



Agency Request Budget

2015-2017

Biennium

CERTIFICATION

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the accuracy of all numerical information has been verified.

Oregon Department of Aviation

3040 25th St. SE, Salem, OR 97302-1125

AGENCY NAME

AGENCY ADDRESS

SIGNATURE

Director

TITLE

Notice: Requests of agencies headed by a board or commission must be approved by official action of those bodies and signed by the board or commission chairperson.

Agency Request

Governor's Budget

Legislatively Adopted

The requests of other agencies must be approved and signed by the agency director or administrator.

Budget Page _____

AGENCY SUMMARY

AGENCY SUMMARY NARRATIVE

Founded in 1921 as the first government aviation agency in the United States, the Oregon Department of Aviation (ODA) is chartered to promote, develop, and improve Oregon's aviation system. ODA's mission is to preserve and enhance aviation for Oregon's communities and serves the state of Oregon through its three-fold focus of advocating for the economic growth, infrastructure improvement, and safe operation of aviation in Oregon.

In addition, ODA is committed to the development and realization of its strategic plan by addressing statewide aviation issues, participating in multi-model coordination, carefully coordinating and managing aviation-related legislation, and providing assistance to aviation constituents, airport owners/sponsors and aviation system users throughout Oregon.

A seven-member Aviation Board provides policy direction to the Director and the Department in administering the laws of the state related to the development, management, education and promotion of Oregon's aviation system.

The Director and seven-member Aviation Board are appointed by the Governor and subject to the approval by the Oregon State Senate.

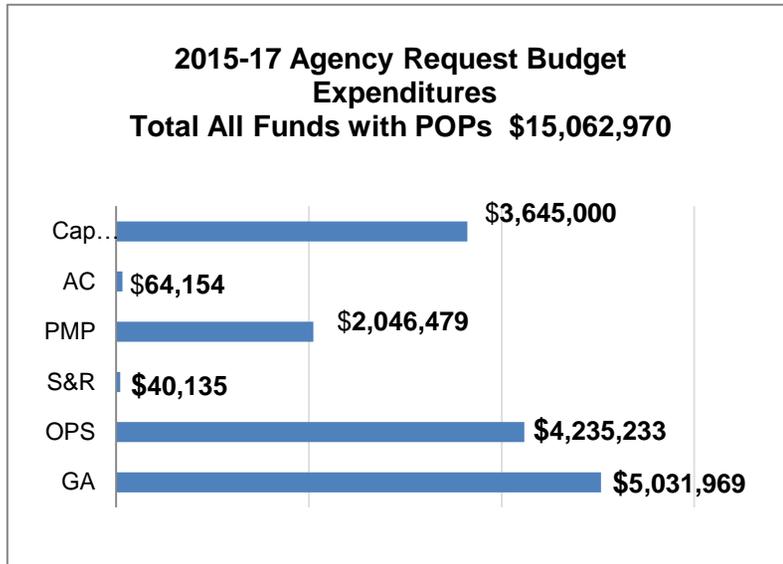
In coordination with Business Oregon, ODA and the Board support efforts to harness the economic potential of over 400 aviation related businesses throughout the state. Through a grant funded by the FAA, the Department of Aviation commissioned a study of the economic impact of Oregon's airports on the state's economy. The study by the consulting firm, Mead and Hunt, found that airports and their aviation businesses in Oregon provides over 73,000 jobs and has a \$24.2 billion impact on the state's economy. This represents a 7% decline since 2007 when the impact was over \$26 billion. Even with the effects of the recession still underway, aviation plays a big role in Oregon's economy.

AGENCY SUMMARY

Budget Summary Graphics

Budget Summary Graphic no 1: How the budget is allocated among programs or activities.

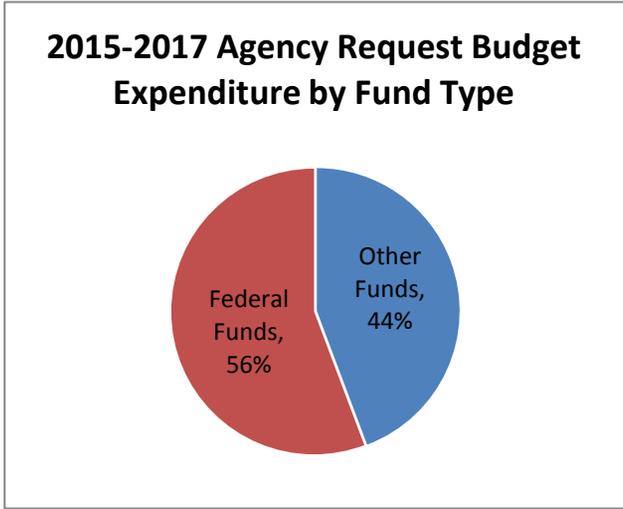
The Department's largest expenditures of Other Funds are in support of Personal Services and Service and Supplies within the Operations Program budget. This provides for the general management and operation of the agency.



- GA - General Aviation Entitlements program; airport development projects
- OPS - Operations program; administrative and policy body of the department
- S&R - Search and Rescue Program funded by Pilot registration
- PMP - Pavement Maintenance Program funded by fuel tax
- AC - Aircraft Registration Program
- Cap Const - Capital Construction Program

AGENCY SUMMARY

Budget summary Graphic no 2: This graph displays expenditure distributions by fund type.



Funding Sources for ODA Programs:

OF = Other Funds: For ODA, over 50% of Other Funds revenue is received as a transfer of fuel tax revenue from Oregon Department of Transportation. The fuel tax rate to aviation is currently levied at 1 cent per gallon Jet Fuel and 9 cents per gallon AVGAS. This revenue is allocated by statute as 55% to Operations and 45% to the Pavement Maintenance Program (PMP)

Other Funds Capital Construction: These are the funds used to match the Federal Aviation Administration (FAA) capital construction grants. This match is 10% of total project costs. The program funds capital projects to upgrade or improve airport infrastructure at airports that are part of the National Plan of Integrated Airport System (NPIAS).

FF = Federal Funds: Grants received from the Federal Aviation Administration (FAA) for airport projects that address safety, operations and infrastructure development at National Plan of Integrated Airports System (NPIAS) state owned airports in Oregon.

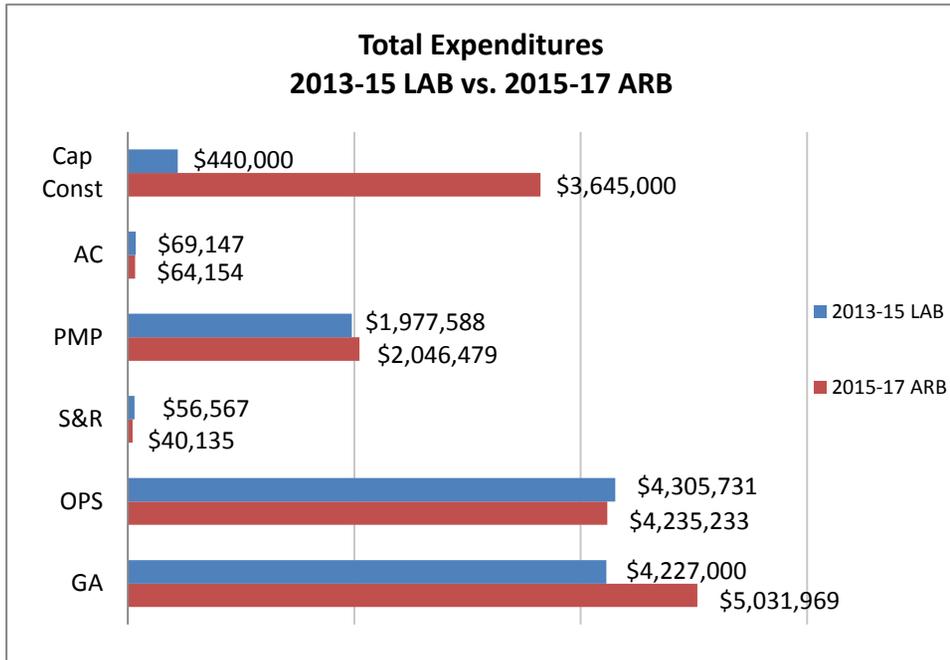
There are fifty seven airports in Oregon that are part of the FAA's NPIAS including 12 owned by the state. Each of the state owned NPIAS airports is allocated Non-primary Entitlement funds at \$150,000 per year from the FAA. The money is not made available until actually required for projects. Non-Primary Entitlement funds are available for 4 years and if not used within 4 years are returned to the FAA. These funds are reimbursable if conditions imposed by 39 grant assurances are not met. Beginning in 2015, one of the airports will be removed from the GA Entitlement program due to the FAA redefining the requirements for eligibility for the NPIAS. Wasco State Airport will be dropped from the program because the FAA determined that airports with less than 10 based aircraft. Wasco has less than 10 based aircraft.

Federal Funds Capital Construction: Department of Aviation applies for and receives FAA capital construction grants at 90% of project construction costs. The program funds capital projects to upgrade or improve airport infrastructure at airports that are part of the National Plan of Integrated Airport System (NPIAS). ODA uses the aircraft registration revenue to pay for the 10% grant match for the 12 NPIAS airports owned and operated by the state.

AGENCY SUMMARY

Budget Summary Graphic no 3: Comparison of 2013-15 Legislatively Approved Budget (as of April 2014) with the 2015-17 Agency Request Budget.

The Agency Request Budget (ARB) requested budget for the 2015-2017 biennium reflects standard inflationary increases with the exception of Attorney General fees and State Government Service Charges. These budget items align to the inflation, rates and assessments set above standard by the Department of Administrative Services. The ARB also reflects existing salary packages approved by the legislature. In addition, it includes Policy Option Packages requested for the 2015-2017 biennium.



- Cap Const - Capital Construction Program
- AC - Aircraft Registration Program
- PMP - Pavement Maintenance Program funded by fuel tax
- S&R - Search and Rescue Program funded by Pilot registration
- OPS - Operations program; administrative and policy body of the department
- GA - General Aviation Entitlements program; airport development projects. This includes carryover projects from the 2013-2015 biennium.

AGENCY SUMMARY

Mission Statement

The Oregon Department of Aviation's mission is to support Oregon communities by preserving and enhancing aviation. This includes promoting economy and jobs in the aviation industry and promoting safety at Oregon's 97 public use airports including the 28 airports owned or operated by Department of Aviation.

Statutory Authority

The Oregon Department of Aviation's activities and authorities are covered by:

- [ORS Chapter 197 – Land Use Planning](#)
- [ORS Chapter 319 – Aviation Fuels tax](#)
- [ORS Chapter 835 – Aviation Administration](#)
- [ORS Chapter 836 – Airports and Landing Fields](#)
- [ORS Chapter 837 – Aircraft Operation](#)
- [ORS Chapter 838 – Airport Districts](#)

Work required by Statute:

- Plan for the development of airports, state airways, airplane industries and aviation (ORS 835.015)
- Cooperate with other governmental agencies in the development of aeronautical activities (ORS 835.015; ORS 197)
- Help communities obtain federal and other funds for airport or facility construction, improvement or maintenance (ORS 836.020)
- Plan, establish, construct, enlarge, improve, maintain, equip, operate, regulate, protect and police airports and air navigation facilities (ORS 836.025)
- Promote Aviation Business and Jobs (ORS 836.055)
- Fund and manage a program to maintain and preserve the pavements used for runways, taxiways and aircraft parking areas at public use airports in this state. (ORS 836.072; ORS 319)
- Conduct airport site approval (ORS 836.085)
- Grant annual airport licenses (ORS 836.105)
- Make determinations regarding issuance of a permit to set aside a particular area of the shore for a landing field for aircraft and issue permits for approved requests (ORS 836.515 and 836.520).
- Develop rules and standards that define physical hazards to air navigation. Determine necessity of marking and/or lighting for hazards to air navigation. (ORS 836.530)
- Encourage and support then continued operation and vitality of Oregon's airports through compatible airport zoning standards. Develop list of airports described in ORS 836.608 and ORS 836.610(1) [ORS 836.610(2)] designated as vital to Oregon's aviation system.
- Promote economic development at Oregon airports through the design and utilization of a commercial/industrial through-the- fence program. (ORS 836.640)

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- Register pilots and aircraft (ORS 837.020 and 837.040)
- Issue aircraft dealer licenses (ORS 837.075)
- Improve and maintain state-owned airports (ORS 835.025)

Key roles and functions include:

- Promulgate and implement aviation policies established by the Oregon Aviation board;
- Oversight and management of the Oregon Aviation Plan as an integral portion of the Oregon Transportation plan;
- Assist communities in all matters related to aviation (air service, land use, airspace planning, etc.);
- Manage the statewide Pavement Maintenance Program;
- Conduct safety inspections of public use airports;
- Register and issue permits for aircraft dealers, public and private use airports, pilots and non-military aircraft based in Oregon;
- Manage initiatives and programs to enhance aviation, e.g., public/private partnerships, aviation education;
- Manage aviation and aviation related land use administrative rules;
- Support general aviation associations;
- Own and operate 28 state airports and facilities.

