

CARB Board Minutes

WSDOT-Aviation HQ – Microsoft Team Meeting
Wednesday, March 16, 2022 10:00 am – Noon

The meeting was called to order by Chair, JC Baldwin, at 10:00 a.m. Board members Jeralee Anderson, Ingrid Gaub, John Dobson, Andy Hover, Rich Mueller, Bill Glassford, David Fleckenstein, and Board Secretary/Loan Program Manager Dave Chenaar participated via video conference. Guests Chris Herman also participated via video conference. Board member Michael Echanove was unable to attend due to illness

Announcements: JC Baldwin welcomed the group and asked attendees to introduced themselves. Dave C. announced that Michael Echanove has been hospitalized due to a sudden illness. JC shared some thoughts and directed Dave C. to prepare a communication for the Board to send to Michael and his spouse.

Board Agenda & Schedule: JC asked if there were any changes to the agenda and schedule. No revisions were received, and the agenda was adopted as drafted.

Approval of December's CARB Minutes: JC asked if everyone had a chance to review December's Board minutes distributed. No revisions were received. David motioned to approve the minutes. Jeralee seconded the motion. The Board minutes were approved with no objections.

Loan Project Status: Loan Program Manager, Dave Chenaar, updated the group on the status of the loan Program, as follows:

Loan Agreements:

- 14 of 15 selected CARB projects under agreement (93.3%).
- City of Deer Park Airport Sewer Main Installation project for \$730,000. City Council passed resolution accepting the loan offer; Loan agreement drafted and is awaiting execution.

Call For Projects: \$2.41M is available for Loans. Tentative Timeline recommended is:

- Call for projects/applications - 4/01/2022
- Initial Deadline for Applications – 7/1/2022
- CARB Selection for Project Funding – August 2022

Andy asked about remaining administrative funds if the program received no additional funding. Dave C. responded that the remaining \$2.41M for awards does not include the \$260,000 set aside for administrative costs. Budgeted funds should be sufficient to cover administrative expenses until June 30, 2023.

The Program Manager shared his reasoning for the suggested timeline. Dave C noted that loan inquiries have subsided recently. He speculated that it may be due to an influx of federal funding and the current impact of inflation on projects. WAMA has a conference in May where he'll be promoting the CARB Loan

program. This will allow conference attendees, who are our target audience, time to submit applications for consideration and believes this will improve the quality of projects submitted.

JC stated many target airports did not qualify for federal funds and felt that airports may still not be aware of the program. Dave C. shared his desire to develop a more robust marketing plan for the loan program, as well. JC agreed and suggested CARB would benefit from a social media presence. Dave C. concurred and mentioned efforts to enhance CARB's webpage had been delayed due to WSDOT revising their current website. She reminded the group about plans to also provide technical assistance to small airports with completing applications. Bill shared that CERB has a dedicated marketing person and will request her to mention CARB when working with communities. Dave C. responded he would appreciate the support.

Andy moved to accept the loan application timeline as recommended. Bill seconded. The motioned passed unanimously.

Project Construction: The Loan Program Manager proceeded to update the Board on the status of projects under contract with CARB/WSDOT:

- 4 of last biennium's 11 projects have been completed
 - Sequim Valley Airport - UST Removal Project \$15,000
 - Sequim Valley Airport - Access Road and Fueling Area Repaving Project \$70,000
 - Port of Port Angeles - Utility Extension & Hangar Development Project \$750,000
 - Port of Othello – 10-unit Hangar Project \$450,000 (project photo shown)

- City of Chehalis Above-ground Fueling Facility Project \$750,000 - The fuel project is approximately 45 days from completion. It was delayed during the last 6 months due to COVID, weather (snow and flooding), and supply chain issues. The electrical inspector was on-site last month, so they should be very close to being ready to receive fuel for the soak test. To date, \$696,446.27 in loan funds were drawn down; \$53,553.73 in remaining funding left to reimburse.

- Pierce County Hangar Door Replacement Project \$750,000 - They're about 75% complete with the hangar door project. Due to damaged parts, there was a delay in the schedule. The project is currently back on track, and they expect the project to be complete by the end of March. They will be submitting a reimbursement request this week.

- Port of Bremerton Multipurpose Facility \$750,000 – Construction is well underway.
 - Demolition and Construction Started July 20, 2021
 - Anticipated billing in May 2022 for \$750,000.
 - Substantial Completion scheduled for August 19, 2022

Interesting side note. The new restaurant to be named "Amelia's Hangar Restaurant and Lounge.

