth Alaska State Legislature, and continued in 2014 by Legislative Resolve 60, Twenty-Eighth Alaska State Legislature, shall be continued; and be it

FURTHER RESOLVED that the task force shall consist of the original seven members and

(1) the commissioner of transportation and public facilities or the commissioner's designee;

(2) the commissioner of commerce, community, and economic development or the commissioner's designee;

(3) one public member who shall be appointed jointly by the president of the senate and the speaker of the house of representatives;

(4) two industry representatives who are participants in the unmanned aircraft system industry with experience operating unmanned aircraft systems who shall be appointed jointly by the president of the senate and the speaker of the house of representatives; and be it

FURTHER RESOLVED that a vacancy on the task force shall be filled in the manner of the original appointment; and be it

FURTHER RESOLVED that the duties of the task force shall include

(1) reviewing regulations and guidance from the Federal Aviation Administration regarding unmanned aircraft systems;

(2) providing written recommendations, together with suggested legislation, for a comprehensive state policy for unmanned aircraft that protects privacy and allows the use of unmanned aircraft systems for public and private applications;

(3) evaluating complaints and concerns expressed to the task force;

(4) identifying potential privacy and public safety concerns associated with unmanned aircraft systems and determining whether legislation is necessary to address them;

(5) considering recommendations for public education related to unmanned aircraft systems;

(6) studying the Federal Aviation Administration's "Integration of Civil Unmanned Aircraft Systems (UAS) in the National Airspace System Roadmap," issued November 7, 2013 (1st ed. 2013) and its application to the development of unmanned aircraft systems in the state;

(7) conducting a public hearing concerning privacy and the capture of data by unmanned aircraft systems at the University of Alaska's test site;

(8) further studying the nonpublic use of unmanned aircraft systems to encourage development of the private sector unmanned aircraft system industry; and

(9) further studying and making recommendations with respect to ensuring unmanned aircraft users comply with applicable laws; and be it

FURTHER RESOLVED that the task force may meet as frequently as necessary to carry out its responsibilities; and be it

FURTHER RESOLVED that the task force may meet during and between legislative sessions and may request administrative and technical support from the University of Alaska Fairbanks; and be it

FURTHER RESOLVED that the members of the task force serve without compensation and are not entitled to per diem or reimbursement of travel expenses; and be it

FURTHER RESOLVED that the task force terminates on June 30, 2018.

Alaska Department of Transportation & Public Facilities

Aviation Advisory Board Meeting

Deputy Commissioner John Binder

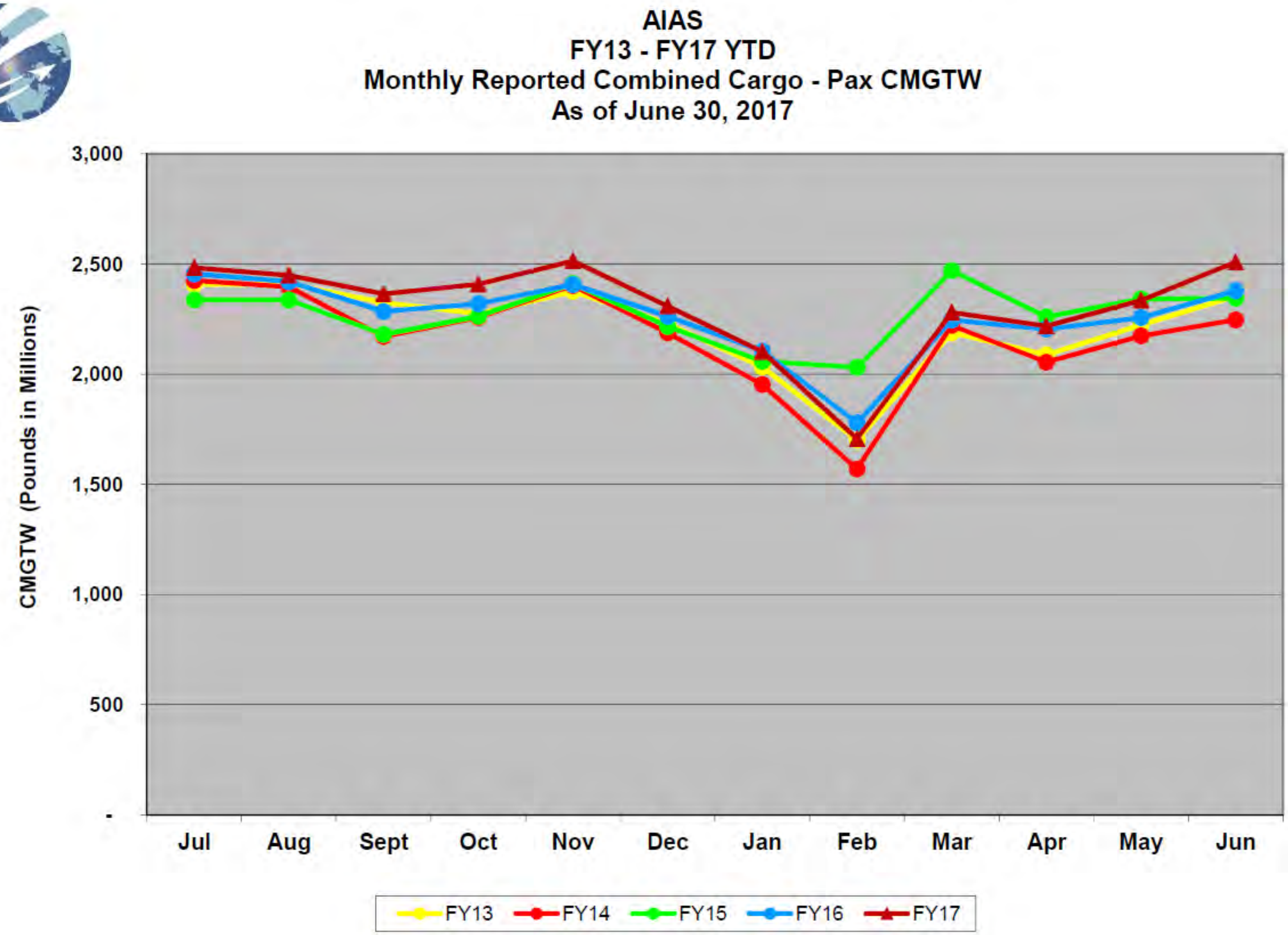
July 26, 2017

Keep Alaska Moving through service and infrastructure

Overview

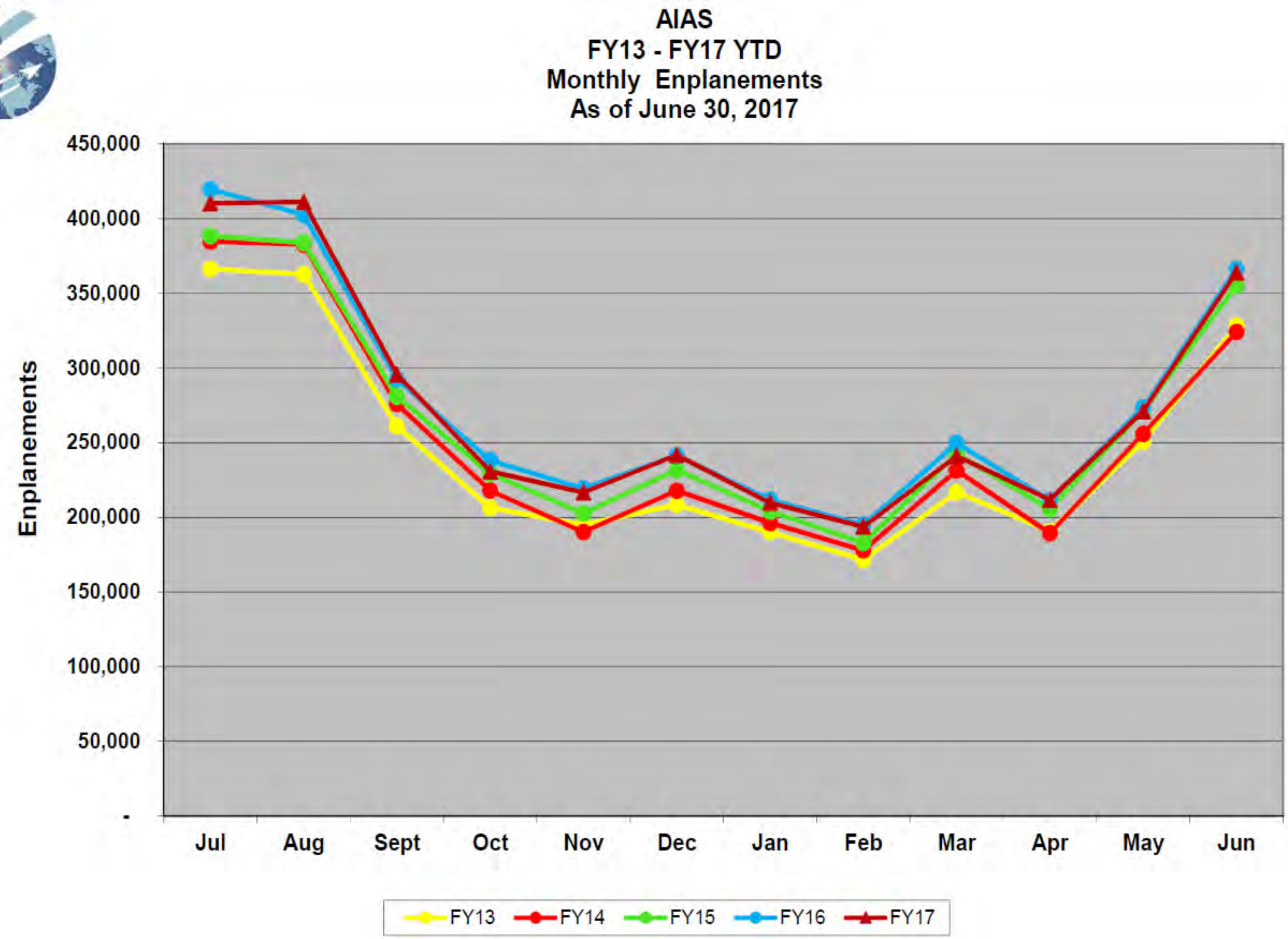
- AIAS Statistics
- FY18 Budget Update
- Backcountry Airports
- Aviation Revenue