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Process Improvement Efforts

Identify how the agency is addressing continuous improvement, performance management and performance measurement during 2013-15 and the agency's plans for addressing these in 2015-17 and beyond.

The Department of Aviation made a number of process improvements during the current biennium. A short summary of key improvements are listed below.

- ODA streamlined leasing processes via ODOT Right Of Way section to consolidate record keeping, semi-automate Consumer Price Index (CPI) rate increases and standardize leasing templates via DOJ, DAS leasing section and ODOT Right of Ways leasing department.
- The agency continues to use flow charts and metrics to track progress in revenue and expenditure trends for the agency's six program areas.
- ODA has revised revenue collection for pilot and aircraft registration to include an aging report for past due renewals and a more assertive collection effort to pursue all revenues due to the agency. The agency aggressively pursues pilots and aircraft owners to ensure they are registered in the state of Oregon through spot checks and education.
- The Aviation Department is working to implement the Governor's 10 year plan and incorporate 10 year plan thinking throughout the agency. ODA management is looking at the long range sustainability of the agency and has a legislative concept in to raise revenue that not only promotes aviation industry and infrastructure. It also financially strengthens the agency's ability to do long range planning and reduce deferred maintenance making Oregon's system of airports safer and more sustainable.
- Promotion of Aviation Industry Cluster: ODA has put new energy into promoting jobs and economic development. This includes a revitalization effort to encourage an Aviation Industry Cluster to harness the growth of a dynamic aviation business base in Oregon. The Board of Aviation and ODA sponsored an Aviation Industry Cluster Summit in June of 2012 at the Evergreen Aviation and Aerospace Museum that drew over 120 people from a wide variety of aviation businesses in the state.
- The Board of Aviation has a continuous process of evaluating the roles and missions of the department including roles of the state airports, missions of the agency, evaluating commercial air service needs of the state and outreach and education on aviation issues.

AGENCY SUMMARY

Agency Programs

Agency Programs – Briefly, but adequately, describe what the agency does. List each primary program, its purpose, customers, and source of funding (e.g., federal versus state). Include its expenditures by fund type, positions and full-time equivalent, revenue sources, and caseload or workload for each program. Program descriptions should normally match with budget program units.

All Aviation programs are funded entirely by Other Funds as aviation user fees and federal grant funding. Following are descriptions of our program areas.

Operations Division

The Operations Division oversees the administration, operation, and maintenance of 28 public use airports through four program areas: Statewide Services, Airport Services, Airport Maintenance and Planning. This division also provides the core government services of the Aviation Department covering planning, land use, evaluation of tall structures, inspections of airports and site survey of proposed new airports.

Statewide Services:

5.2 FTE

- Lead and manage the agency.
- Coordinate and develop statewide aviation policy.
- Promote aviation related economic development.
- Advocate for safe, efficient aviation system.
- Develop solutions to statewide and regional aviation problems such as siting of airports, noise mitigation, airport and heliport funding.
- Foster strong internal and external relationships.
- Manage agency budget and finances.
- Provide public information and outreach services.
- Coordinate agency activities with the Oregon Legislature.
- Maintain aviation lending library.
- Provide technical and aviation related support services.
- Manage aviation archives.

State Airports Division: State-owned airports provide community access, economic development, recreational opportunities, and links to medical and emergency services (airborne firefighting, disaster relief, search and rescue). This division operates 28 public use airports through four program areas: Airport Services, Airport Maintenance, Airport Operations and Planning.

Airport Services:

3 FTE

- Oversees more than 265 leases and other property agreements.
- Advises inspections, planning, engineering, and construction of airport development projects.

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- Coordinates tenant relations.
- Provides advice for and administers federal airport development grants.
- Conduct airport safety inspections at public use airport statewide.
- Investigate proposed new airport and heliport sites.
- License and register all Oregon airports and heliports.
- Provide technical advice to airport owners and operators on a variety of airport issues including site surveys, safety, security, and feasibility.

Airport Maintenance:

1.25 FTE

- Maintain 28 state-owned airports to applicable federal and state safety standards.
- Routine and preventive maintenance such as mowing, obstruction removal, pavement preservation, and lighting maintenance.

Aviation Planning Division: Aviation Planning is responsible for all external services provided to Oregon's aviation industry. This division is responsible for tracking trends in aviation, providing information about aviation to other agencies and the public, coordinating aviation safety with federal regulators and providing services that promote the vitality of Oregon's airports and aviation industry at publically owned airports within Oregon's aviation system plan. This division develops and oversees airport construction of Capital Improvement projects.

Planning:

1.5 FTE

- Applies for and administers federal airport development grants.
- Develops and oversees contracts for consultant engineers and construction contractors.
- Manages construction projects at state-owned airports.
- Directs planning studies at state-owned airports.
- Develop and implement the Oregon Aviation Plan and related policies.
- Conduct continuous aviation system planning consistent with Federal Aviation Administration requirements and guidelines.
- Provide technical assistance on airport planning and development to local communities and governments.
- Comment on land use and zoning requests that may impact civil aviation.
- Review proposed development that may pose a safety hazard to aviation in Oregon.

Search and Rescue

The Oregon Department of Aviation uses the funds collected from pilot registrations to partially fund a registration clerk position as well as collection costs (mailings, stamps, etc.). Renewal is for two years at \$24.00 to reduce administrative costs of collecting annually. Proceeds from the remaining revenue go to Oregon Emergency Management who uses the revenue to help fund a Search and Rescue Coordinator position. ODA also reimburses actual search fuel costs to counties.

Search and Rescue:

0.3 FTE

- Manages registrations over 4,000 pilots per year.

AGENCY SUMMARY

- All revenues from pilot registration fees are dedicated to this program.
- Net revenues after position and collection costs are restricted to Oregon Emergency Management (OEM) search and rescue activities.

Aircraft Registration

This program functions to ensure that revenue for aircraft registered in Oregon are collected. The aircraft registration program manages and administers the AERO II software system that houses aircraft and pilot registration information. Revenue provides for the agency's federal share match dollars for all AIP General Aviation (GA) Entitlement Grants and AIP Discretionary Grants. The FAA sponsor match amount is 10% of the total project costs for design and construction.

Aircraft Registration: 0.5 FTE

- Manages registrations for over 4,100 aircraft per year.
- Front line contact with Oregon's pilots and aircraft owners.
- Responsible for the collection of approximately 8% of agency revenues.
- Provides the front office reception for the agency.

General Aviation Entitlements

The General Aviation Entitlement Program administers projects at the twelve state owned airports that are part of the National Plan of Integrated Airport System (NPIAS). This program is used to address safety, operations, infrastructure development at NPIAS airports. Projects are determined based upon a combination of factors including but not limited to pavement condition studies, safety, FAA compliance inspections, FAA design standards, short and long range planning goals for each of Aviation's 12 federally funded airports. A five year capital improvement plan (CIP) is approved by both the Oregon Aviation Board and the FAA. These projects are funded at 90% of project costs.

General Aviation Entitlement Program: 0 FTE

Pavement Maintenance

Pavement Maintenance Program is a state-funded aid program to assist airports in undertaking pavement preventative maintenance, the most cost-effective means to helping preserve the system's airport pavement and pavement infrastructure as addressed in the Oregon Aviation Plan. The program evaluates airport pavement at 1/3 of the state per year. The year following evaluation, airports that agree to have work done get schedule for pavement maintenance work with contractors hired by ODA. The PMP contractors perform maintenance projects to approximately 14 airports per year. There are 66 paved public use airports in the state. Some airports do not require pavement maintenance; choose not to participate in the program; or have pavement that needs repair work (more expensive) versus maintenance.

Pavement Maintenance Program: 0.5 FTE

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Environmental Factors

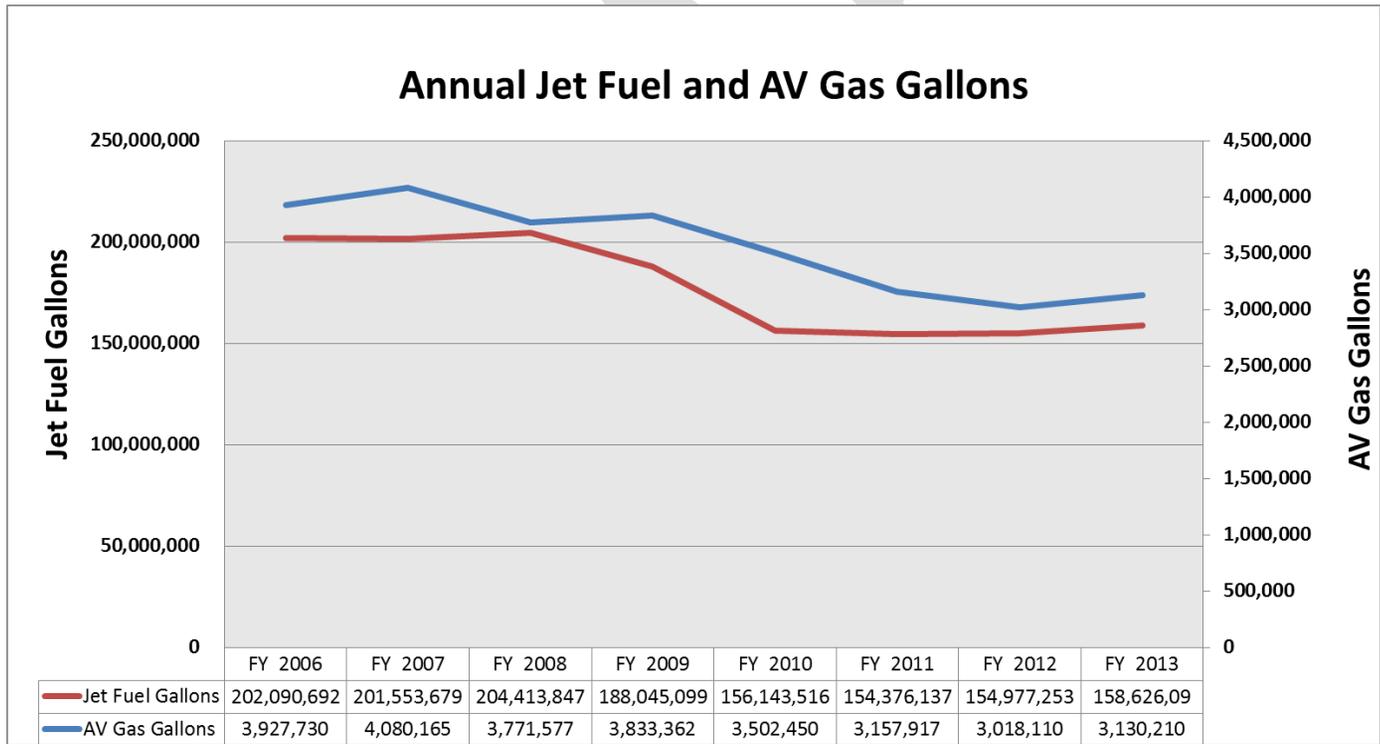
Briefly discuss factors that aid and hinder achievement of desired results. Factors could be demographic, economic, social, legal, administrative, interagency, intergovernmental, and others.

Unpredictable Aviation Fuel Tax Revenues

Jet fuel tax rate has been at \$0.01 per gallon since the 1999 Legislative session. Prior to that, the jet fuel tax has been ½ cent per gallon since the 1950s. This has substantially compressed the value of existing revenue substantially. With a cumulative inflation rate since 1992 of 798%, a \$1.00 dollar purchase then would take \$8.98 today.

