

CARB Board Minutes

WSDOT-Aviation HQ – Microsoft Team Meeting
Wednesday, December 1, 2021, 8:00 am – Noon

The meeting was called to order by Chair, JC Baldwin, at 8:00 a.m. Vice Chair Andy Hover, Board members David Fleckenstein, Ingrid Gaub, John Dobson, Michael Echanove, Jeralee Anderson, Rich Mueller, CERB alternate Bill Glassford, and Board Secretary/Loan Program Manager, Dave Chenaur, participated via video conference. A quorum was present.

Announcements: JC Baldwin welcomed the Board members and asked each attendee to introduce themselves to the new PWB representative Board member, Jeralee Anderson. Jeralee introduced herself to the Board and expressed her excitement to serve on the CARB.

Board Agenda and Schedule: JC proceeded to approve the meeting's agenda and schedule and asked for any modifications. Board Secretary, Dave C., informed the Board that due to the number of applications needing to be reviewed and commitments for several Board members to participate in an adjacent WPPA meeting in Bellevue, that today's meeting schedule can be completed within 2 hours. No further comments were received, and the agenda and schedule were approved with the intent to be completed by 10:00 am.

Approval of November's CARB Minutes: JC asked if everyone had an opportunity to review November's Board minutes distributed last week. No revisions were received. John Dobson motioned to approve the minutes. Michael Echanove seconded the motion. The Board minutes were approved with no objections.

Loan Project Selection: JC turned the meeting over to the Loan Program Manager. Dave C. summarized the applications received to be reviewed and selected for funding. The Loan Program received a total of 5 applications totaling \$2,825,000. All but one met the pass/fail qualifications. Sequim Valley Airport's application for Hangars and an Office in the amount of \$495,000 was incomplete and could not be evaluated and scored. The applicant had responded to the Loan Program Manager's initial review and explained that project cost estimates from contractors had been delayed and they could not be secured prior to the Board meeting. Uncertainty with connecting to the local sewer line was another issue. The loan application will remain open and will be included in the next round of funding considerations.

Michael asked for the status of the CARB budget. Dave C. summarized the CARB loan program financial budget. The initial \$5M fund balance was fully obligated to existing loans. Some of these initial loans have begun paying back funds, however as discussed in July, the repayments along with interest earned on funds held by the SAO are not available for expenditure until authorized through appropriation. \$4.7M of the additional \$5M appropriated for 2021-2023 is available for award. \$300k is being retained for administrative costs.

Michael asked if there were other airports who showed interest in the loan program. Dave C. responded affirmatively and listed a half-dozen airports that had made inquiries but did not apply. If needed, he could consult a contact list to provide a more comprehensive list. Michael also asked who reviews and scores the applications received. Dave C. replied three Aviation staff including himself score the applications; one manages the Airport Improvement Program (AIP) grant program and the other performs 5010 inspections at state airports and oversees the State Capital Improvement Plans (SCIP).

The Board chose to review the remaining four (4) applications prior to selecting projects to fund. The loan applications were presented as follows:

Kittitas County (Bowers Field) – West Apron Hangar Taxilane \$100,000: The County is requesting a 20-year loan with a 3-year deferral period. The Airport Layout Plan (ALP) was displayed to show the location of the proposed project. The proposed taxilane extension would be approximately 600 feet by 25 feet wide and support new hangar development along Bowers Road. By completing this project, Bowers Field would be able to lease approximately 133,812 square feet of land for an annual revenue of \$21,409. This project would also be the first step in the planned relocation and expansion of the county owned T-hangars.

The airport has received letters of interest to construct new executive hangars in this location if the airport can provide taxilane access. This taxilane development will provide the opportunity to lease additional lots incorporating up to 12 new leases for private hangars and 10 new T-Hangar leases in the future. This development area is fully serviced by utilities and has public roadway access. The airport is positioning itself to accommodate the overwhelming demand for hangar space and pursue commercial aeronautical services by developing this portion of the airfield fronting Bowers Road.