Primary Revenue Driver - Airfield Activity (CMGTW): Up 2.0% over FY16



Passenger Activity

Down 0.8% from FY16



Aviation Budget

	2017	2018
NR H&A	$61.7	$60.6
CR H&A	$41.2	$40.5
SR H&A	$23.0	$22.9
SWA	$4.1	$4.3
Aviation*	$35.6	$35.4

*Incorporates SWA and 25% of regional H&A

Note: FY17 SWA revenue ~$4.5M

Aviation Budget

Updates / New Initiatives:

After Hours Service Policy – May 28, 2017

- DOT&PF may charge for incurred overtime
- Airlines may request additional services

Rural Airport Rate Updates – July 1, 2017

- Updated multiple rates/fees including land rent, application fees, fuel flowage, late fees, etc
- Anticipate ~20% revenue increase (~$900K)

Backcountry Airstrips Working Group

- Four meeting sessions since 2014
- Work group participation:
  - FAA
  - AOPA
  - Alaska Airmen Association
  - Recreational Aviation Foundation (RAF)
  - DOT staff in multiple regions and statewide
  - DOWL and CDM Smith
- Public brochure currently being created for future disbursal.

Backcountry Airstrips Working Group

- **Mission Statement**
  - **Backcountry airstrips are an important resource that provide access to remote areas, support a broad range of activities including commercial, industrial and recreational uses and can be used as emergency landing areas. <u>The mission of the AASP Backcountry Airstrip Working Group is to identify and categorize backcountry airstrips, and identify the issues impacting them to help guide future preservation decisions and enhance this important component of the Alaska aviation system</u>.**

Backcountry Airstrips Scope

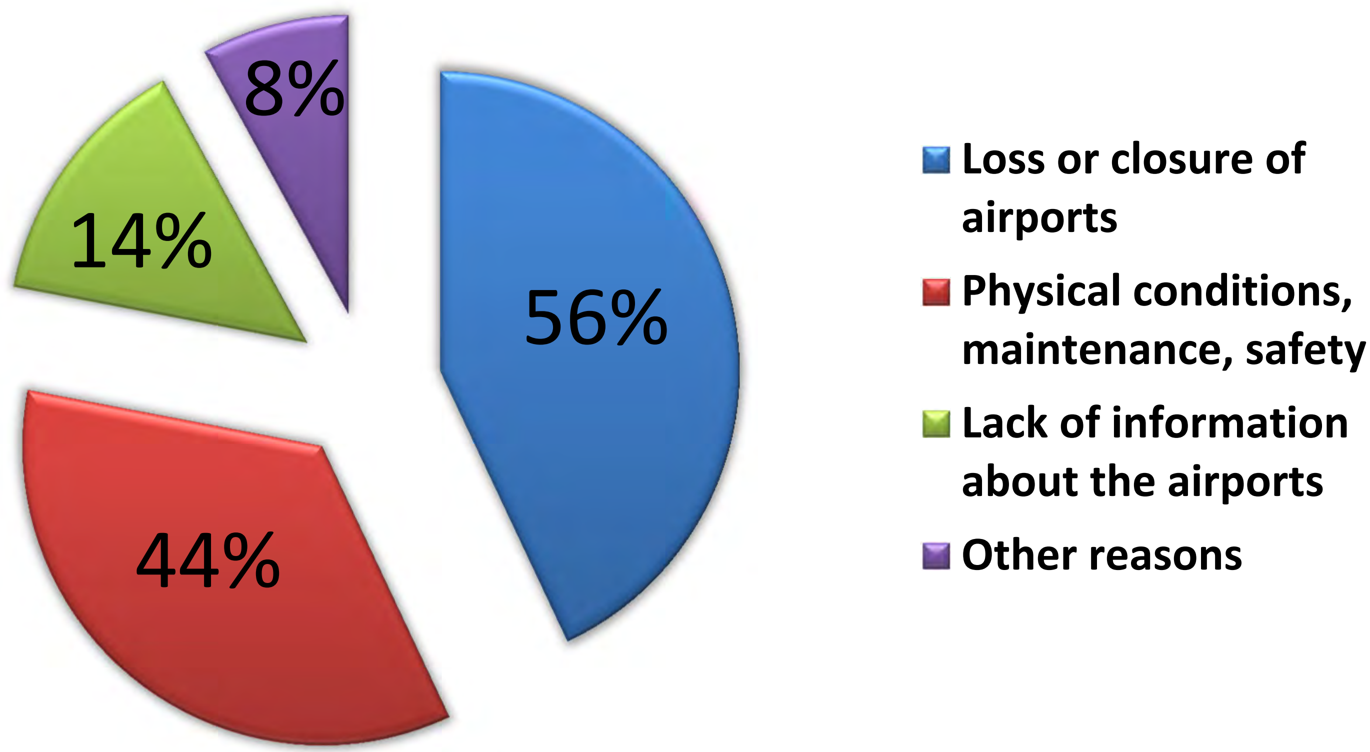
- Minimal scope
  - Define backcountry airstrips in Alaska
  - Develop an inventory of backcountry airstrips
  - Identify potential future preservation strategies related to these airstrips
  - Determine the process needed to ensure the safe and efficient use and maintenance of Alaska’s backcountry airstrips

Public Survey Results

- **Survey conducted spring of 2017**
- **Intent of the survey to determine the public's view and use of Alaska's backcountry airstrips.**
- **245 respondents!**
  - **91 response provided contact information for future correspondence.**