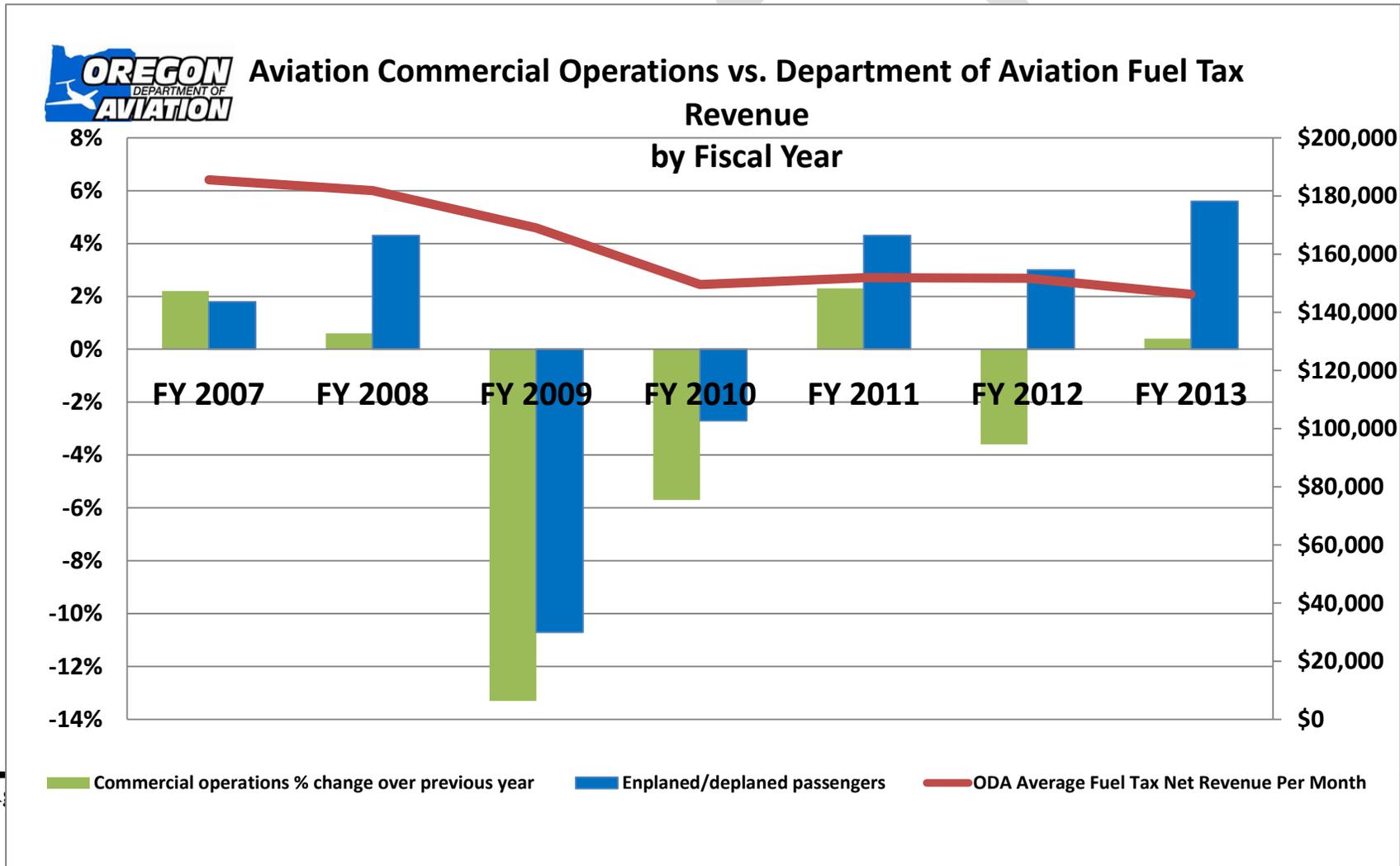
Of the \$0.01 tax, 55% supports the Department’s operating budget and 45% is dedicated to pavement maintenance for all paved public use airports. In addition to the effects of inflation and revenue compression, Agency revenue has declined substantially since the 2009 recession and has been slow to recover.

Aviation fuel (AVGAS) tax has been \$0.09 per gallon as approved by the 1999 Legislature. Of the \$0.09 tax, 45% is dedicated to statewide Pavement Maintenance Program. Much like jet fuel, Avgas revenue has also continued to decline. (See chart below)



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Another environmental factor is the change in business model of the commercial air service industry. The green bar in the chart is from Port Of Portland's website and shows the annual change in percent for operations of commercial aircraft year over year. The model that fuel tax revenue was based on in 1999 has changed. Airlines have consolidated flights, cut unprofitable routes and fly almost entirely at or near capacity. The blue bar shows the annual change in percent of enplaned passengers, year over year. The change inn model shows the operations declining (full aircraft with few empty seats, more efficient engines and flight profiles while increasing the number of passengers carried. The Chart below shows the change in model since 2007. **Net effect is a 13% reduction in fuel tax revenue for Dept. of Aviation since 2007.**



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Initiatives and Accomplishments

Identify initiatives that the agency will address in the 2015-17 budget. These initiatives should support achievement of the intermediate outcome targets in the long-term plan and, where applicable, contribute to achieving targets of pertinent 10 Year Plan and/or key performance measures and other high-level outcomes. Describe the changes these initiatives will create in the agency programs described above. For each initiative, include the performance measures against which its success will be gauged. Include a list of all proposed legislation brought forward by the agency. (This will take the form of proposed legislative concepts for the Agency Request Budget, and bills submitted by the Governor at the Governor's Budget.)

For programs not directly tied to the 10 Year Plan, key change initiatives, key performance measures and other high-level outcomes, identify specific results expected from the requested funding. Compare them with historical results. Include information on performance or outcome measures. Graphics will help.

1. Protect Public-Use Airports:
 - a. Assist jurisdictions with attaining compliance with Airport Planning Rule. (OAR 660-013)
 - b. Advocate for policies and funding favorable for Oregon airports.
 - c. Coordinate with counties and FAA to educate policy makers on protecting airports from encroachment due to non- aviation compatible development. (this is an FAA grant assurance)
2. Lead change in technology and innovation in aviation:
 - a. Encourage and report on availability of non-leaded aviation fuels as a replacement for 100 Low Lead AVGAS.
 - b. Work with the Federal Aviation Administration to advance the use of NextGen and satellite-based navigation, weather, and communications systems in Oregon.
 - c. Report on and provide assistance on Unmanned Aerial Systems (UAS) development in Oregon. Prepare to register public use UAS and make recommendations to Oregon Legislature on registration of commercial use UAS.
 - d. Implement web-based accessibility for registration programs.
 - e. Develop and mature information systems into state of the art database systems.
 - f. Implement Electronic Airport Layout Plans and make them accessible from agency website.
 - g. Coordinated with FAA to standardize database information on state aviation projects and grants.
3. Support Communities through Economic Development:
 - a. Implement legislation to allow Through-the-Fence/Public-Private Partnership Program at non-commercial public-use airports.
 - b. Support and encourage Oregon aviation Industry cluster that promotes aviation related jobs and businesses.
 - c. Support retention and expansion of commercial air services
 - d. Ensure that all of the Non-Primary Entitlement (NPE) funds, as distributed by the Federal Aviation Administration (FAA) are being used for airport improvement projects at Oregon's general aviation airports. (SCIP program).
4. Improve Safety and Operating Condition of State-owned/operated airports:
 - a. Construct required safety improvement projects (Five-Year Capital Improvements Plan).
 - b. Attempt to make each airport financial self-sustainability by allocating costs to users.

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- c. Construct Control Tower at Aurora State Airport. Operate tower under FAA Contract Tower Program.
 - d. Maintain state-owned/operated airports efficiently and effectively. (Pre-positioned equipment, local agreements).
 - e. Attain sufficient staffing levels for operations and maintenance by increasing revenue or reducing workload.
 - f. Improve security accessibility, infrastructure and safety (mishap free separation of vehicle/aircraft)
5. Protect and Enhance Aviation:
- a. Support higher-education and promotion of industries, infrastructure and jobs in aviation disciplines.
 - b. Assist airport sponsors/communities with construction of critical Airside Facilities per the State Aviation System Plan (runway lighting, instrument approaches, and weather stations “AWOS”).
 - c. Publish and update statewide infrastructure requirements of the Oregon Aviation Systems Plan, and Economic Impact Study.
 - d. Provide aviation consultation and services, including air flight and fleet management services for governmental agencies, consultation and assistance for emergency response services, and coordination with Transportation Security Administration and Federal Aviation Administration, and Departments of Transportation.
 - e. Support aviation-related outreach, education, search-and-rescue programs, and other support programs.
 - f. Encourage availability of non-leaded aviation fuels as a replacement for 100 Low Lead AVGAS.

2015-2025 10-Year Plan

Aviation links Oregon's citizens and businesses to the rest of the world. Each year Oregon's aviation industry supports more than 76,000 jobs with \$2.2 Billion in wages and \$ 24.2 Billion in economic impact to the state's economy.

10 year outcomes for Department of Aviation: Help to create a safe and healthy modern system of airports that support Oregon communities. ODA will do this through:

- Update and Implementation of the Oregon Aviation System Plan.
- Promoting economic development through airport transportation infrastructure development at state owned NPIAS airports and planning coordination with FAA and statewide airport sponsors.
- Promoting job growth at state airports (1,000 plus jobs at Aurora) via Through the Fence (Public/Private venture)
- Providing environment that supports employment at airports for private industry (FBOs, mechanics, retail businesses)
- Manage 28 airports including 12 FAA funded (National Plan of Integrated Airport system – NPIAS). Divest airports that have little utility to state aviation system by 2016.
- License and inspects 97 public use airports annually.
- Register 380 plus private airports annually.
- Manage over 280 hangar, land lease and access agreements annually
- Coordinates with counties regarding land use around airports.
- Review tall structure applications to FAA for safety in relation to airports.
- Coordinating Statewide Capital Improvement program on behalf of FAA for 55 federally funded NPIAS airports in the state through 2024.

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- Provide aviation outreach and expertise and assistance to all public and private airports, counties and local governments in Oregon. Continuous.
- Provide leadership and assistance to Oregon Pilots Association (OPA). Oregon Airport Managers Association (OAMA), Aircraft Owners and Pilots Association (AOPA) and other aviation organizations. Continuous
- Provides staff liaison to Oregon Emergency Management for aviation related emergencies and crisis response teams. As required by events and training.

Jobs and Economy Strategy 1: Focus on sustainable business development, advanced manufacturing and the chain of innovation through market-based strategies and creative partnerships.

- 1.1 Focus on sustainable business development and the chain of innovation
 - Through support for Aviation Industry Cluster
 - UAS consortium and test ranges
- 1.2 Amplify local and state economic effects and make Oregon's economy more resilient
 - By helping to develop modern business friendly system of airports in the state
 - By supporting development of the aviation work force of the future
- 1.3 Promote Economic Development by doubling the number of existing Aviation related jobs in Oregon by 2022.
 - Estimated number of jobs or investments brought to the communities in 2012:
 - 875 direct employment jobs at State Owned Airports.
 - 13,032 direct and spin off related jobs (2007 OAP)

Jobs and Economy strategy 2: Be more effective, integrate economic and community planning, project finance, infrastructure and regulatory services from the bottom up for efficiency.

- Integrate at a regional and local level planning for air transportation and airport land use, work force development and sustainable modern airport infrastructure

Leverage investments and coordinate agencies to maximize resources

- Help with development of FAA programmed UAS test sites.
 - Work with ORSCS in central Oregon on UAV/UAS initiative in 2014 and beyond
- Provide Aviation related expertise and (if available) funding assistance to enable Oregon's rural airports to develop jobs and infrastructure that attracts industry and makes airports economically sustainable.
 - Working with Southern ORSC on Klamath Falls Airport to help make airport self-sufficient and generate jobs
 - Work to restore commercial air service throughout Oregon.
 - Continue to support and promote Aviation Industry Cluster.
- Liaison with FAA to attract federal grants for Oregon Airports and streamline regulatory processes

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- Continue to coordinate Statewide Capital Improvement Program (SCIP) with FAA and National Plan of Integrated Airport System (NPIAS) airports. These are the airports that are eligible for federal funds.

Increase long-term spending on transportation for key infrastructure to keep pace with rate of growth of population

- By 2016, develop mature process for statewide capital Improvements program (SCIP) leverages investment from FAA with 90% return on investment. FAA match is 10%. (up from 5% in 2011)
- In 2015, Continue to promote SB 680 Commercial Through The Fence (TTF) Program to be successful in developing public/private venture at fed funded airport (Aurora-800+ jobs).
- Annually, work with FAA to maximize FAA grants for Oregon Airports and infrastructure statewide.
- In past 5 years, over \$77 million FAA funds has gone to General Aviation airports.
- Support CONNECTOREGON funds for aviation development in accordance with the Oregon Aviation Plan
- Over \$75 million into statewide airports in past 3 years.
- In 2015, Identify revenue sources to assist rural communities in airport development
- Identify assistance to rural airports via legislative concept to offset increase in FAA grant match requirements by 5%
- Revitalize Financial Aid to Municipalities per OAR 738-020 for aviation economic development.

Economy and Jobs Strategy 3: Focus on Oregon's long term economic prosperity and resiliency through people-based strategies designed to lift up Oregon workers, innovators and entrepreneurs.

- By 2016, assist with developing strategies to promote a highly skilled aviation industry workforce that can help attract, sustain and grow the Aviation Industry.
- Continuously help strengthen and align Oregon's aviation workforce via economic development to meet the labor skill demand of employers and move people into career pathways via workforce achievement compacts.
- Continuously help create aviation infrastructure to enhance work ready communities.
- Continuously support Aviation entrepreneurship and highly skilled individuals in aerospace jobs.

Outcomes for Strategy 3

Increase per capita wages to exceed national average by 2025

- Promote strong Aviation Industry Cluster group to maximize high tech, living wage jobs
 - Aviation industry jobs are high living wage jobs. 2010 per capita wage =26,171. 2011 average aviation wage > \$62,395.
 - Aviation is a multi-Billion dollar industry in Oregon (2007 OAP)
- By 2016, Liaison with Universities and Community Colleges as part of Aviation Industry Cluster to help develop pipeline of trained and employable talent pool for high tech aviation industry jobs.

Reduced unemployment and increased employment

- By 2022, double number of aviation related living wage jobs in Oregon.

AGENCY SUMMARY

- Identify revenue source for increasing assistance to communities. Revitalize Financial Aid to Municipalities per OAR 738-020 for aviation infrastructure development jobs.