- Kittitas County Hangar Utility Extension Project \$105,000 - The utility extension project is on hold until the asphalt company continues operation in April. We will not see reimbursement requests until May or June on this project, when we expect the bulk of the expenses to be requested. To date, \$4208.00 in loan funds drawn down; \$100,792.00 in remaining funds.
- City of Chewelah – Fueling Facility \$425,000 - 3 bids were received on April 9, 2021. Mascott Equipment Company was the low bidder at \$420,491.46. Mascott bid was determined to be responsive and awarded the contract. To date, \$12,692.00 in loan funds drawn; \$412,308.00 in remaining funding.
- City of Kelso Fuel Farm Improvements \$500,000 – Project was grant 1-year delay to coordinate with FAA pavement project. The fuel tanks for the project are currently out for bid. They anticipate the fuel tanks will be installed and operational by late summer. The apron (FAA portion) of the project was delayed until next year, however, most of the project expense will be incurred this year. They already incurred eligible costs such as engineering and anticipate submitting their first reimbursement request in the next few months.
- City of Moses Lake Aviation Fueling Facility \$175,000 – Loan was for a used/refurbished fuel system. This has been a “hot potato” project because project management has shifted several times. The Municipal Services Manager in charge of the project left shortly after the award. Due to the vacancy, the Public Works Director inherited the project but retired about 7 months later. The airport advisory committee became involved, and they wanted to explore the purchase of a new fuel system. Public Works created specifications and bid the fuel system. Bids for a new fuel system came back 100% higher than the loan award. I informed the PW Director they could apply for a larger loan or cancel the loan agreement if they could not move forward. The City Council met on September 28, 2021 to consider the bids. They decided to re-bid the project on November 4, 2021. The second IFB was estimated at \$325,000 and included two options: Option A included a 12,000 gal. used and refurbished tank; and Option B, a 6,000 gal. new tank. The bids were all rejected, and the procurement cancelled. During follow-up communications, the city has hired a new Municipal Services Director, David Bren. Rep. Tom Dent called and conveyed the city is still interested in completing the project and they needed more time for the new director to become familiar with the project. City is concerned there is insufficient funds to install equipment. Mr. Bren confirmed they are re-considering the original plan of acquiring the used tank and dispensing equipment from the helicopter business in Arlington and contacting Epic Fuels to confirm quote.

John asked how current was the information presented on Moses Lake. Dave C. responded the project status was updated yesterday (March 15th) after speaking with their new Municipal Services Director. John shared concerns on the project’s progress. Dave C. provided a brief history of the project and suggested their Public Works office struggled with the project’s specifications (new versus used) and the procurement process. Andy explained how to conduct a

procurement for used equipment. Ingrid agreed and suggested they may need technical assistance. David affirmed that Rep. Dent is aware the city, at some point, needs to proceed or decline the award.

The remaining awarded projects to begin this year:

- Kittitas County West Apron Taxiway Project \$100,000
- Auburn Municipal Airport T-Hangar Door Replacement Project \$750,000
- Port of Benton Existing Hangar Acquisition Project \$750,000
- City of Deer Park Airport Sewer Main Installation Project \$730,000

Financial Summary: The Program Manager provided the Board a financial summary of the program. Current Revolving Loan Account balance is \$7,732,819.46. Expenses to date is \$2,340,895.33. Administrative costs equaled \$342,815.75 consisting mostly of the Program Manager's salary. Loan disbursements totaled \$1,998,078.58. Program Revenue totaled \$73,714.79; \$54,323.79 in loan repayments and \$20,391 in fund 22L investment revenue. Loan repayments were comprised of \$36,791.93 for return of principal and \$17,531.86 in loan interest. Total program income equaled \$37,922.86.

Program Manager confirmed program revenue is returned to the revolving loan account but will not be available for award until July 1, 2023 due to spending authority requirement.

CARB Program Audit: The Program Manager informed the Board that WSDOT is being audited by the SAO and the CARB Loan Program was selected for review. Dave C. has already attended the entrance interview and supplied program documentation including Board Bylaws, Program Procedures Manual, Board agendas and minutes, loan summaries, agreements, invoices, and related documents. Audit Scope is to ensure the Board and loan recipient was eligible to:

- CARB Formed and Conducted per RCW
- Receive the loan
- Terms of the loan agreement in compliance with RCWs and WSDOT Policy
- Applications included the required support
- Loan agreements were fully executed
- Loan reimbursement requests were adequately reviewed and approved
- Loan repayments were made according to the loan agreement and deposited into the public use general aviation airport loan revolving account (RCW 47.68.470)

John asked if CARB was responsible for the SAO audit expenses. Dave C. replied CARB is not being charged for audit costs. WSDOT is absorbing the total audit expense. Bill asked if the audit report will be available by the next meeting? Dave C. responded that the audit can be a lengthy process and that the final report may not be available by the next meeting. Upon receiving the final audit report, it will be shared to the Board at the subsequent meeting.