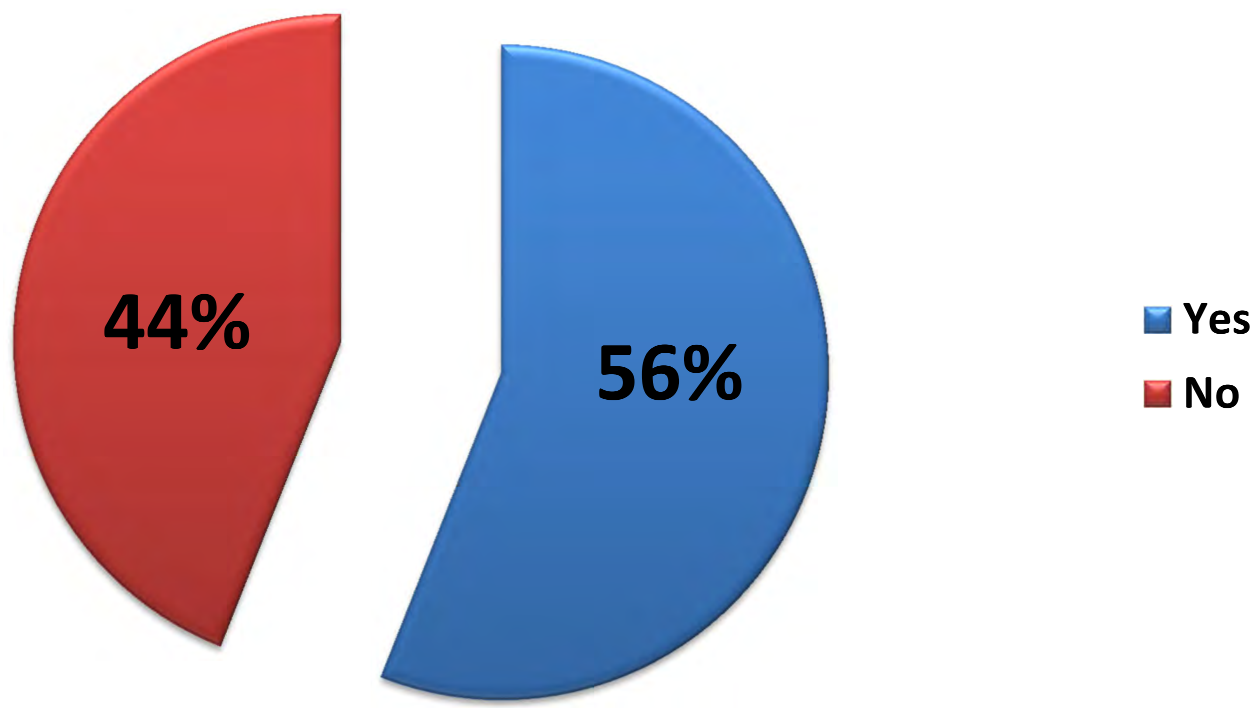
Public Survey Results

What issues concern you the most regarding backcountry airstrips in Alaska?



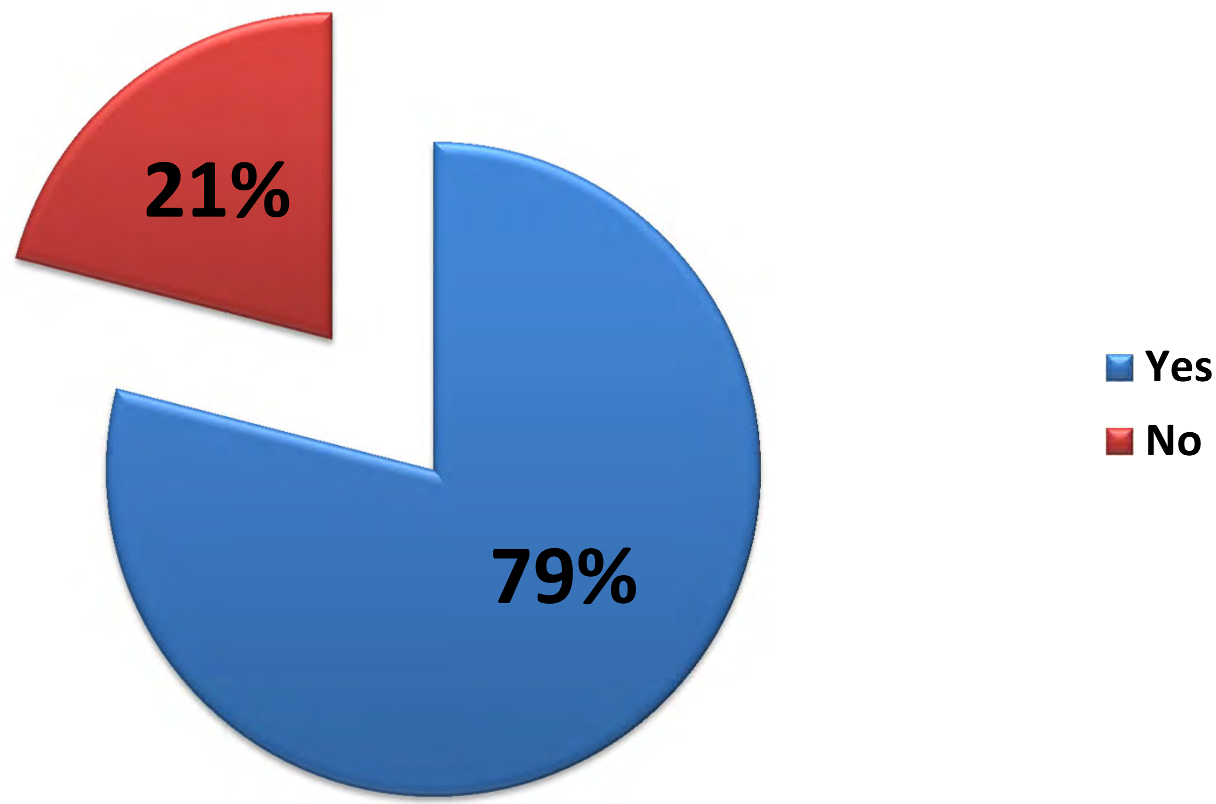
Public Survey Results

Are the backcountry airstrips you visit generally in need of vital repairs or maintenance?



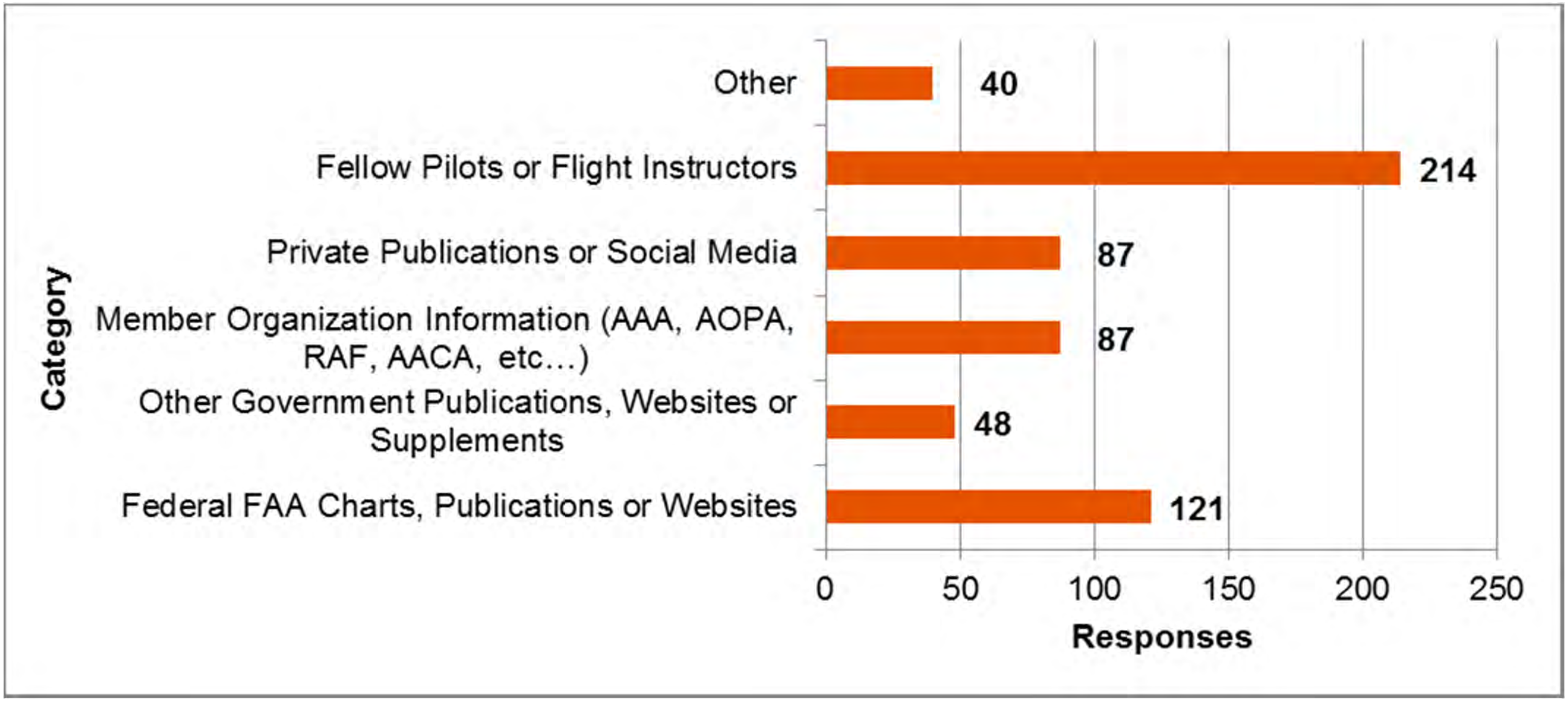
Public Survey Results

Would you be interested in volunteering to help maintain backcountry airstrips?