Plan to support growth of entrepreneurs in Oregon

- By 2016 assist aviation industry cluster to become a stand-alone industry cluster organized to develop Aviation and aerospace industries that leverage their collective economic power and increases opportunity for jobs. Success to date.
 - More than 400 aviation businesses in Oregon.
 - 90% of National Heavy Lift Helicopters based in Oregon
 - World's largest Kit Manufactured aircraft based in Oregon (Van's Aircraft at Aurora)
- Assist with attracting new business for Unmanned Aerial Systems initiative in Oregon (ongoing)

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AGENCY SUMMARY

Reduction Options

Present General Fund, Lottery Funds, Other Funds, and Federal Funds reduction options (see page 28 for details). Rank them in order, by lowest cost for benefit obtained. Number the first option to be implemented as number one, the second as two, etc.

10% Reduction Options Form (107BF02, and form 107BF17) – For each option, provide:

- a. Activity or Program – Describe the activity or program that would not be undertaken if the reduction were adopted.*
- b. Describe Reduction – Describe the reduction and tell how it would be implemented. Describe program impacts from the option, including how the proposed action would affect the agency's mission, strategic plan, the 10 Year Plan, other agencies, and local governments. Identify any statutory changes needed to implement the reduction and whether a legislative concept has been filed. List positions and full-time equivalent affected by the option. If the option would be phased in, show the 2015-17 impact and the full 24-month projected 2017-19 impact.*
- c. Amount and Fund Type – Identify the amount of the reduction and the fund type. If Other Funds or Federal Funds are affected, identify the amount and source, and indicate if there are restrictions on use of the funds for other activities or programs.*
- d. Rank and Justification – Each activity or program not undertaken must be ranked on the basis of lowest cost for benefit obtained. Explain the criteria and methods used to determine costs and benefits obtained.*

If one option includes multiple elements, provide this information for each element.

Although dollar amounts for reduction options are not entered into ORBITS in the Agency Request Budget, agencies should be prepared to provide their CFO and LFO analysts detailed information by category. This will allow analysts to form policy packages quickly if the options are recommended by the Governor or adopted by the Legislature. See page 28 for instructions on displaying reduction options that were actually used in the Governor's budget.

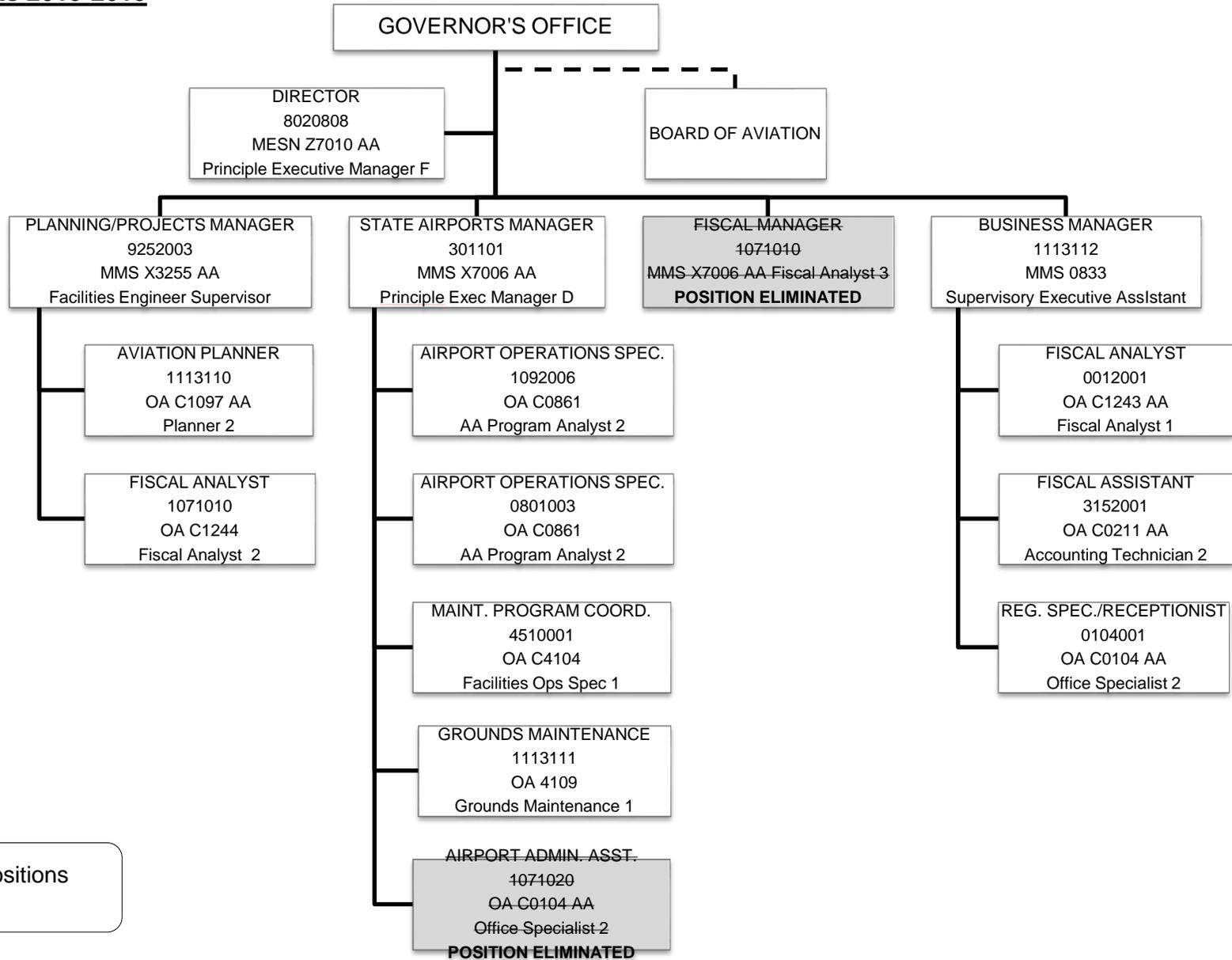
ACTIVITY OR PROGRAM	DESCRIBE REDUCTION	AMOUNT AND FUND TYPE	RANK AND JUSTIFICATION
(WHICH PROGRAM OR ACTIVITY WILL NOT BE UNDERTAKEN)	(DESCRIBE THE EFFECTS OF THIS REDUCTION. INCLUDE POSITIONS AND FTE IN 2011-13 AND 2013-15)	(GF, LF, OF, FF. IDENTIFY REVENUE SOURCE FOR OF, FF)	(RANK THE ACTIVITIES OR PROGRAMS NOT UNDERTAKEN IN ORDER OF LOWEST COST FOR BENEFIT OBTAINED)
1. Reduction of professional Services in operations division	This will halt any extra Contracting for professional services in operations.	\$249,850 OF and \$250,000 FF	This reduction will cause delay of Necessary construction planning projects at airports and would diminish outreach to aviation Community.

AGENCY SUMMARY

<p>2.deferred airport maintenance</p>	<p>Defer planned and routine Maintenance on 28 state owned/operated airports, including pavement maintenance, necessary drainage projects, brush Cutting, tree removal.</p>	<p>\$123,000 of; rents and Royalties and non-bus license and fees</p>	<p>Any cuts to facilities maintenance is Significant and could have the effect of reducing safety on state-owned airports.</p>
<p>3.reduction of pavement Maintenance program to achieve the 25% reduction</p>	<p>Severe reduction in pavement Maintenance program. This would reduce the number of Airports receiving funds.</p>	<p>\$934,263 of; – avgas and jet Fuel revenue</p>	<p>This reduction would cause Communities to use local funds to maintain runway/taxiway safety standards.</p>

AGENCY SUMMARY

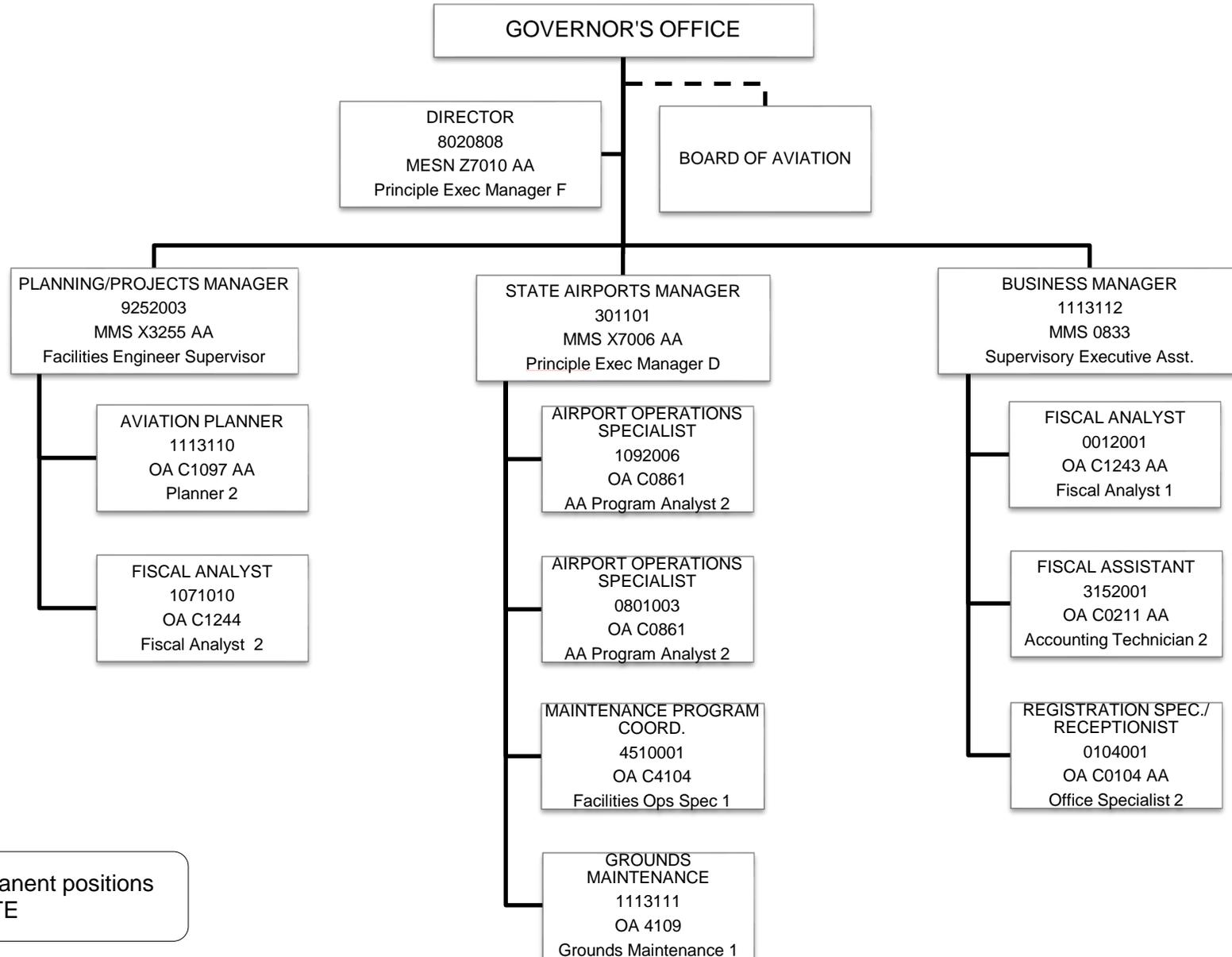
Organization Charts 2013-2015



12 Permanent positions
12.25 FTE

AGENCY SUMMARY

Organization Chart 2015-17



12 Permanent positions
12.25 FTE

2015-17 Biennium

Summary Cross Reference Number	Cross Reference Description	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
001-00-00-00000	Operations						
	Other Funds	3,334,257	3,704,341	3,787,352	3,695,991	-	-
	Federal Funds	386,051	509,741	518,379	539,242	-	-
	All Funds	3,720,308	4,214,082	4,305,731	4,235,233	-	-
002-00-00-00000	Search and Rescue						
	Other Funds	50,573	54,265	56,567	40,135	-	-
003-00-00-00000	General Aviation Entitlement Program						
	Other Funds	48,944	367,000	367,000	456,764	-	-
	Federal Funds	649,350	3,860,000	3,860,000	4,575,205	-	-
	All Funds	698,294	4,227,000	4,227,000	5,031,969	-	-
004-00-00-00000	Pavement Maintenance						
	Other Funds	1,952,928	1,970,802	1,977,588	2,046,479	-	-
005-00-00-00000	Aircraft Registration						
	Other Funds	64,537	66,342	69,147	64,154	-	-
089-00-00-00000	Capital Construction						
	Other Funds	10,526	40,000	40,000	364,500	-	-
	Federal Funds	814,000	400,000	400,000	3,280,500	-	-
	All Funds	824,526	440,000	440,000	3,645,000	-	-

2015-17 Biennium

<i>Summary Cross Reference Number</i>	<i>Cross Reference Description</i>	<i>2011-13 Actuals</i>	<i>2013-15 Leg Adopted Budget</i>	<i>2013-15 Leg Approved Budget</i>	<i>2015-17 Agency Request Budget</i>	<i>2015-17 Governor's Budget</i>	<i>2015-17 Leg Adopted Budget</i>
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TOTAL AGENCY

Other Funds	5,461,765	6,202,750	6,297,654	6,668,023	-	-
Federal Funds	1,849,401	4,769,741	4,778,379	8,394,947	-	-
All Funds	7,311,166	10,972,491	11,076,033	15,062,970	-	-

REVENUES

Revenue sources

(107BF02) – Explain the total estimated Lottery Funds, Other Funds, and Federal Funds revenues. For each source of Lottery Funds, Other Funds, and Federal Funds describe:

- *The source of funds. For Federal Funds, name the federal program and agency.*
- *Any required matching funds, including the percentage and type of match.*
- *Agency programs funded with the revenue.*
- *General limits on use of funds.*
- *Basis for 2015-17 biennium estimates. For fees or assessments, describe who pays, the number of payers, and rates.*
- *Proposed changes in revenue sources or fees.*
- *Proposals for new legislation.*

Include graphics or other aids to provide a clear, concise report. A more detailed revenue narrative is required for each program unit.