David F. informed the Board that he had asked for the audit a couple of years ago to perform a "conditions check" on the program to identify any deficiencies. So far, it appears enhancements to the

Board's compliance with the Open Public Meetings Act (OPMA) will be necessary. The Board can expect some program action to address this area.

Legislation: Member and Aviation Director, David Fleckenstein, updated the Board on the status of legislation affecting aviation for the 2021 legislative session that was just completed.

David highlighted the Supplemental Budget (SB 5974 & SSB 5975) that provided for an increase on aircraft fuel tax to \$0.18 per gallon. This is an increase of \$0.07 per gallon. The additional tax revenue will become effective on July 1, 2022 with the funds deposited to the Aeronautics Account. The majority of the funds is expected to be used to expand the AIP grant program to NPIAS and non-NPIAS airports. It has yet to be determined if the funds can be used for other activities.

Move Ahead Washington (ESSB 5689) provides for two objectives, 1) It establishes a new Sustainable Aviation Grant Program and, 2) initiates preliminary activities ("conditions-setting") to prepare for adoption of emerging sustainable technologies. An example of funding is to help airports transition to more sustainable activities such as electrification of airport operations including EV charging. Both WSDOT-Aviation and the Dept. of Commerce is funded with \$5M and are tasked with annually providing a list of projects to the legislature for funding. Aviation is initially funded with \$10k to establish and administer the Sustainable Aviation Grant program this biennium.

Two other bills of interest to aviation discussed:

- Aerial Imaging Technology (ESHB 1629) combines statewide efforts for procurement of aerial imagery equipment to realize some cost savings; and
- Office of Renewable Fuels – Hydrogen (SSB 5910) creates an Office of Renewable Fuels within the Dept. of Commerce to accelerate the availability and use of renewable hydrogen in Washington state. This is especially relevant to large, legacy aircraft with a long lifecycle, transition to more sustainable fuel.

Chris Herman confirmed that all bills discussed passed this session. He commented that some of the legislation contained ambiguous language that will need to be clarified. (WPPA) are still trying to interpret and implement sections of the legislation. Overall, good progress for aviation funding.

In reference to renewable fuels, John reported WSDOT Secretary, Rich Millar, commented that aviation accounts for 20% of Washington state's transportation greenhouse gases, and 9.5% of the entire state's greenhouse gases. Jeralee asked if there was interest in learning more about the sustainable aviation field. Her husband is a chemist working on Boeing's SAF program and would be happy to give a presentation to the group. JC Baldwin responded affirmatively. David F. also was interested in behalf of another related committee.

Dave C. noted SB 5974 relies on a \$57M funds transfer from the Public Works Account. The Public Works Account has been the source for CARB funds the last two biennium. He expressed concerns that funding source may not be available again in 2023. Jeralee confirmed and relayed the PWB Chair's comment that they were "happier" with the \$57M transfer than the \$100M transfer originally proposed. While considered a "win", they shared disappointment with repeated transfers from the Public Works Account. David F. shared that Rep. Dent was considering an alternate source of funding for CARB

involving diversion of a small portion of state sales tax until a target of \$25M is reached. The corresponding bill did not pass out of committee.

David F. recommended the Board should plan on meeting prior to the proposed 2023-2025 Governor's budget if a budget ask is necessary. Members concurred. John commented that the Governor's budget is finalized in September. Various dates were considered with a meeting in June preferred.

Comments/Next Board Meeting: JC asked for any final comments.

Based on previous discussion, the next online Board meeting was scheduled on Thursday, June 2, 2022 from 10 am to 11 am. to discuss future program funding. Board Secretary, Dave C., was directed to send out a meeting request notice.

Discussion transitioned to the August CARB meeting to select the next round of funding identified in the approved "call for projects" timeline. Wednesday, August 3, 2022 was selected from 9:00 am to Noon pm. Interest in having an in-person meeting was discussed. The location is tentatively scheduled for Pangborn Airport's Executive Flight Building. JC will provide the Secretary contact information to book room. Board Secretary was also directed to send out in-person meeting request with optional online participation

JC asked if there were any closing comments. Dave C. announced that Andy, John, and Rich initial service to the Board will be successfully completed this summer. The loan selection meeting in August will likely be their final session. Andy requested information on the WAMA conference at Sum Mountain. Bill and John requested copies of the financial summary PPT slides. Board Secretary, Dave C., acknowledge their requests and will submit immediately following the meeting. JC thanked the Board and the Program Manager for their participation.

The meeting was adjourned at 11:30 p.m.

David Chenaur

Date: 6/2/2022

David Chenaur, Acting CARB Secretary