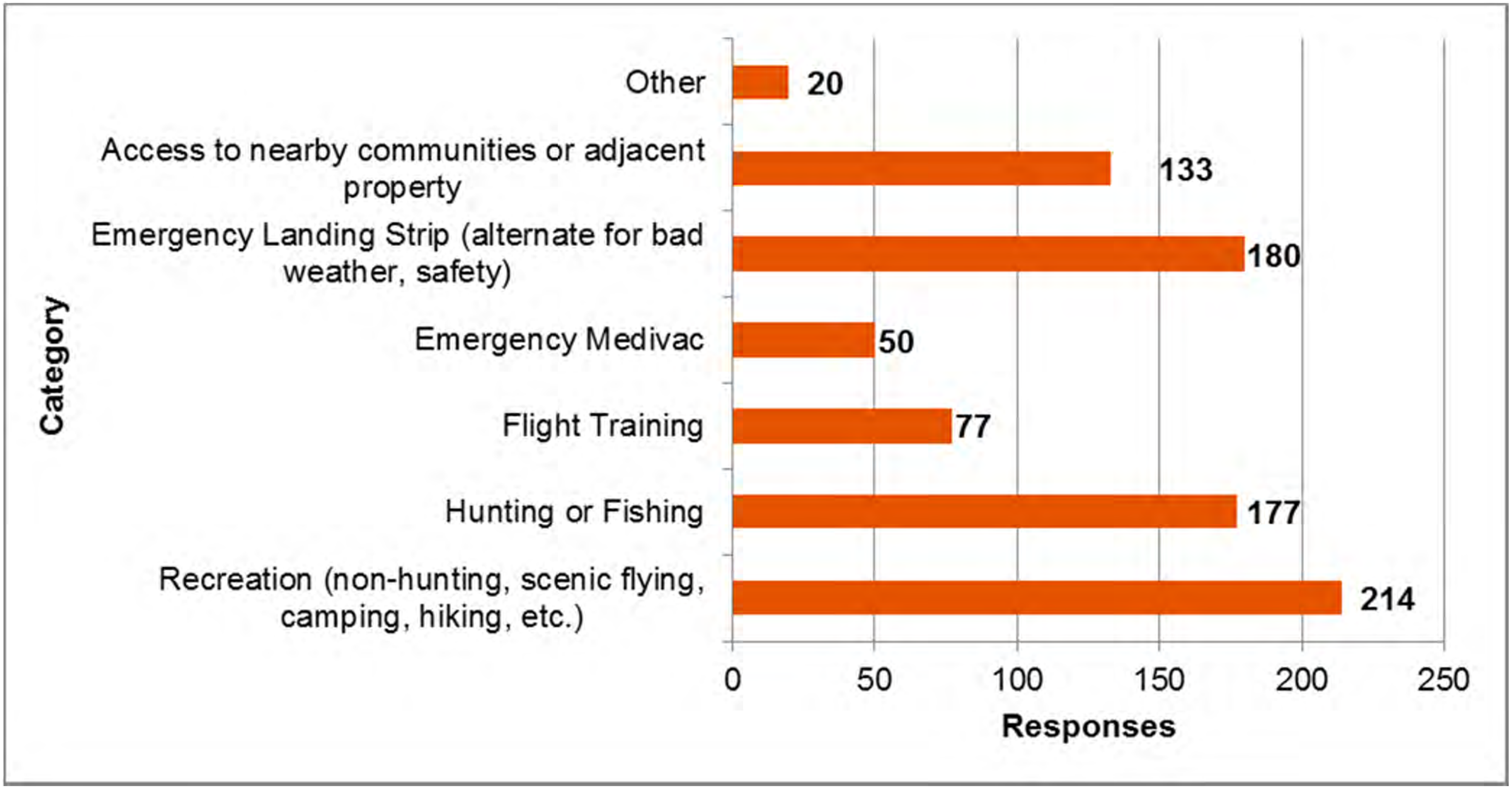
Public Survey Results

- **How do you find information regarding backcountry strips?**



Public Survey Results

- **Why are backcountry airstrips important to you?**



Next Steps

- **Creation of brochure handout to display the importance of backcountry airstrips in Alaska.**
- **Turn effort over to alphabet groups for possible volunteerism opportunities and future collaboration.**

Aviation Revenue

- Rural Airports Rates and Fees
- Tie-Down and Transient Parking
- Aviation Fuel Tax
- User/Registration Fee
- Landing Fee
- Airport Access Fees

Rural Airport Rates and Fees

Structure

DOT&PF manages 240 rural airports. FAA grant assurances require the State to comply with a fair market rent fee structure.

Current Status

Effective July 1st, DOT&PF increased Aeronautical rents at 239 airports and Non-Aeronautical rents at 236 airports.

- Land rent
- Fuel flowage fees
- Administrative fees
- Late fees

Pros

Potential increase of $900K will offset the current deficit of $40M to operate the rural airport system in Alaska.

Cons

Leases can only be increased 10% per year compounded and reaching FMR with land rents at some airports could take well over decade.

Tie-Down and Transient Parking

Potential Structure

DOT&PF currently manages tie-down permits and transient parking at 17 rural airports. There is potential to expand this program to southeast airports and others.

Current Status / Considerations

Most SOA airports have at least one tie-down spot

Aniak Total	$28.00	
Bethel Total	$552.00	
Big Lake Total	$455.00	
Birchwood Total	$2,432.00	
Dillingham Total	$465.00	
Gulkana Total	$44.00	
Homer Total	$614.00	
King Salmon Total	$725.00	
Talkeetna Total	$791.00	
Tok Junction Total	$273.00	
Willow Total	$412.00	
Grand Total	$6,791.00	

Pros

Land use compliance and FAA grant assurances require that the airport sponsor maintain a fee and rental structure for facilities and services at airports to make them as self-sustaining as possible.

Cons

Managing the collection of fees and costs associated with installing additional iron rangers and tie-down anchors.

Aviation Fuel Tax

Potential Structure

Per CS HB 60 2017 Motor Fuel Tax Bill:
- Av Gas: 9.4¢/gal (FY18), 14.1¢/gal (FY19)
  Revenue ($893K FY18, $1.34M FY19)
- Jet Fuel: 6.4¢/gal (FY18), 9.6¢/gal (FY19)
  Revenue ($8.78M FY18, $13.17M FY19)
- Total Revenue = $9.7M FY18 , $14.5M FY19

Current:

- Av Gas: 4.7¢/gal ($500K in FY16)
- Jet Fuel: 3.2¢/gal ($4.2M in FY16)

Current Status / Considerations

- Legislature did not pass during session and bill has not been included in special sessions.

Pros

Equity: tax is proportional to frequency of use

Uniformity: all aircraft operators pay the tax

Simplicity: collection system in place and easily understood by those impacted

Cons

Equity and Uniformity: difference in rates though jet aircraft (typically larger) cause more airfield damage

Simplicity: subject of taxes is controversial and contentious

Proposed Aviation Fuel Tax, HB 60

		HB 60 Tax Rate per gallon	
FY 2016	Actual Tax	7/1/2017	7/1/2019
Avgas	$0.047	$0.094	$0.141
Gallons	Revenue ($)		
9,505,859	$446,775	$893,551	$1,340,326
Increase over current revenue =		$446,775	$893,551

FY 2016			
Jet Fuel	Actual Tax	7/1/2017	7/1/2019
Gallons	$0.032	$0.064	$0.096
137,213,035	$4,390,817	$8,781,634	$13,172,451
Increase over current revenue =		$4,390,817	$8,781,634
Total Increase over current revenue =		$4,837,592	$9,675,185
Total, Projected Avgas and Jet Fuel Tax =		$9,675,185	$14,512,777

User/Registration Fee

Potential Structure

Flat annual fee per aircraft

Small aircraft: under 12,500 lbs. CMGTW
98% of Alaska's aircraft

Large aircraft: over 12,500 lbs. CMGTW
2% of Alaska aircraft

Current Status / Considerations

- Not yet proposed
- Title 17 regulation change would be required

Pros

Equity and Uniformity: small aircraft owners likely pay a flat fee. Large aircraft would likely pay a higher fee due to greater airfield damage.