The Department of Aviation's fuel tax revenues are based on the official Oregon Department of Transportation (ODOT) revenue forecast, which is updated every six months. Each update considers the new economic data and assumptions impacting aviation revenue. The ODOT revenue forecast model consists of about 100 equations. Most of these econometric equations have a high degree of proven usefulness and accuracy. The input to the model comes from three sources; 1) actual data, 2) Official State of Oregon forecast by DAS, and 3) national variables forecast produced by DRI McGraw-Hill.

The Department of Aviation receives all of its revenue from aviation system user fees. No General Fund revenue is used. Following is a list of funding sources:

Other Funds

- 1 cent per-gallon tax on jet fuel.
- 9 cents-per gallon tax on aviation gasoline.
- Annual aircraft Registration Fees
- Annual pilot registration fees.
- Aircraft dealer license fees.
- Leases and agreements at state-owned airports.
- Other Revenue.

Federal Funds

- 100 percent of the federal funds received for airport projects are from the Federal Aviation Administration.
- These fees come from federal fuel taxes and federal airline ticket taxes.

REVENUES

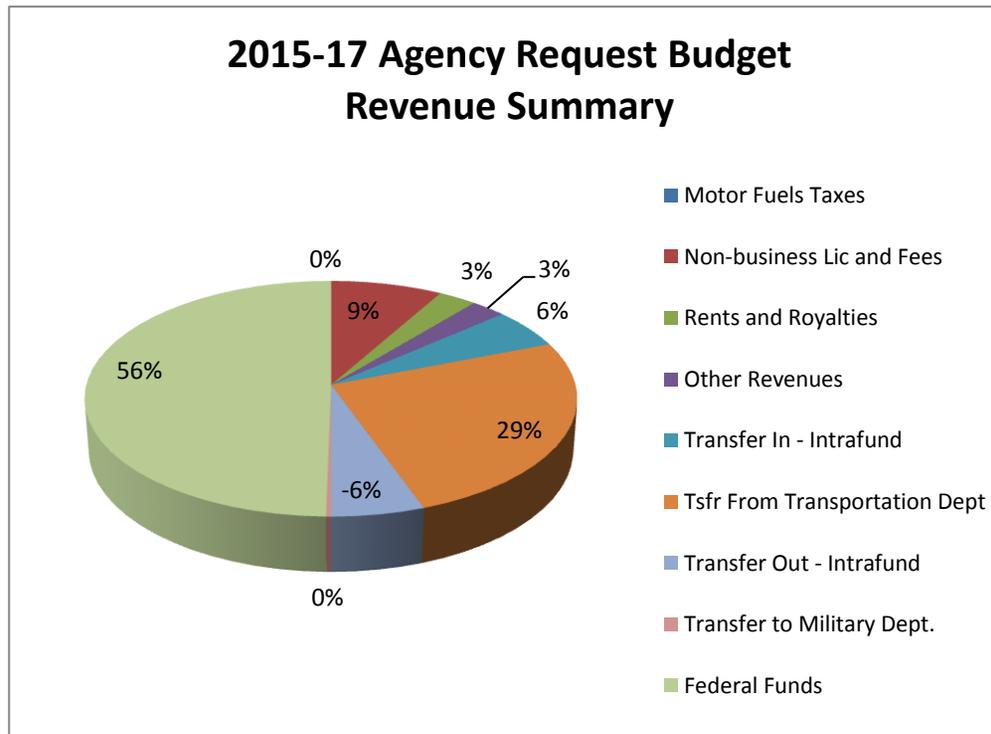
The Federal Aviation Administration (FAA) authorizes grants for state aviation system planning and for state system-wide airport planning. FAA grants also fund construction and planning for state-owned airports. FAA grants cover 90 percent of project costs and require a 10 percent match coming from state other fund revenue. The FAA also funds airport safety inspections.

A. Programs funded with each revenue source:

- Federal funds are used for purposes listed above.
- All other activities are funded by a combination of fuel taxes, registration and license fees, and lease revenue.

B. General limits on use of funds:

- Funds are restricted for aviation uses only by federal grants and state law. Grants are authorized by FAA under a reimbursable financial agreement that directs the airport sponsor to comply with 39 FAA grant assurances and commit to keeping the airport open and in compliance with the grant assurances.
- Revenues from the 0.5 cent per-gallon tax on jet fuel and 6 cents per-gallon on avgas funds the Pavement Maintenance Program in accordance with ORS 836.072.
- Pilot Registration fees are restricted to expenses associated with search and rescue activities in accordance with ORS 837.035.



REVENUES

Proposed Legislation

LC 10900/001 – Aviation Fee Increases

Problem

The Oregon Department of Aviation (ODA) is solely supported by Other and Federal Funds (Federal Aviation Administration), with revenue from jet fuel and aviation fuel (AVGAS) tax representing over 50% of the Other Fund revenue. Funding for the agency has steadily declined and compressed over the years due to a lack of revenue increases and inflation. In addition, the transportation model has changed considerably. Commercial Airlines (the largest source of jet fuel revenue) operate on a different model post recession. Airlines now operate at over 80% capacity, use more efficient engines, fly streamlined routes and have cut nonprofitable service nationwide and within Oregon. These adjustments result in less jet and aviation fuel used, reducing revenue needed by Oregon Department of Aviation. Consequently, Aviation has cut costs and been forced to perform staff layoffs (5 FTE) prior to the 2013-2015 biennium in order to cover expenditures.

The Agency does minimal maintenance on nonfederally funded airports and has had to close one (Crescent Lake State Airport) due to pavement failure with no funding available to repair the runway. Even with these efficiencies and inability to repair existing runways, the agency continues to operate at minimal spending levels. We have thoroughly reviewed our existing fee structures and identified those which need the more immediate attention in order to, at a minimum, maintain the same level of service in the 2015-2017 biennium.

Pilot Registrations: Current fee - \$12 (initial registration), \$24 (bi-annually)

The agency does not generate sufficient revenue to allocate funds to Oregon Emergency Management (OEM) as required by ORS 837.035 to provide services to the aviation community in the outcome areas of:

- Safety – To search for lost planes and persons, rescue of lost persons , pilot survival education and training, and all other expenses directly attributable to search and rescue program.
- Reimbursements – There has been an increase in the reimbursement requests for fuel costs to counties via OEM for air searches.
- Insurance – Moneys from registrations may be used by OEM to provide insurance to compensate any member of a volunteer air search and rescue organization for injuries or loss of life sustained in the scope of performing air search and rescue operations while under the direction of the office.
- Operations Costs - The Department of Aviation has reduced pilot registration administrative costs for a registration specialist from 0.41 FTE to .3 FTE in order to continue providing consistent level of funding to Oregon Emergency Management for their Search and Rescue Program.

Aircraft Registration: - Current fee ranges from \$30 - \$350

The current fee structure no longer meets the demand for services provided from this account. In particular for the following areas:

- Grant Matching – In the FAA Reauthorization Bill signed into law in February of 2012, the FAA increased grant match for airports sponsors (which includes Dept. of Aviation) for federally funded airports from 5% match to 10% match. 55 of the 97 public use airports in Oregon were

REVENUES

affected by this change. Of those 55 public use airports, the Dept. of Aviation manages 12 of them. This change means our agency, along with other statewide federally funded airports have had to revise our scope of projects in order to offset the 5% increase in match.

- Operations Costs - Continued funding is necessary to make improvements to the online registration system, maintain 0.5 FTE for aircraft registration specialist, and other fees associated with aircraft registrations.
- As required by HB 2710 of the 2013-2015 legislative session, ODA is required to register Unmanned Aerial Vehicles beginning in January 2016. Current administrative staffing is covered by 0.5 FTE used to register all manned aircraft in Oregon. Registration of UAVs could increase workload dependent on the number of UAVs that will register with Oregon Department of Aviation beginning in 2016. That number could increase the staffing requirement for UAV registration.

Public Airports Registration: Current fee - \$30

The \$30 fee currently in place does not cover the cost incurred to the Oregon Department of Aviation for the services provided to public airports. These services include land use coordination with counties, development expertise, Department of Justice costs, and administrative costs.

Proposed Solution

A fee increase in each of the areas listed above is required to provide additional revenue to the Department. With the additional revenue, we will be able to offset inflation and increase funding to OEM. Additional revenue further promotes the aviation infrastructure and develops economic development and jobs outcomes.

Pilot Registrations: Proposed increase from \$12 annually to \$24 annually (initial registration), \$48 (bi-annually)

This increase will generate an estimated \$100,176 per biennium in this program. With this increase, ODA will be able to:

- Provide 50% of additional revenue (approximately \$51,000) to Oregon Emergency Management and allow increased reimbursement for fuel charges for search and rescue.
- Allow ODA to offset increased cost of administration associated with collecting pilot registration (increase percent of FTE in agency back to 0.5 FTE), and allow for increase for postage and handling costs for registration costs of pilots and aircraft.
- Enhance Safety Outcome Area by improving capability to effectively conduct aviation search and rescue.
- Help retain funding for registration specialist (.3 FTE).

Aircraft Registration Fee: Proposed increase range \$55-\$700

With an increase of approximately \$265,520 per biennium in this program, we will be able to:

- Offset FAA grant match increase from 5% to 10% for Oregon projects.
- Help retain funding for the registration specialist (0.5 FTE)
- Increase revenue in Operations to make improvements to registration system and day to day costs associated with aircraft registrations.

REVENUES

- Help offset costs of registration of Unmanned Aerial Vehicles (UAVs aka “drones” as required by HB 2710 from the 2013-2015 session.

Public Airports Registration Fee: Proposed increase range \$30-\$150

With an increase of approximately \$4,980 per biennium in this program, we will be able to:

- Provide administrative support for registration of the State’s 97 public use airports
- Provide modest increase in staff cost to maintain the database of Oregon’s system of airports in accordance with the Oregon Aviation System Plan.

REVENUES

Detail of Fee, License, or Assessment Revenue Proposed for Increase

(107BF08) – Describe the fees, licenses, and assessments to be established or increased in the 2015-17 budget. Include those established or increased administratively during the 2013-15 biennium, only if they were not approved by the Legislature and included in the Legislatively Adopted Budget. In the explanation section, describe and contrast any increases in volume versus any increases in rate.

Although not included in the budget binder, agencies must report detailed information on all fee increases, establishments, or decreases included in the 2015-17 Agency Request Budget. This is reported on form 107BF22 Fee Change Detail Report. The form and accompanying cover memo must be submitted electronically to the agency's CFO analyst at the same time that the Agency Request Budget is submitted.