Total project cost is \$450K; \$350K is funded with local funds. An engineering and construction estimate was provided by Century West Engineering. Project is ready to proceed immediately. The project is considered a CATEX for environmental considerations. The application included Kittitas County's Board of Commissioner's resolution, loan repayment schedule, and economic impact calculator. Kittitas County sees the value in supporting development at Bowers Field in congruency with the significant federal funding projects at the airport through 2026. Bowers Field is a NPIAS airport and is in the 13th Legislative District and 8th Congressional District. It received an average score of 87.7 and is recommended for funding.

Jeralee asked if any financial information on the airport was available. Dave C. displayed a Financial Intelligence Tool (FIT) report for Kittitas County produced by the State Auditor's Office. The State Auditor's Office (SAO) Financial Intelligence Tool rates the County's Financial Health Indicators as primarily "Good". In 2020, the County's revenues of \$66M exceeded expenditures by approximately \$12M. Jeralee responded if we had more specific data on the airport itself. Dave C. replied we did not have financial information related only to airport activity. Some larger airports have specific funds for their airports while small airports tend to be combined with the airport sponsors financial reports. David F. emphasized that Board tries to look at the financial stability, the revenue impacts of the project, and the ability to repay the loan. Small airports often lack financial information on airport activities, hence the reliance on the airport sponsors financial records.

City of Deer Park (Deer Park Municipal Airport) - Airport Sewer Main Installation \$730,000: The City is requesting a 20-year loan with a 3-year deferral period. A project drawing was displayed showing the location and scope of the project. The project consists of construction/installation of 4290 LF of 8-inch sewer laterals and 320 LF Sewer force 2" main (4610 LF in total) allowing for future hangar construction and development. This project includes connection of existing hangar/businesses to the city sewer system consistent with local ordinance. Project also includes 20 - 48" manholes with 7 drop connections, a sewer pump station, and pavement restoration.

The city has upgraded the airports access/frontage road with non-restrictive pavements, sewer, water, sidewalks, and curbing. By city ordinance all adjacent property owners shall abandon existing septic systems and connect to the sewer within 2 years. Deer Park Ordinance 13.08.040 (C).

Total project cost is \$730k and is supported by an Engineer's Opinion of Probable Cost performed by JUB Engineering. A project schedule, spending plan, and Economic Impact Calculator was also provided for the project. The airport is required to install sewer mains to all existing hangars prior to any sewer mains being run to any proposed developments. This loan will allow the installation of sewer mains to existing hangars as well as proposed hangar development. This project will eliminate the need for septic pumping and temporary permitting thereby, eliminating maintenance for the leaseholder. New connection costs will be reduced as the need for engineering and septic installation will be eliminated. This project will allow hangar owners/developers an efficient method for the disposal of wastewater allowing for a smaller lease footprint. The connection fees are typically less than a septic installation making the sewer a more efficient operation for the airport and leaseholders. NEPA/SEPA has been approved and the project can proceed immediately. The ALP was updated in December 2010. The airport has a Green House Gas (GHG) plan, and the Airport Information System (AIS) data has been updated. The SAO's FIT report has a "cautionary" outlook for the airport, but all other City fund outlooks are rated as "good". The project is in the 7th Legislative District and 5th Congressional District. The application received an average score of 81.7 and is recommended for funding.

Bill inquired whether there was a match requirement and a project size limit. He noted, the majority of the projects were requesting the maximum loan amount. Dave C. responded the Board decided to not require match for projects. A major consideration was the target audience for loans was small airports that had limited financial resources and lacked matching funds. The Board also re-considered the maximum loan amount recently and decided to retain the current amount of \$750,000 due to the amount of funds available to award and the desire to fund multiple projects across the state. Many construction projects cost well over the loan limit. Capping the loan amount does require larger projects to provide match.

Michael asked for some clarifications on ALPs. Does the ALP have an expiration date? David F. responded that ALPs do not expire. They are an important aspect of capital planning and a requirement in securing FAA and state grants. Proposed projects need to be included in the ALPs and they only require updates when they become obsolete. Michael also asked what GHG and AIS represent. Dave C. replied that GHG stands for Green House Gas policies. While not a requirement, there is emphasis from the Governor's Office and an expectation that this will be required in the future to consider carbon emissions. AIS is WSDOT's Airport Information System. It is a statewide database that collects airport information annually including contacts, infrastructure, operations, pavement conditions and aircraft usage. David F. added that a requirement to receive funding assistance is to update the airport's capital improvement plans and their airport information annually in the database.