Simplicity: a flat fee is easy to understand and administer.

Cons

Simplicity: DOT&PF would need to administer a new fee collection system

- A Title 17 regulation change is required

User / Registration Fee

Total Aircraft =	**9,223**		0-12,499 lbs.		9,016	97.8%
			12,500-19,999 lbs.		81	0.9%
			20,000 lbs. and over		124	1.3%
Per aircraft fee:	$50	$100	$150	$200	$250	$300
under 12,499	$450,800	$901,600	$1,352,400	$1,803,200	$2,254,000	$2,704,800
over 12,500	$10,250	$20,500	$30,750	$41,000	$51,250	$61,500
Total Airport User Fee Revenue =	$461,050	$922,100	$1,383,150	$1,844,200	$2,305,250	$2,766,300

Landing Fee

Potential Structure

Small aircraft:
- Flat fee of $???

Large aircraft:
- $??? / 1000 pounds of CMGTW

See next slide for revenue options.

Current Status / Considerations

- Not yet proposed, though received significant attention in the legislature
- Combine with user fee to reach equitable structure?

Pros

Equity and Uniformity: proportional to frequency of use – the more operations, the greater the impact to operator

Simplicity: Self-reporting by commercial carriers (large aircraft) eases administrative burden on DOT&PF

Cons

Equity: fees charged only to large carriers may not be fair/equitable.

Difficulty collecting landing fees for large number of small aircraft. “Dollars chasing nickels?”

Would require a new system to collect fees.

Estimated Landing Fee Revenue
17 Primary Certificated Rural Airports in Alaska*

	CY2009	CY2010	CY2011	CY2012	CY2015	CY15 CMGTW
Barrow	$412,753	$417,661	$417,241	$440,397	$480,708	240,354
Bethel	$952,723	$977,812	$1,007,143	$998,692	$1,070,123	535,062
Cordova	$249,313	$243,191	$258,982	$247,994	$260,317	130,158
Deadhorse	$707,610	$691,507	$761,902	$794,705	$795,203	397,602
Dillingham	$271,182	$261,888	$252,064	$246,580	$234,245	117,123
Gustavus	$ 27,235	$ 47,888	$ 50,409	$ 49,054	$54,397	27,198
Homer	$147,557	$143,244	$140,083	$140,469	$146,202	73,101
King Salmon	$292,595	$294,079	$278,204	$274,531	$272,435	136,218
Kodiak	$363,029	$373,283	$377,274	$366,625	$381,532	190,766
Kotzebue	$634,484	$677,686	$652,254	$693,812	$732,357	366,179
Nome	$636,993	$639,109	$639,423	$668,071	$655,842	327,921
Petersburg	$195,534	$215,608	$213,444	$218,479	$220,412	110,206
Sitka	$553,290	$539,695	$532,997	$514,176	$574,276	287,138
Unalaska	$114,733	$119,347	$130,185	$134,893	$136,348	68,174
Valdez	$ 47,795	$ 59,558	$ 63,695	$ 62,262	$54,914	27,457
Wrangell	$213,740	$216,518	$217,112	$222,623	$236,024	118,012
Yakutat	$224,355	$220,420	$221,065	$220,818	$220,752	110,376
TOTAL	**$6,044,920**	**$6,138,496**	**$6,213,478**	**$6,294,179**	**$6,526,088**	**3,263,044**

***$2 per 1000 lbs. CMGTW**

Landing Fee

Landing Fee Model

	Flat Fee per landing			LF Rate per 1,000 lbs. CMGTW		
Airplanes, lbs.	$5.00	$10.00	$12.00	$1.00	$2.00	$3.00
6K & under	$219,195	$438,390	$526,068			
6K-12,499lbs.	$172,275	$344,550	$413,460			
12,500 and up				$2,730,691	$5,461,382	$8,192,072
Total LF Revenue =	$391,470	$782,940	$939,528	$2,730,691	$5,461,382	$8,192,072

Airport Access Fee

Potential Structure

- Primary and Part 139 airports (not AIAS)
- Taxi Fee per pick-up
- Rental car fee per day
- Potential revenue $700k to $800k

Current Status / Considerations

- Not yet proposed
- Title 17 regulation change required
- Statute required for charges to car rentals off airports statewide
- "Courtesy cars" are excluded by statute

Pros

- Equity: transportation businesses that benefit from the airport would help pay for the airport operations

Cons

- Would require new statute
- Would require regulation change
- New system to collect fees required
- Probably difficult to determine # of taxi pick-ups at airports
- Airports usually require taxis permits

Airport Access Fee (AAF), Revenue Estimates

Part 139s	2015 Enplanements*	Taxi?	Taxi Use Rate†	At Airport Rentals?	Car Rental Use Rate†	Total Taxi*	Total Rentals	$2.50 Taxi	Rentals $5/day** 2 Day rental
Barrow	47,676	X	20%			9,535	-	$ 23,838	$ -
Bethel	158,828	X	25%	X	5%	39,707	7,941	$ 99,268	$ 79,414
Cold Bay	7,019					-	-	$ -	$ -
Cordova	16,997	X	20%			3,399	-	$ 8,499	$ -
Deadhorse	77,152					-	-	$ -	$ -
Dillingham	26,875	X	25%			6,719	-	$ 16,797	$ -
Gustavus	10,893	X	10%			1,089	-	$ 2,723	$ -
Homer	40,732	X	20%	X	5%	8,146	2,037	$ 20,366	$ 20,366
King Salmon	35,693	X	20%	X	5%	7,139	1,785	$ 17,847	$ 17,847
Kodiak	81,970	X	25%	X	10%	20,493	8,197	$ 51,231	$ 81,970
Kotzebue	66,503	X	20%			13,301	-	$ 33,252	$ -
Nome	59,929	X	20%			11,986	-	$ 29,965	$ -
Petersburg	20,477	X	20%			4,095	-	$ 10,239	$ -
Sitka	76,022	X	25%	X	10%	19,006	7,602	$ 47,514	$ 76,022
Unalaska	31,753	X	25%	X	5%	7,938	1,588	$ 19,846	$ 15,877
Valdez	14,153	X	40%	X	10%	5,661	1,415	$ 14,153	$ 14,153
Wrangell	12,588	X	10%	X?	5%	1,259	629	$ 3,147	$ 6,294
Yakutat	10,230	X	10%		5%	1,023	512	$ 2,558	$ 5,115
								$ 401,239	$ 317,057

*Assume arrivals are about same as enplanements, and assume taxi use averages 2 people.

For taxis, assume half of enplanements + arrivals, or just enplanements use taxis.

**Assume average of 2 days rental, and assume rentals are round trip rentals

Total Revenue $ 718,296

† Usage Rates	Taxi	Rental
Small town, low enplanements	10%	2%
Normal estimate	20%	5%
Fishing/industrial/tourist town	25%	10%

DILLINGHAM RUNWAY REHABILITATION

CFAPT00104 / 3-02-0078-016-2017

DESIGN PROJECT MANAGER – AARON HUGHES, P.E.

Scope: The project will rehabilitate the asphalt pavement surface of Runway 1/19. The project also includes: replacing culverts; placing recycled asphalt pavement on the safety areas and the general aviation apron; and re-establish markings.

Purpose and Need: Extensive cracking in the pavement requires annual repairs to maintain an operable runway. A 2014 pavement inspection resulted in a Pavement Condition Index of 46 indicating the pavement needs to be rehabilitated. The purpose of the project is to extend the service life of the existing runway by another 10 years. The project will provide the Department time to develop the Dillingham Runway Shift project that will require extensive ROW acquisitions.

Status: Project was bid and awarded to QAP. A detailed construction phasing plan was required for the project to minimize impacts to air carriers. The project will primarily be built in the summer of 2018 with the exception of a culvert that may be constructed this fall after August 27th.

Funding: The total project cost is $10,210,315. The 2017 grant with FAA was executed on July 12, 2017.