Purpose or Type of Fee, License or Assessment	Who Pays	2013-15 Estimated Revenue	2015-17 Agency Request	2015-17 Governor's Budget	2015-17 Legislatively Adopted	Explanation
Pilot Registration	Pilot		\$200,352			A fee increase in each of the areas listed above is required to provide additional revenue to the Department. With the additional revenue, we will be able to offset inflation and increase funding to OEM. Additional revenue further promotes the aviation infrastructure and develops economic development and jobs outcomes.
Aircraft Registration						
Ex-Military, Ex-Air Carrier Turbojet	Aircraft Owner		\$600			
Ex-Military, Multiengine	Aircraft Owner		\$7,200			
Experimental	Aircraft Owner		\$53,020			
Gyrocopter or glider	Aircraft Owner		\$6,380			
Home Built	Aircraft Owner		\$4,400			

REVENUES

Lighter than air (balloon)	Aircraft Owner		\$3,520			
Sail Plane	Aircraft Owner		\$1,760			
Ultralight	Aircraft Owner		\$1,980			
Helicopter Piston	Aircraft Owner		\$8,970			
Helicopter Turbine	Aircraft Owner		\$84,700			
Multi-engine Piston	Aircraft Owner		\$52,200			
Multi-engine Turbine	Aircraft Owner		\$76,800			
Single Engine Piston	Aircraft Owner		\$321,490			
Single Engine Turbine	Aircraft Owner		\$22,500			
TurboJet	Aircraft Owner		\$219,800			
Public Airports Registration						
Category I - Commercial Service	Public Airport Owner		\$2,400			
Category II - Urban General Aviation	Public Airport Owner		\$1,800			
Category III - Regional General Aviation	Public Airport Owner		\$1,800			
Category IV - Local General Aviation	Public Airport Owner		\$1,800			
Category V - Remote Access	Public Airport Owner		\$900			

DETAIL OF LOTTERY FUNDS, OTHER FUNDS, AND FEDERAL FUNDS REVENUE

Aviation, Dept of
2015-17 Biennium

Agency Number: 10900
Cross Reference Number: 10900-000-00-00-00000

<i>Source</i>	2011-13 Actuals	2013-15 Leg Adopted Budget	2013-15 Leg Approved Budget	2015-17 Agency Request Budget	2015-17 Governor's Budget	2015-17 Leg Adopted Budget
Other Funds						
Motor Fuels Taxes	635	766	766	1,118	-	-
Non-business Lic. and Fees	1,074,179	903,969	903,969	1,384,520	-	-
Fines and Forfeitures	858	-	-	-	-	-
Rents and Royalties	485,067	480,481	480,481	477,671	-	-
Donations	11,312	-	-	15	-	-
Other Revenues	555,080	578,041	578,041	435,260	-	-
Transfer In - Intrafund	573,128	668,025	668,025	920,200	-	-
Tsfr From Transportation, Dept	3,857,410	4,422,040	4,422,040	4,303,473	-	-
Transfer Out - Intrafund	(573,128)	(668,025)	(668,025)	(920,200)	-	-
Tsfr To Military Dept, Or	(51,751)	(51,751)	(51,751)	(51,751)	-	-
Total Other Funds	\$5,932,790	\$6,333,546	\$6,333,546	\$6,550,306	-	-
Federal Funds						
Federal Funds	1,849,401	4,769,741	4,778,379	8,394,947	-	-
Total Federal Funds	\$1,849,401	\$4,769,741	\$4,778,379	\$8,394,947	-	-

PROGRAM UNITS - OPERATIONS

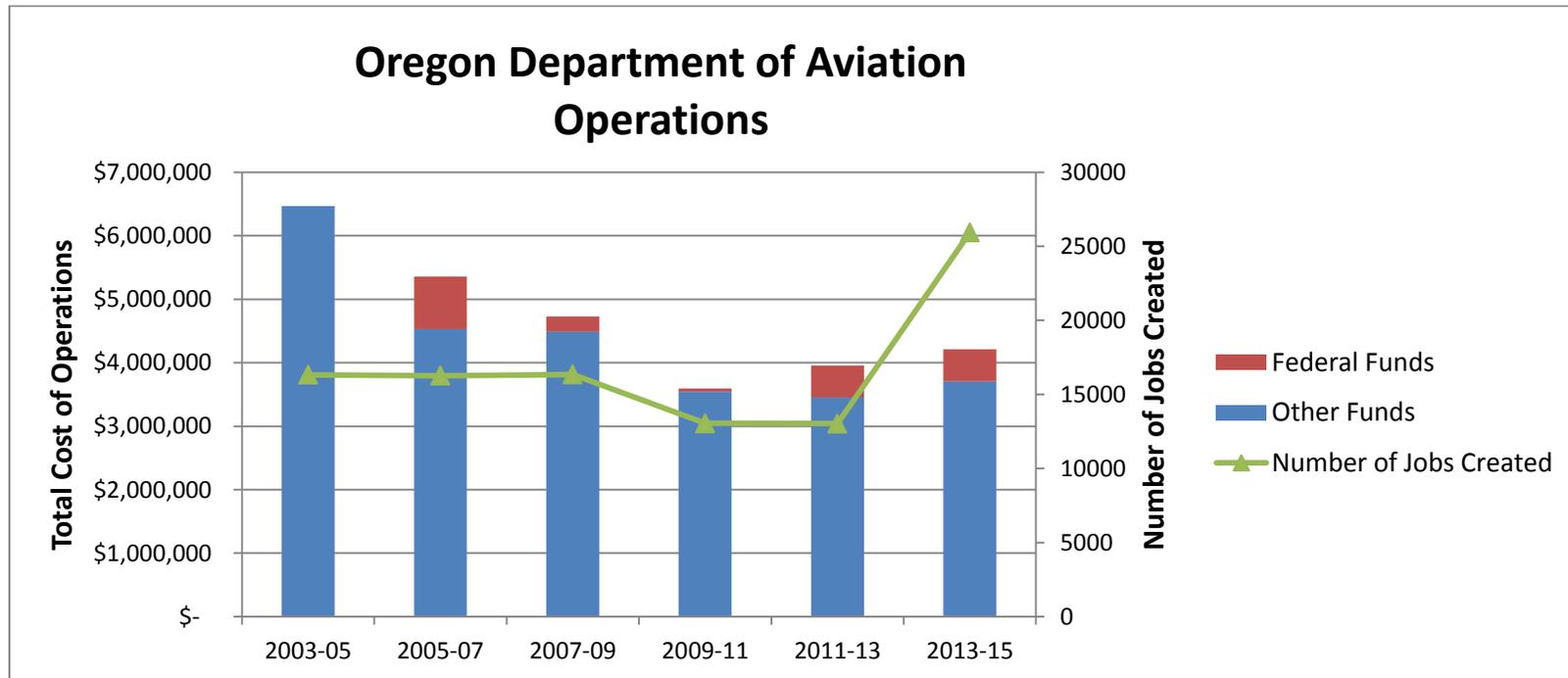
Program Unit Executive Summary

10 Year Plan Outcome Areas that are impacted by the program

- Jobs and Innovation
- Safety

Primary Program Contacts

- Mitch Swecker, Director, 503-378-2340
- Joy Howard, Business Manager, 503-378-2894



PROGRAM UNITS - OPERATIONS

The Operations Division oversees the administration, operation, and maintenance of 28 public use airports through four program areas: Statewide Services, Airport Services, Airport Maintenance and Planning. This division also provides the core government services of the Aviation Department covering planning, land use, evaluation of tall structures and inspections of airports and site survey of proposed new airports.

Program Funding Request

Summarize the proposal you are submitting to the Governor. Include the amount of resources you are requesting for this program and the performance you will achieve if this proposal is funded. Include the proposal costs and performance for the 2015-17 biennium and estimated costs and performance through the 2021-23 biennium.

Program Description

The Operations Division is comprised of four program units: Statewide Services, Airport Services, Airport Maintenance and Planning.

Responsibilities:

- Promotes economic development at state owned airports, coordination with FAA and statewide airport sponsors.
- Promotes job growth at state airports via Through the Fence (Public/Private venture).
- Provides employment at airports for private industry (FBOs, mechanics, retail businesses)
- Owns/manages 28 airports including 12 FAA funded (National Plan of Integrated Airport system – NPIAS).
- Licenses and inspects 97 public use airports. Registers 360 plus private airports.
- Manages over 280 hangar, land lease and access agreements.
- Coordinates with counties regarding land use around airports,
- Reviews tall structure applications to FAA for safety in relation to airports.
- Coordinates Statewide Capital Improvements on behalf of FAA for 55 NPIAS airports.
- Provides aviation expertise and assistance to public and private airports, counties and local governments in Oregon.
- Provides leadership and assistance to Oregon Pilots Association (OPA). Oregon Airport Managers Association (OAMA), Aircraft Owners and Pilots Association (AOPA) and other aviation organizations.
- Provides staff liaison to Oregon Emergency Management for aviation related emergencies and crisis response teams.

Statewide Services: Contains the leadership and management capabilities for the Agency. Develop the statewide aviation policy and plan. Advocate for a safe, efficient aviation system. They develop solutions to statewide and regional aviation problems such as citing of airports, noise mitigation, airport and heliport funding and placement. They foster strong internal and external relationships both with communities as well as authority and policy leaders. They manage the agency's budget and financial health, provide public information and outreach services and coordinate agency activities with the Legislative bodies.

Airport Services: Manages 280 leases and other property agreements. They oversee inspections, planning, engineering, and construction on multiple development projects. They also coordinate tenant relations for state-owned airports and conducts airport safety inspections on state-owned and other Oregon airports. They investigate proposed new airport and heliport sites, license and register airports and heliports and provide technical advice to airport owners and operators on a variety of airport safety, citing, and feasibility issues.

PROGRAM UNITS - OPERATIONS

Airport Maintenance: This program is charged with maintaining 28 state-owned airports to applicable federal and state safety standards, includes routine and preventative maintenance such as obstruction removal, pavement preservation, airport lighting and navigational air maintenance. ODA has an intergovernmental agreement with Oregon Department of Transportation (ODOT) to conduct mowing services. *Keeps airports safe for recreation, emergency operations- medevac, Forest fire fighting bases, disaster relief (Tsunami, /cargo delivery/*

Planning: This program develops and implements the Oregon Aviation Plan and related policies. They conduct continuous aviation system planning consistent with Federal Aviation Administration (FAA) requirements and guidelines. They administer grant and aid programs for airport development and maintenance. They also manage consultant, engineer and contractor contracts for capital construction projects as well as all other projects at Oregon airports.

Program Justification and Link to 10-Year Outcome

Strategy 1

Estimated number of jobs or investments brought to the communities

- 875 direct employment jobs at State Owned Airports
- 13,032 direct and spin off related jobs (2007 OAP)

Link to strategy 2

Leverage investments and coordinate agencies to maximize resources

- Working with ORSCS in central Oregon on UAV/UAS initiative
- Working with Southern ORSC on Klamath Falls Airport study to make airport self-sufficient and generate jobs
- Working with Eastern Oregon ORSC on Boardman Region deconfliction with Wind turbines.

Increase long-term spending on transportation for key infrastructure to keep pace with rate of growth of population

- Statewide capital Improvements program (SCIP) leverages investment from FAA with 90% return on investment. FAA match is 10%. (up from 5% in 2011)
- SB 680 Commercial Through The Fence (TTF) Program successful in developing public/private venture at fed funded airport (Aurora-800+ jobs).
- Statewide, in past 5 years, over \$77 million FAA funds to General Aviation airports.
- CONNECTOREGON funds put over \$75 million into statewide airports in past 3 years.

Strategy 3

Increase per capita wages to exceed national average by 2025

- Aviation industry jobs are high living wage jobs. 2010 per capita wage =26,171. Average aviation wage > \$64,000.
- Aviation is \$24 Billion industry in Oregon (2007 OAP)

Increase placement into employment.

Reduce unemployment and increased employment

____ Governor's Budget

Page _____

____ Legislatively Adopted

Detail of LF, OF, and FF Revenues - BPR012

PROGRAM UNITS - OPERATIONS

- ODA goal is to verify 84,000 aviation jobs in Oregon (2007 OAP) via an FAA system planning grant (approved by FAA in August 2012 for \$200,000) and work with other state and local government agencies as well as Aviation Industry Cluster to increase employment in Aerospace industry in Oregon..

Plan to support growth of entrepreneurs in Oregon.

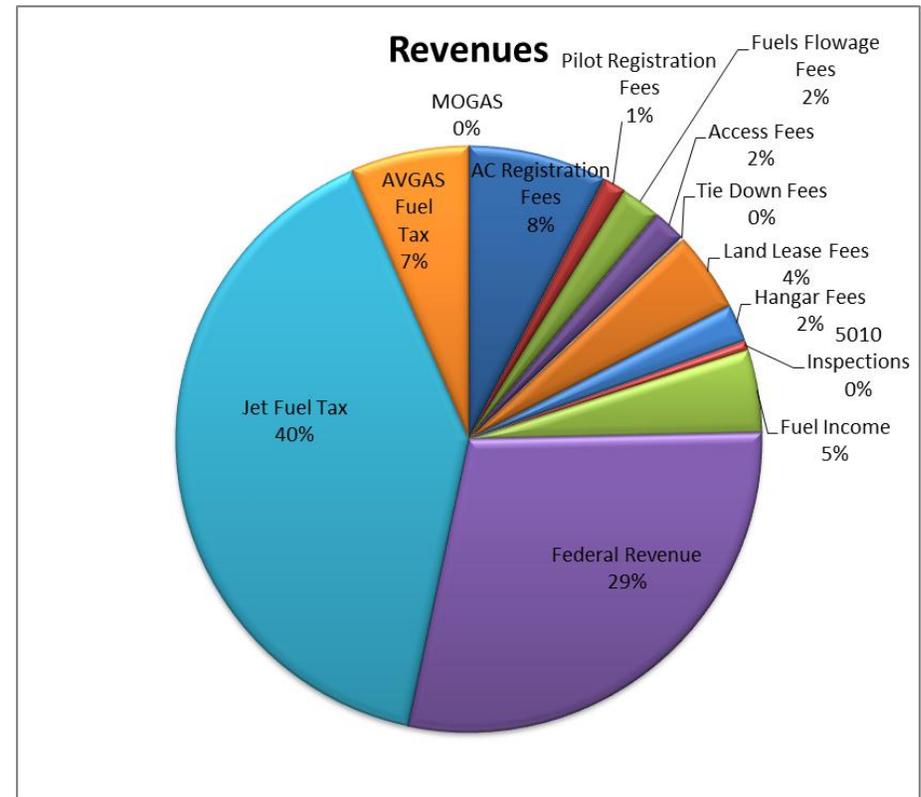
- ODA to provide support to more than 200 aviation businesses in Oregon.
 - 90% of National Heavy Lift Helicopters based in Oregon
 - World's largest Kit Manufactured aircraft based in Oregon (Van's Aircraft at Aurora)
 - Unmanned Aerial Vehicles initiative in Oregon (INSITU, Cloudcap etc.)