John asked for some clarifications on the project drawings and the Program Manager detailed the project scope as displayed. Some discussion ensued regarding development in the geographic area and the need for additional hangar development.

City of Auburn (Auburn Municipal Airport) – T-Hangar Door Replacements \$750,000: The City is requesting a 10-year loan. The airport's ALP was displayed displaying the proposed project scope and location. The project would replace 15 doors on the existing T-hangars as well as installing 34 doors and walls to the existing open T-hangars to enclose them. The total amount requested is an estimate to install the 49 doors & 34 T-hangar walls at the airport. The estimate is based on a recent hangar door replacement project that was completed at the airport and provides for a realistic cost projection. However, if material prices rise due to production and availability, then a reduction in the quantity of doors to be installed may be necessary.

The airport currently does not have enough closed T-hangars to support the demand at the airport (wait list is 20 years long). The improvement of the existing hangars will extend the hangars useful life and increase rental fees. In 2015, the airport completed a similar project of enclosing a row of existing open hangars. The airport receives nearly twice the amount of monthly rent for the enclosed hangar row (\$487.47/month) vs the open hangar row (\$260.66/month). Once the hangar rows for the proposed project are enclosed, the airport would follow the same rate structure and increase annual revenue on the hangars by \$51,000 per enclosed hangar row.

\$250/mo. (additional monthly rent/unit) x 17 (units) x 12 months = \$51,000 additional annual income.

Total project cost estimate is \$1.5M; \$500K in FAA funding and \$250K in local funds is provided. Project is ready to proceed immediately. Auburn Municipal Airport is a Community (NPIAS) airport. The airport submitted an ALP (2015), GHG policy, project schedule and spending plan. The airport is included in Auburn's Comprehensive Plan Update Chapter 5.5 Air Transportation and City of Auburn Chapter 18.38 for FAR Part 77. The application received an average score of 75.7 and is recommended for funding.

Ingrid responded to Board questions regarding the project's location on the ALP and the age of the hangars to be enclosed. The renovations will extend the useful life of the hangars. She also noted there is little existing area for development.

Michael commented on the CARB-funded Othello Hangar project completed last September that was featured in the local paper and then nationally through the AOPA. All but three units of the 10 units have already been rented. He supported continued funding of hangar projects.

Bill inquired if the Board factors in need for funding by applicants. He noted that some applicants appeared to be in a superior financial position than others. Dave C. said there was no requirement to demonstrate need. While some airport sponsors have substantially larger budgets, most airports do not report a "traditional" profit and rely on additional funds to continue to operate. The program's mission is to make eligible airports more self-sustainable and thereby less reliant on grants and public funds. The application's supplemental questions address this goal including whether the project would be able to proceed only with the loan award. Bill shared his thought that when requests for loans exceed availability, the Board should focus on funding the neediest applicants.

Jeralee posed four policy questions. Dave C. responded, as follows:

Q: Is there a minimum score required to be funded?

A: No, there is no minimum score requirement like PWB. The Board considered the issue but opted to not have this requirement. Small, unsophisticated applicants struggle with submitting applications which may not score well. This policy allows the Board more flexibility in selecting projects.

Q: Does the program look at the Growth Management Act (GMA) plans in the affected project areas before selecting projects similar to the PWB?

A: No. However, the loan application asks if the airport is included in the local land use plans. Specifically, is the airport recognized as an essential public facility in the local comprehensive plans, does the comprehensive plan include policies and zoning to protect it from incompatible land use, and are regulations and zoning in place to prohibit penetration of FAR part 77. WSDOT-Aviation does have a staff person who oversee land use issues.

Q: Does the program require the projects to be shovel ready?

A: Yes, applications are scored based on being shovel ready. CARB does not want funds to sit idle.

Q: Does the program monitor applicants for multiple awards?