Timeline:

December 2015 – Project scoping

February 2016 – PMP approval

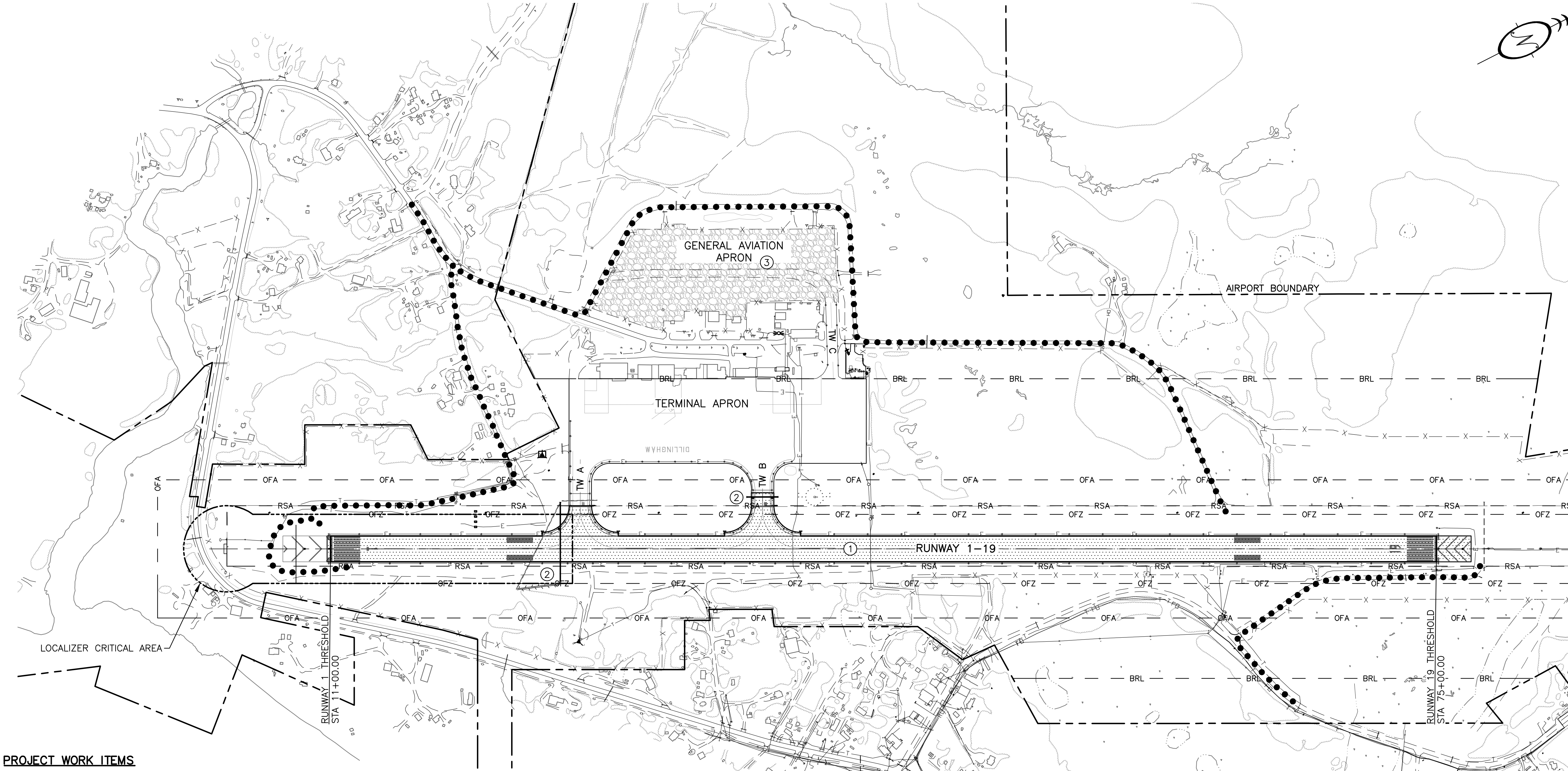
September 2016 – PIH Review (70%)

January 2017 – PS&E Review (95%)

Feb/March 2017 – Final PS&E and Project Certification

May 2017 – Project Advertised

July 2017 – Project Awarded to QAP



PROJECT WORK ITEMS

① RUNWAY 1–19 PAVEMENT REHABILITATION

1. REMOVE EXISTING MARKINGS AND PARTIALLY DISABLE RUNWAY EDGE LIGHTING AS REQUIRED PER CONSTRUCTION SAFETY AND PHASING PLAN.
2. COLD PLANE TO REMOVE EXISTING RUNWAY PAVEMENT.
3. APPLY FOAMED ASPHALT STABILIZED BASE COURSE AND HOT MIX ASPHALT.
4. GROOVE PAVEMENT, APPLY RUNWAY AND TAXIWAY MARKINGS, AND ENABLE RUNWAY EDGE LIGHTING.

② DRAINAGE IMPROVEMENTS

1. REPLACE RUNWAY CROSS CULVERT AND CONSTRUCT DITCH.
2. REPLACE TAXIWAY B CULVERT.

③ RAP PLACEMENT

1. SPREAD EXCESS RAP FROM PAVEMENT COLD PLANNING UNIFORMLY ACROSS THE GENERAL AVIATION APRON.
2. PLACE RAP AS SHOWN ON THE TYPICAL SECTIONS, PLAN & PROFILE, AND GA APRON SHEETS. THE PRIORITY FOR RAP PLACEMENT IS:

(1) AT NEW RUNWAY AND TAXIWAY PAVEMENT EDGES.

(2) FILL AROUND SEWER STRUCTURE.

(3) TOP GENERAL AVIATION APRON WITH 4" MAX RAP.

⚠1 (4) PLACE SURPLUS RAP ON THE RSA AS DIRECTED BY THE ENGINEER. COORDINATE WORK WITH CSPP PHASING.

LEGEND

PAVEMENT REHABILITATION

RAP PLACEMENT

●●●● HAUL ROUTE

NOTES:

1. THE CONTRACTOR IS RESPONSIBLE FOR DETERMINING THEIR STOCKPILE AREAS OFF AIRPORT PROPERTY. COORDINATE WITH THE ENGINEER.
2. ⚠1 ~~A VACANT LEASE LOT MAY BE AVAILABLE FOR STAGING. CONTACT DOT&PF, CENTRAL REGION, AIRPORT LEASING FOR DETAILS. OTHERWISE, LOCATE STAGING AREA OFF AIRPORT PROPERTY.~~
3. COORDINATE HAUL ROUTE LOCATION AND USE WITH THE ENGINEER.
4. NO UNCOVERED STOCKPILED MATERIAL IS PERMITTED WITHIN PROJECT LIMITS.

300 0 300 600

SCALE IN FEET

STATE OF ALASKA 49TH Evan J. Griffith, III CE - 10003 3-21-17 REGISTERED PROFESSIONAL ENGINEER

BY	DATE	REVISION
MIM	06/13/17	⚠1 NO STAGING AREA ON AIRPORT PROPERTY SURPLUS RAP ON RSA

PLANS DEVELOPED BY:
R&M CONSULTANTS, INC.
9101 VANGUARD DR.
ANCHORAGE, AK 99507
(907) 522-1707
CERT. OF AUTH. NO. AECC111

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
CENTRAL REGION
4111 AVIATION DRIVE, ANCHORAGE ALASKA 99502-6900
PHONE (907) 269-0590

DILLINGHAM AIRPORT
DILLINGHAM, ALASKA
DILLINGHAM RUNWAY REHABILITATION
PROJECT No. CFAPT00104
AIP No. 3-02-0078-016-2017
PROJECT LAYOUT PLAN

DATE: 3/21/2017

SHEET: 4R OF 24

Date Revised: 6/13/2017, 1:48 PM
Layout Name: PLP
File Path and Name: Z:\project\2396.01 DOT_C DLG RW Rehab Design Services\Civil\ACAD\2396.01-PROJECT LAYOUT PLAN.dwg
Designed By: MIM
Drawn By: RLC
Checked By: EJG

Dillingham Airport Runway Shift

CFAPT00143 / 3-02-0078-0XX-20XX

Design Project Manager – Barbara Beaton, P.E.

Scope: The project will shift the runway 150 feet towards the apron, adjust the elevations of both taxiways to match into the new runway, improve the runway line-of sight, replace the runway edge lighting system, the airport approach lighting system, and relocate the ILS. The project will also improve drainage on the main apron, acquire property, and realign a portion of Wood River Road.