Program Performance

Operations are the core government function that enables all of the other outcome areas. General Aviation Entitlement, Capital Construction, Aircraft Registration, Pavement Maintenance as well as Safety outcome area Pilot Registration that funds aviation search and rescue through Oregon Emergency Management. As indicated above, it enables over 12,000 direct and related jobs to state owned airports. With the exception of Avgas fuel tax and Jet Fuel tax, Operations generates the remaining revenue in the chart below. ODA is an entirely Other Funded agency and must operate more like a small business than a government agency.

Enabling Legislation/Program Authorization

- ORS 835.015
- ORS 836.025
- ORS 836.085
- ORS 836.020
- ORS 836.530
- ORS 836.608
- ORS 836.610
- ORS 836.640



Describe the various funding streams that support the program

The entire Operating Division is funded by State Other Funds. These are derived from the ODOT transfer of fuel tax revenue, as well as other revenue from leases, tie down revenue, fuel flowage fees, etc. The main source of funding is derived from Fuel tax revenue. The Chart below shows the average from 2005 thru 2009 during pre-recession times and the actual revenue from 2010, 2011 and part of 2012. The economic

PROGRAM UNITS - OPERATIONS

environment reduced Aviation Department revenue from fuel tax as airlines consolidated flights, reduced operations and some international carriers stopped operating at Portland International Airport. As a result, the agency cut 5 staff in 2010 and currently has 12.5 FTE at 1 cent per gallon; Oregon has one of the lowest jet fuel tax rates in the region. See chart below.

Describe how the 2015-17 funding proposal advanced by the agency compares to the program authorized for the agency in 2013-15.

Describe if the funding proposal maintains the program at Current Service Level, or increase/decreases it. If the proposal alters the program from the Current Service Level, describe the nature of the change and why the agency is proposing to make changes.

- Strategy 1: Focus on sustainable business development, advanced manufacturing and the chain of innovation through market-based strategies and creative partnerships.
- Strategy 2: Be more effective, integrate economic and community planning, project finance, infrastructure and regulatory services from the bottom up for efficiency.
- Strategy 3: Focus on Oregon's long term economic prosperity and resiliency through people-based strategies designed to lift up Oregon workers, innovators and entrepreneurs.

PROGRAM UNITS - OPERATIONS

POLICY PACKAGE #100

Operations
Aviation Fee Increases

PURPOSE

This package proposes to increase three fees; Aircraft Registration fees, Pilot Registration fees and Public Airport Registration fees.

Aircraft Registration

Revenue from Aircraft Registration is used to match the Federal Aviation Association (FAA) funding for the General Aviation Entitlement Program and for the Capital Construction Improvement Program. These programs administer projects at the state's twelve federally funded airports that are part of the National Plan of Integrated Airports System (NPIAS). These projects are critical as they address safety, operations and infrastructure development at airports that are significant to national air transportation. In February of 2012 a new FAA reauthorization bill was signed into law that raised the airport sponsor match from 5% to 10% for all new FAA grants. This increase in expenditures from the Oregon Department of Aviation (ODA) without an increase in revenue will result in a reduction in airport project improvements and consequently a decrease in revenue to the state as well as airport safety.

Pilot Registration

The proceeds from pilot registration are dedicated to funding expenses incurred by the Office of Emergency Management (OEM) for conducting activities for search and rescue missions, as well as expenses incurred by ODA relating to registering Oregon pilots. Due to an increase in expenses the current revenue is insufficient to provide the capability to effectively conduct aviation search and rescue activities.

Public Airport Registration

The current fee structure for public use airport registration does not cover the cost incurred to ODA for services provided to these airports such as; land use development expertise, legal advice and administration. The proposed fee increase aims to recapture these expenses. Without an increase in fees the cost incurred for services provided to public use airports will have to be absorbed into the declining operations budget.

HOW ACHIEVED

A fee increase in the registrations for Pilot, Aircraft, and Public Airports will provide additional revenue to the Department. With the additional revenue, we will be able to offset inflation and increase funding to OEM. Additional revenue further promotes the aviation infrastructure and develops economic development and jobs outcomes.

Purpose or Type of Fee, License or Assessment	Who Pays	2013-15 Estimated Revenue	2015-17 Agency Request	2015-17 Governor's Budget	2015-17 Legislatively Adopted	Explanation
Agency Request Pilot Registration	Pilot		\$200,352	Governor's Budget Page _____		A fee increase in each of the areas listed above is required to provide additional revenue to

PROGRAM UNITS - OPERATIONS

						<p>the Department. With the additional revenue, we will be able to offset inflation and increase funding to OEM. Additional revenue further promotes the aviation infrastructure and develops economic development and jobs outcomes.</p>
Aircraft Registration						
Ex-Military, Ex-Air Carrier Turbojet	Aircraft Owner		\$600			
Ex-Military, Multiengine	Aircraft Owner		\$7,200			
Experimental	Aircraft Owner		\$53,020			
Gyrocopter or glider	Aircraft Owner		\$6,380			
Home Built	Aircraft Owner		\$4,400			
Lighter than air (balloon)	Aircraft Owner		\$3,520			
Sail Plane	Aircraft Owner		\$1,760			
Ultralight	Aircraft Owner		\$1,980			
Helicopter Piston	Aircraft Owner		\$8,970			
Helicopter Turbine	Aircraft Owner		\$84,700			
Multi-engine Piston	Aircraft Owner		\$52,200			
Multi-engine Turbine	Aircraft Owner		\$76,800			
Single Engine Piston	Aircraft Owner		\$321,490			
Agency Request				Governor's Budget		Legislatively Adopted
2015-17 Biennium				Page _____		Detail of LF, OF, and FF Revenues - BPR012
Single Engine Turbine	Aircraft Owner		\$22,500			

PROGRAM UNITS - OPERATIONS

TurboJet	Aircraft Owner		\$219,800			
Public Airports Registration						
Category I - Commercial Service	Public Airport Owner		\$2,400			
Category II - Urban General Aviation	Public Airport Owner		\$1,800			
Category III - Regional General Aviation	Public Airport Owner		\$1,800			
Category IV - Local General Aviation	Public Airport Owner		\$1,800			
Category V - Remote Access	Public Airport Owner		\$900			

STAFFING IMPACT

There are no additional staffing needs with this request.

QUANTIFYING RESULTS

Aircraft Registration Fees

The Department of Aviation registers 3,947 aircraft annually. Aircraft registration fees are currently based on fifteen categories of aircraft types and range from \$30 to \$350 annually. If aircraft registration fees are not increased the total revenue from aircraft registration is forecasted to be \$599,800 per biennium.

The proposed fee increase is based on nine aircraft categories ranging from \$55 to \$700 annually. The revenue forecast based on the proposed fee increase for each biennium is \$865,320.

The total estimated increase in revenue due to aircraft registration fee increases as a result of this proposed legislation will be \$265,520 for the 2015-17 as well as the 2017-19 biennium.

Pilot Registration Fees

The Oregon Department of Aviation registers 4,174 pilots annually. Current Pilot registration fees are \$12 for the first year registration and \$24 biennially. \$24 is collected per biennium for each pilot. With a change in fees the forecasted revenue for each biennium is \$100,776. Legislative Adopted 2015-17-19. Public Finance - BPR012

PROGRAM UNITS - OPERATIONS

The proposed pilot registration fee will be \$24 annually. This will result in forecasted revenue of \$200,352 for each biennium.

The total estimated increase in revenue due to the increase in the pilot registration fee as a result of this proposal is \$100,176 for the 2015-17 as well as for the 2017-19 biennium.

Public Airport Registration Fees

There are sixty two public use airports that register annually with ODA. The annual registration fee is currently \$30 for all five categories of public use airports. With the current fee structure the revenue for each biennium will be \$3,720.

The proposed fee increase is tiered based on the category of the airport. The proposed fees range from \$30 for a category five to \$150 for a category one airport. With the proposed fee increase the revenue forecast for each biennium will be \$8,700.

The total estimated increase in revenue due to the increase in public airport registration fees as a result of this proposed legislation is \$4,980 for the 2015-17 biennium as well as the 2017-19 biennium.

The total estimated increase in other fund revenue to the Oregon Department of Aviation due to the increase in all three fees is \$370,676 for the 2015-17 biennium and \$370,676 for the 2017-19 biennium.

REVENUE SOURCE

The funding will be provided by pilots, aircraft owners, and public airport owners/operators.

Program Unit Executive Summary

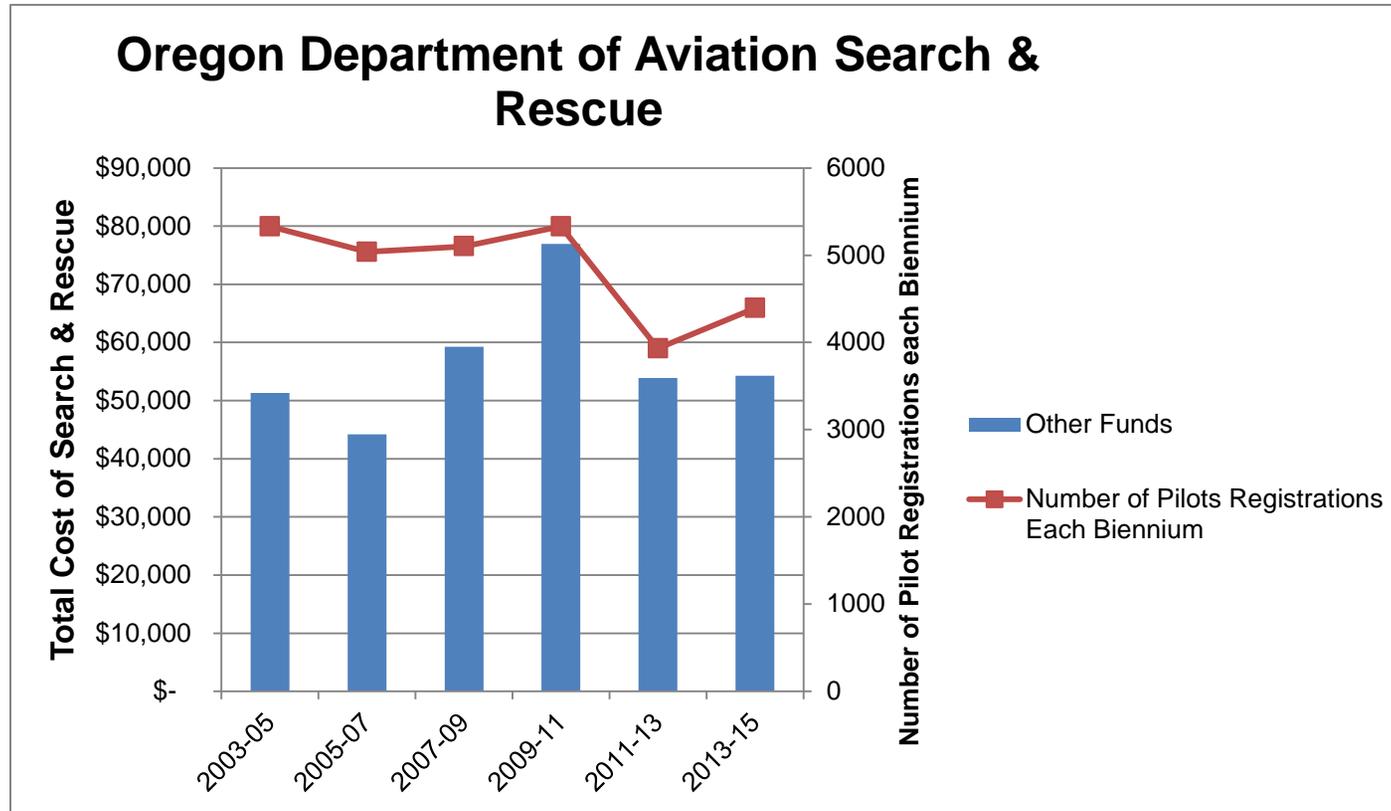
10 Year Plan Outcome Areas that are impacted by the program

- Safety

Primary Program Contacts

- Mitch Swecker, Director, 503-378-2340
- ~~Agency Forward~~ Agency Forward, Business Manager, 503-378-2894

PROGRAM UNITS – SEARCH & RESCUE



Program Overview

Department of Aviation (ODA) collects an annual fee of \$12 per year for pilot registration in Oregon. All revenues from pilot registration fees are dedicated to funding part of a position in ODA for collecting funds and the remainder is provided to Office of Emergency Management (OEM) and county search and rescue activities to help fund the aviation Search and Rescue Program.