A: Not formerly, but we only have awarded 11 projects. To date, only one applicant has been awarded two awards totaling less than \$100k. Kittitas County has been partially awarded funds for \$105k with the latest request being only for \$100k and far below the \$750k project threshold.

David F. added that scoring criteria may be modified by the Board in the future and the inclusion of Aviation AIP Grant Manager provides awareness on which airports are receiving alternative funding. Michael compared Auburn's and Deer Park's applications. Auburn provided 50% match while Deer Park did not. While both projects appeared worthy, he liked the leveraging of funds Auburn's project offered.

Port of Benton (Richland Airport) – Existing hangar Acquisition \$750,000: The Port is requesting a 20-year loan with a 3-year deferment. Port plans to purchase existing private aircraft hangars. The Port can generate revenue from the hangars to pay back the loan and then generate airport revenue. There are 7 existing hangars in the middle of the airport that the Port would like to control. The Port would like to start with the purchase of the first two hangars with 20 units.

These hangars are in the middle of the airport's operation. Revenue from the currently 100% occupied hangars will be used to pay the loan and expenses for these hangars. This allows the Port to generate future revenue and control the hangars in the middle of the airport. In addition, the Richland Airport generally has a waiting list for aircraft hangars and the current Master Plan estimates growth in the hangar demand. It is anticipated that at least a portion of the current hangar owners will choose to build new hangars for personal or rental use at the north end of the airport and the Port's hangars will backfill with new Richland Airport users. With additional Port revenue, the Airport plans to expand the corporate aircraft area resulting in further private investment.

Total project cost is \$800k; \$50K in local funds. There have been recent sales that provide comparable prices for the Port. Since these hangars are on a Port land lease, the Port is well suited to purchase these hangars and has a good idea of value and building expenses (County property records included). The project is ready to proceed. The FIT report lists the Port's outlook for operations is "good" and they report a positive cash flow from operations in FY 2020. A Project Schedule and Spending and Repayment Plan was included with the application. The ALP was updated in 2009. Airport has a GHG plan. The AIS data has been updated. The project is in the 8th Legislative District And 4th Congressional District. The application received an average score of 67.3 and is recommended for funding.

John asked if we know the age of the hangars to be acquired. Dave C. responded no but they appear to be steel structures. John commented that the cost to acquire the existing hangars was significantly lower compared to building new hangars and the revenue generated would be a great investment. JC inquired if the Port planned on increasing the lease rate. Dave C. could not provide specific rate information, but the Port believed the hangar revenue would be sufficient to repay the loan. He did confirm the Port would receive substantially more lease revenue for the hangars than the current land lease revenue alone. Ingrid, as an Airport Director, confirmed that airports can increase hangar lease revenues by tenfold versus a land lease and it would be a good investment.

Board action on loan applications: JC called for the question. Andy moved to approve and offer loans to Kittitas County (\$100,000), City of Deer Park (\$730,000), and Port of Benton (\$750,000). David F. seconded the motion. No further discussion was offered. The motion passed unanimously. Andy then moved to approve and offer a loan to the City of Auburn for \$750,000. John seconded the motion. No further discussion was offered. Ingrid recused herself from the vote. The motion passed unanimously.

Total awarded funds were \$2,330,000 (49.16%). A balance of \$2,410,000 is available for the next call for projects planned for the Spring of 2022.

Jeralee asked if Sequim Valley was planning on re-applying next round. Dave C. shared he had multiple conversations with Sequim, and they needed additional time to acquire project quotes and fully vet the project. He fully expects they will re-submit for the next round of funding.

Comments/Next Board Meeting: JC asked if there were any other closing comments. The Program Manager asked if the Board still intended on coordinating with WSAA and WAMA for meeting with legislators during the supplemental session. JC confirmed and added that WPPA should also be included. Discussion ensued about forming a team to promote CARB's objectives. No other comments were received. The Board Secretary was directed to perform a "Doodle Poll" to query Members for the next CARB meeting date in March 2022. JC thanked the group for their participation.

The meeting was adjourned at 9:53 am.

_____ Date: 12/10/2021
David Chenaar, Acting CARB Secretary