Purpose and Need: The lateral Runway Safety Area (RSA) does not meet current FAA standards. RSAs are constructed around runways to provide errant aircraft additional area to come safely to a stop. Several objects penetrate the Object Free Area (OFA) around the runway or the Runway Protection Zones (RPZ). They include a community cemetery near the east edge of the existing RSA, several buildings and a portion of Wood River Road. To achieve the full RSA (consistent with standards) and eliminate or reduce penetrations, the ADOT and FAA have agreed to shift the runway to the west.

The runway has settled over the years into soft soils, creating a line-of-sight issue. The north end has settled significantly more than the rest. As a result an aircraft on one end of the runway cannot see an aircraft on the other end - creating a safely concern. Finally, the main apron is experiencing ponding of water which when it freezes creates icy conditions, both for aircraft and passengers.

Stages: Because soils around the runway are very compressible and prone to settlement, the new runway embankment will have to be loaded (surcharged) and allowed to settle for a few years before the runway can be shifted. Also, new property will need to be purchased to fully contain the new OFA, and RPZs. Some of these acquisitions, which involve native allotments, are expected to take several years.

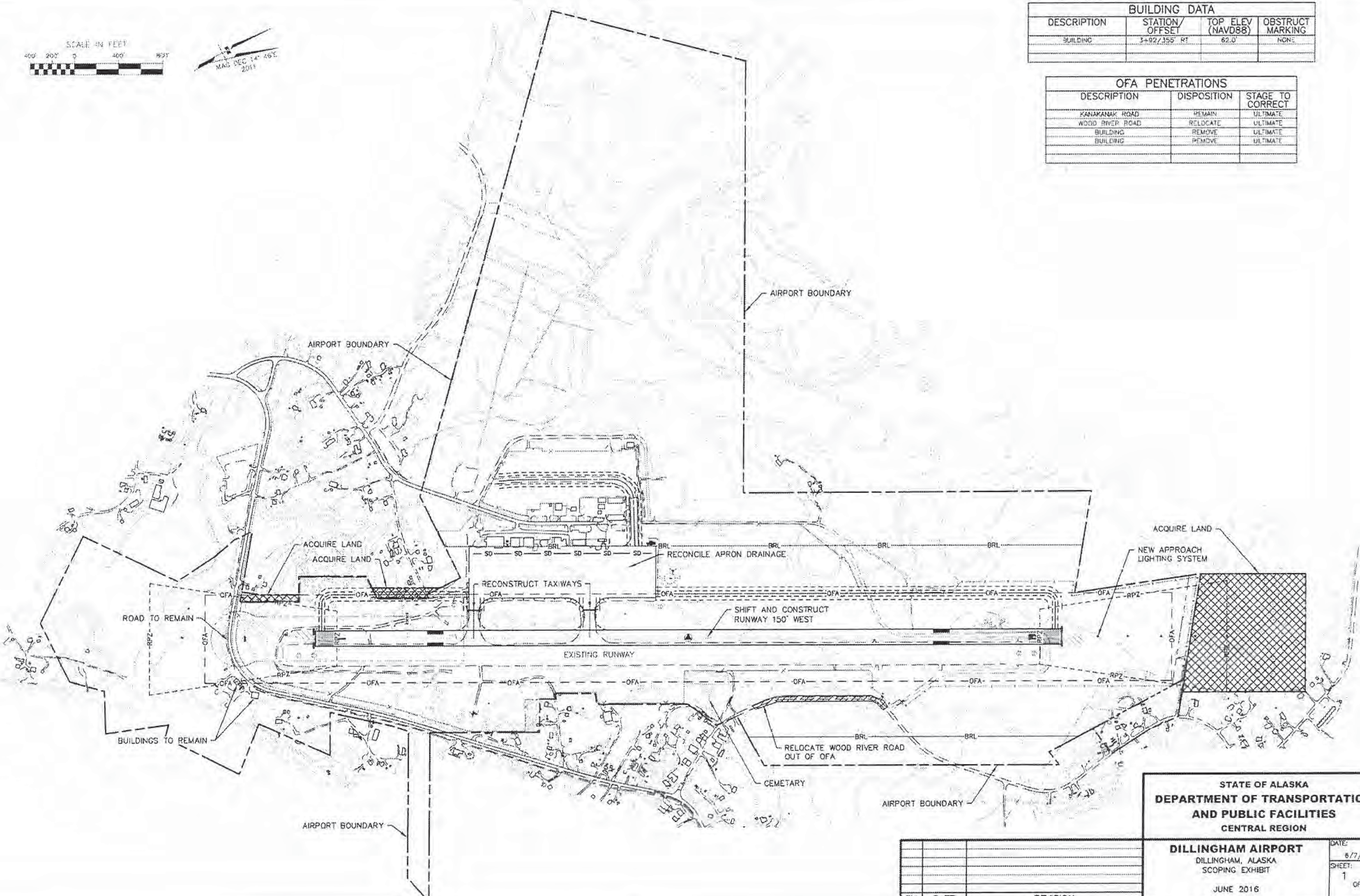
To more effectively manage this lengthy, multifaceted process, the project has been divided into three Stages (I, II, and III)

> Stage I: Complete the Environmental Document for all three stages. Build and surcharge the embankments. (2-3 years)
>
> Stage II: Acquire property, and monitor embankment settlement. (3-8 years)
>
> Stage III: Complete the project. Shift the runway and navigational aids. Install new airport lighting, realign Wood River Road (outside the OFA), and correct drainage on the main apron. (2 years)

Status: A contract was recently executed with Stantec Consulting Services for design of the Stage I project. Surveyors will be heading out to the site soon. Preliminary work is just beginning.

Funding: A preliminary estimate of the total project cost is $51.7M. The project will be funded predominately by the FAA, with the standard state match (currently 93.75%/6.25%).

Last updated: 7-18-2017



BUILDING DATA

DESCRIPTION	STATION/ OFFSET	TOP ELEV (NAVD88)	OBSTRUCT MARKING
BUILDING	3+92/355' RT	62.0'	NONE

OFA PENETRATIONS

DESCRIPTION	DISPOSITION	STAGE TO CORRECT
KANAKANAK ROAD	REMAIN	ULTIMATE
WOOD RIVER ROAD	RELOCATE	ULTIMATE
BUILDING	REMOVE	ULTIMATE
BUILDING	REMOVE	ULTIMATE

BY	DATE	REVISION

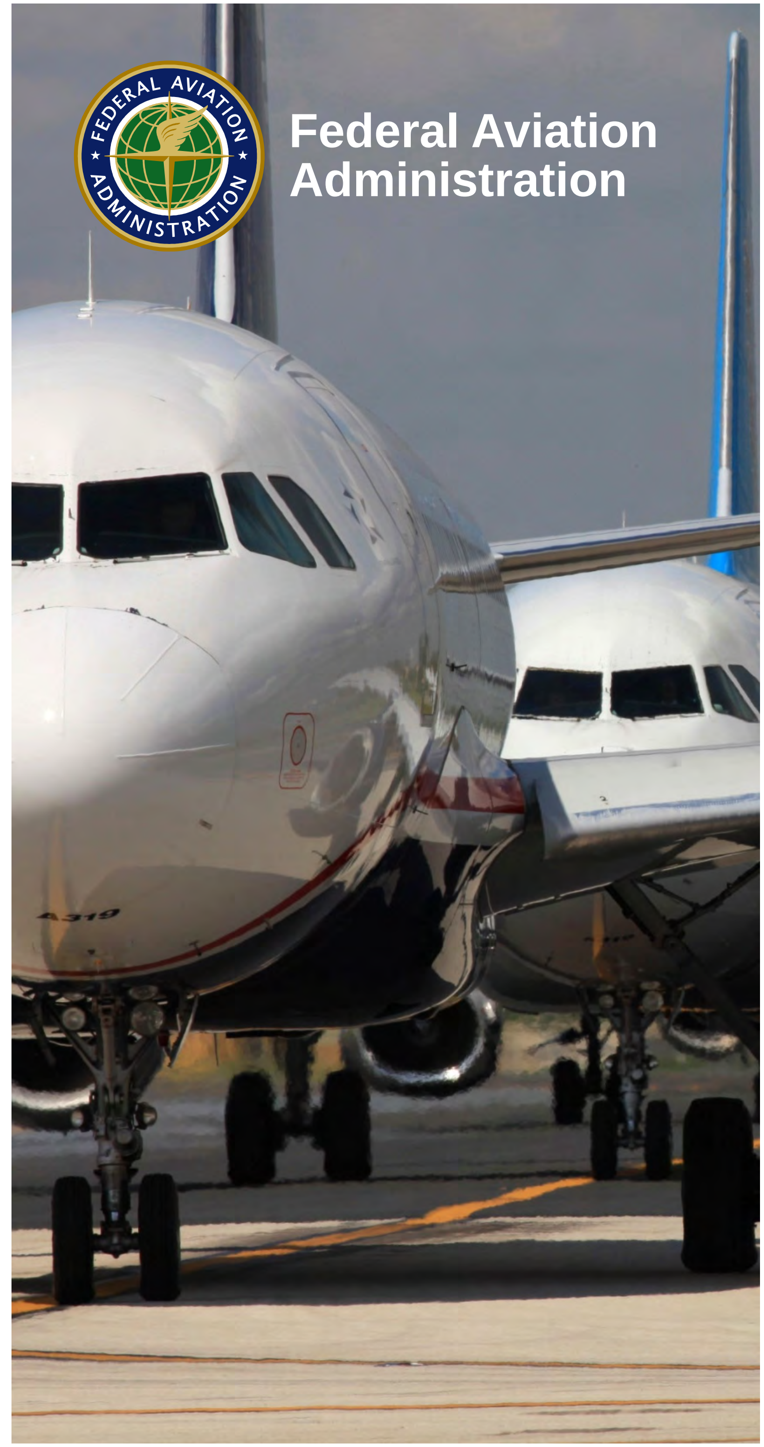
STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
CENTRAL REGION

DILLINGHAM AIRPORT
DILLINGHAM, ALASKA
SCOPING EXHIBIT

JUNE 2016

DATE: 6/7/16
SHEET: 1 OF 1

How Airports Make Money



Presented By: Byron K. Huffman,
Division Director, AAL 600

Raising Revenue

With construction costs increasing, available funding decreasing and periodic downturns affecting the industry, airport operators find themselves continually looking for additional revenue sources to fund projects and sustain operations.

Traditional Ways

Primary sources of airport revenue include:

- **Fuel Sales**
- **Hangar Leases**
- **Agricultural Leases**
- **Grants**

Primary sources of revenues for general aviation airports:

Method of revenue	% of revenue
Fuel sales	63%
Commercial leases	60%
T hangars	59%
Private hangars	32%
Ag leases	32%
Landing/ramp fees	20%

Alaska Airport Revenue

There are approximately 250 Alaskan airports in the National System, about 200 of these are owned by the State of Alaska and managed by the Alaska Dept. of Transportation and Public Facilities.

- **48% of the revenue generated at AKDOT airports is from the 19 certificated airports it manages.**

- **45% of AKDOT airports have no revenue producing agreements (leases).**

Get the word out

- Development and property management planning provides a long-term plan for nonairline revenue generation by helping the airport communicate to all interested parties the long-term goals of the airport – and how it can be beneficial to everyone.

But before we go any farther you need to remember:

Grant Assurance Obligations

- 5. Rights and Powers
- 19. Operations and Maintenance
- 22. Economic Nondiscrimination
- 23. Exclusive Rights
- 24. Fee and Rental Structure
- 29. Airport Layout Plan

- These grant assurances will have an impact on the leases you set up and administer – make sure to refer to them early and often.

Airports are valuable property

- Many are confounded as to why McDonald's, a purveyor of inexpensive hamburgers, is one of the world's largest and most successful companies. The answer is it's not about the burgers, it's about land. McDonald's is the world's largest private landowner, holding the deed to more square footage of the planet than the distant second place, the Roman Catholic Church. The maxim here is that it's not burgers or fries or extra pickles that make the money or hold value well - it's the land the restaurant sits upon. The airport business is a real estate business, and if the airport is prime real estate, it commands a premium.

FAA Role in Airport Development

- Airport Layout Plan review/approval
- Environmental review
- Full or partial release (of grant obligations)
- FAR Part 77 review
- Lease review (occasionally)

Land sale vs. lease

- Land purchased with AIP funds needs FAA approved release prior to sale
- Lease: “interim” and “concurrent” uses over 25 years may require release
- Fair market value requirements apply

Fair Market Value

- Fair market fees for use of the airport is required for nonaeronautical uses (FAA Order 5190.6b.17).
- Charges for aeronautical users must be ‘reasonable’, generally defined as charges necessary to address the costs of services and facilities.
  - ➢ AKDOT, at the request of FAA, undertook an effort to evaluate their fee system 2014 – 2017.
  - ➢ Based on this study, some rental rates are proposed to increase through 2022.

Land Leasing

- New development and vacant land – Be more active in identifying near-and long-term uses for currently unused land:

  - Develop a service plan for providing the access and utility improvements for land that could be utilized.
  - Establish a strategy for funding the infrastructure improvements required for commercial development.
  - Airport marketing can be instrumental in developing land and leasing airport property.
  - Develop a good relationship with your community economic development entity and/or chamber of commerce.

Leases

Mandatory Clauses:

- **Subordination**
- **Airport Compatibility (Part 77, etc.)**
- **Nondiscrimination Clause**
- **Prohibition on Exclusive Rights**
- **Civil Rights Clause**

New and emerging uses for airport land = profit

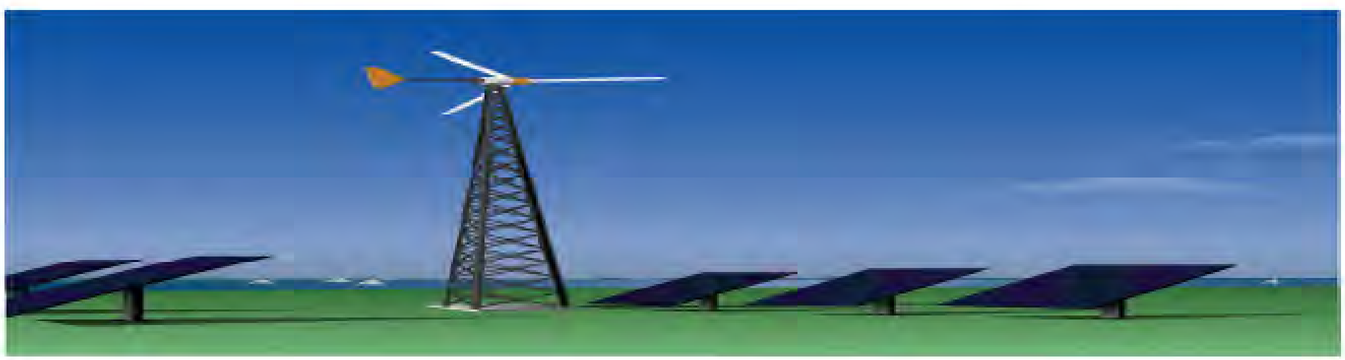
- **Blueberry farm** – no seriously, Georgia has its largest blueberry farm located on airport property.

- **San Francisco International Airport** installed more than 2,800 solar panels on the rooftop of Terminal 3. Visible from the air train that travels between terminals, the solar panels generate a small percentage of the airport's overall electrical needs, but enough to power all the daytime lighting needs in Terminal 3.

- California's **Long Beach Airport** has a 'solar forest'. The six solar "trees" are actually steel poles topped with photovoltaic (PV) arrays that measure about 9 feet by 9 feet each and shift and tilt throughout the day to track the sun.

Solar and Wind

- In Boston, there's a wind power demonstration project underway at Massport's **Logan International Airport**, where 20 6-foot-tall wind turbines began whirring in 2008. These are roof-mounted models with a very pleasing design. In fact, they look like aircraft propellers.
- The success of these and other projects, and the availability of energy grants, incentive programs and some stimulus money, is luring other airports around the country to cross the green line.



Just some reminders…

- When you write a lease, keep this in mind:
  - Ensure sponsor’s compliance with Federal Obligations
  - Ensure sponsor Rights and Powers to operate the airport are maintained
  - Term may not exceed 50 years (property disposal)

No explicit FAA approval of leases but we will *review if you ask.*

Some reminders..

Grant Assurance 24, Fee and Rental Structure

Requires that, It (the airport sponsor) will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection.

In summary

- Making money on today's airport is challenging:

  - High fuel costs have caused some aviation activities to slow down - resulting in less revenue to airport businesses;
  - Commercial rental rates are down in many parts of the country – reducing potential profit.
  - Loans for development are harder to get – even with historically low interest rates.

Overcoming Obstacles

- **Discuss development options with sponsors**
- **Share ideas for growth and revenue – help each other succeed**
- **Network**
- **Be open to new ideas – coordinate early with sponsors and FAA**

QUESTIONS