Program Funding Request

Summarize the proposal you are submitting to the Governor. Include the amount of resources you are requesting for this program and the performance you will achieve if this proposal is funded. Include the proposal costs and performance for the 2015-17 biennium and estimated costs and performance through the 2021-23 biennium.

PROGRAM UNITS – SEARCH & RESCUE

Program Description

ODA uses the funds collected to fund .41 FTE in ODA for a registration clerk plus collection costs (mailings, stamps). Renewal is for two years at \$24.00 to reduce administrative costs of collecting annually. Proceeds from the remaining revenue go to Oregon Emergency Management. OEM uses the revenue to help fund a Search and Rescue coordinator position. ODA also reimburses actual search fuel costs to counties. Revenue is insufficient to fully sustain this program at current registration fee rate of \$12.00.

Search and Rescue program is funded by all moneys received by ODA for the registration of pilot registrations as prescribed in ORS 837.020. Such amount as may be necessary shall be used for the payment of all expenses incurred by the Oregon Military Department in conducting activities authorized under ORS 404.105 to search for lost planes and lost persons, the rescue of lost persons, pilot survival education and training and all other expenses directly attributable to the search and rescue program and for the payment of expenses of ODA related to registration of pilot licenses. Currently ODA allocates .41 FTE for administering the program that registers and renews pilot registration.

Program Justification and Link to 10-Year Outcome

10-Year Outcomes for Strategy 3: Ensure the Safety of People in their Community:

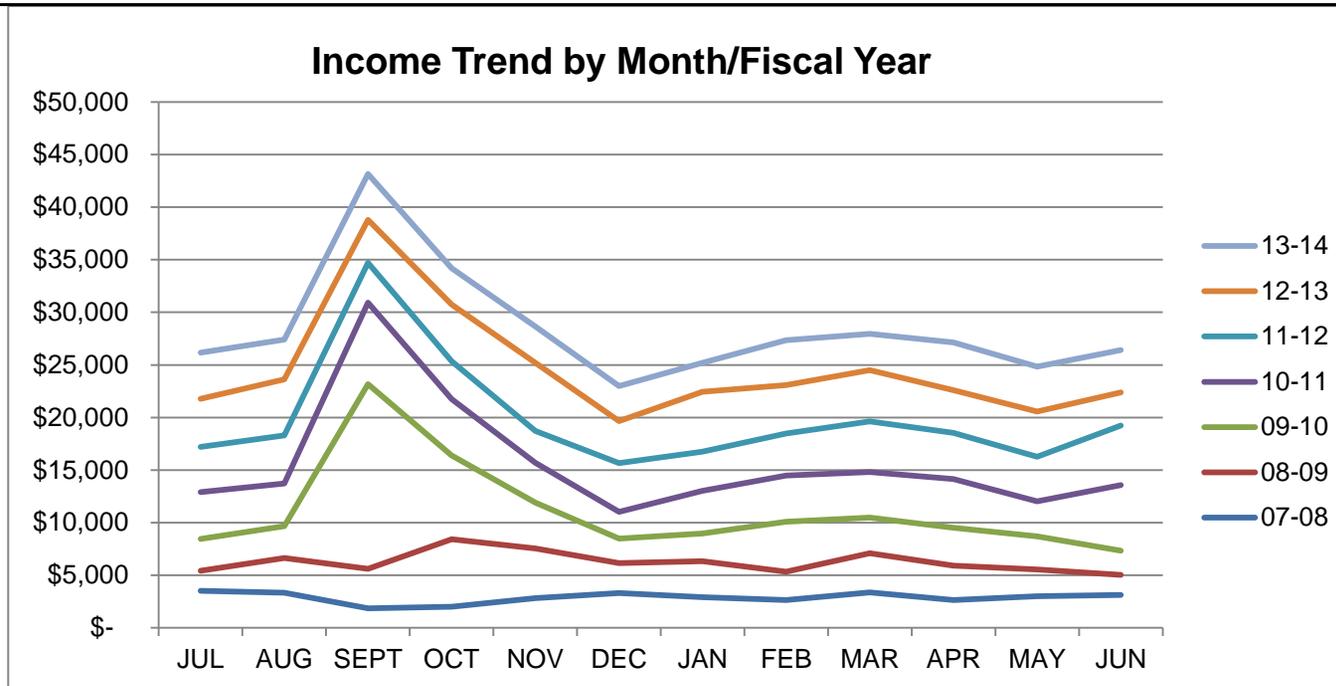
- Foster a culture of disaster preparedness and resiliency to actively support Oregon's diverse citizens.
 - ODA provides fuel reimbursement for Search and Rescue/funding for Air Search and Rescue position and ODA collection of revenue.

- Meet or exceed federal disaster preparedness, response and recovery standards.
 - Aviation coordinates with OEM for emergency response
 - Additional revenue to fully reimburse county search costs
 - Provide revenue to train search and rescue personnel
 - Provide revenue to insure search and rescue personnel

- Increase the ability to communicate by using real time voice and data systems accessible to all law enforcement and public safety agencies in Oregon.
 - Present and past participation in exercises with OEM. Radios in ODA trucks are ODOT compatible. ODA aviation radios can provide communication assets in emergency operations.

Program Performance

PROGRAM UNITS – SEARCH & RESCUE



Enabling Legislation/Program Authorization

- ORS 837.020 Registration of pilots; renewal.
- ORS 837.025 Requirements for pilot registration; fees; certificates.
- ORS 837.035 Proceeds from Oregon Pilot Registration fees

Describe the various funding streams that support the program

Proceeds from Oregon Pilot Registration fees are deposited in a dedicated account which funds Air Search & Rescue through the Oregon Military Department.

ODA provides payment of expenses incurred by the Oregon Military Department:

- To search for lost planes and lost persons, the rescue of lost persons,
- Pilot survival education and training
- All other expenses directly attributable to the search and rescue program and for the payment of expenses of the Oregon Department of Aviation relating to the registration of pilot licenses.

PROGRAM UNITS – SEARCH & RESCUE

Describe how the 2015-17 funding proposal advanced by the agency compares to the program authorized for the agency in 2013-15.

Describe if the funding proposal maintains the program at Current Service Level, or increase/decreases it. If the proposal alters the program from the Current Service Level, describe the nature of the change and why the agency is proposing to make changes.

This proposal enhances Current Service Level. It is linked to a Legislative Concept (LC) to raise pilot registrations from \$12 annually to \$24 annually. This new funding will enable ODA to assist Oregon Emergency Management (OEM) to more fully fund the Aviation Search and Rescue Program as authorized by ORS 837.035. Currently, Aviation funds part of the Aviation Search and Rescue program through pilot registration of \$12 annually but revenue is insufficient to fully fund OEM's Search and Rescue Program. This additional revenue will help to make the SAR program more sustainable. Proceeds from pilot registration are split between Oregon Emergency Management and Oregon Department of Aviation. ORS 837.035 allocates revenue from pilot registration to payment of expenses incurred by the Office of Emergency Management... "to search for lost planes and persons, rescue of lost persons, pilot survival education and training and all other expenses directly attributable to search and rescue program". It also allows the Department of Aviation to pay FTE expenses related to registration of pilots. Section 2 of ORS 837.035 allows Oregon Emergency Management to provide insurance to compensate any member of a volunteer air search and rescue organization ...sustained in the scope of performing air search and rescue operations while under the direction of OEM. There is insufficient revenue to cover all of the expenditures with existing revenue. ODA currently reimburses part of an FTE for a Search and Rescue Coordinator position and reimburses fuel costs to counties via OEM for air search fuel costs.

PROGRAM UNITS – GENERAL AVIATION ENTITLEMENT

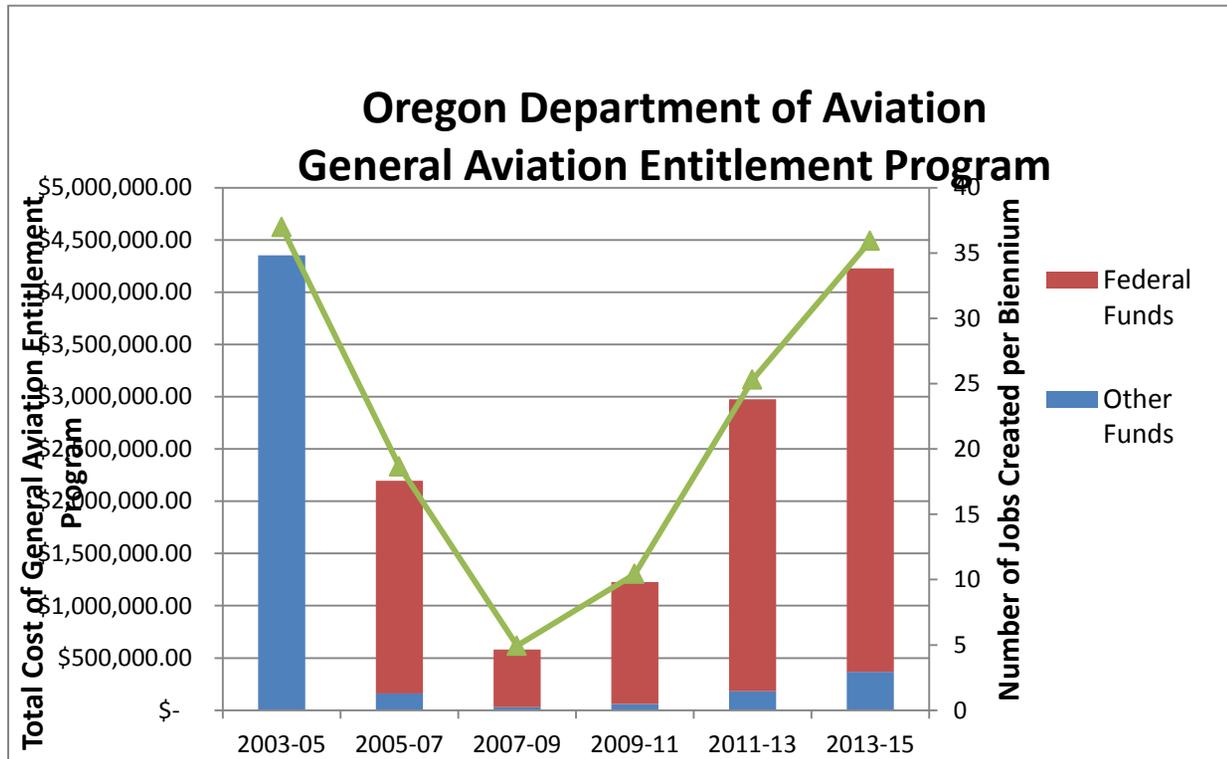
Program Unit Executive Summary

10 Year Plan Outcome Areas that are impacted by the program

- Jobs and Innovation
- Safety

Primary Program Contacts

- Mitch Swecker, Director, 503-378-2340
- Joy Howard, Business Manager, 503-378-2894



PROGRAM UNITS – GENERAL AVIATION ENTITLEMENT

Program Overview

General Aviation Entitlement Program administers FAA funded airport projects that address safety, operational, and development at airports in Oregon. FAA Grants are generally funded at 90% of project costs with remaining 10% paid by airport sponsor (owner).

Program Funding Request

Summarize the proposal you are submitting to the Governor. Include the amount of resources you are requesting for this program and the performance you will achieve if this proposal is funded. Include the proposal costs and performance for the 2015-17 biennium and estimated costs and performance through the 2021-23 biennium.

Program Description

The General Aviation Entitlement program has three sections:

1. Capital Improvement Planning evaluates on a yearly basis each of the twelve state owned airports that are part of the National Plan of federal Integrated Airport Systems (NPIAS), to address safety, operation, and infrastructure development. The Capital Improvement Plan (CIP) contains all projected construction and capital improvement projects to keep the airports up to minimum standards as set forth by the FAA. The five year CIP plan is vetted and approved by the FAA on a yearly basis.
2. Capital and Construction Project Management services are provided and/or managed by Oregon Department of Aviation (ODA) in order to meet federal grant assurance obligations and receive federal funding for qualifying projects. ODA provides technical services, engineering support and construction management services for all projects that receive Airport Improvement Grant (AIP) funding from the FAA.
3. AIP Grant Administration and Management administers grants for capital improvement and construction projects at the twelve state owned airports that are part of the National Plan of Integrated Airport Systems (NPIAS) to address safety, operation, and infrastructure development. If the federal grant assurances are not maintained and adhered to in accordance with the federal agreement and policy, the airport owner is responsible for paying penalties and reimbursement of all AIP funds received within the previous twenty year period of time. ODA is responsible for grant assurance compliance through this program. All projects are determined based upon a combination of factors including but not limited to pavement condition studies, safety and compliance inspections, design standards, and short and long range planning goals for each of ODA owned airport. ODA is obligated by federal grant assurances to maintain all state owned NPIAS airports in accordance with federal grant requirements for at least twenty years after each date of issued grant. In cases where federal AIP grants are used to purchase land, ODA must maintain grant assurances at those airports in perpetuity or until sold or transferred. It must remain as an airport even if sold. As of 2012, ODA has federal requirements tied to grant assurances in the amount of approximately 40 million dollars for its 12 NPIAS airports, not including land value payback assumptions, which is calculated at fair market value.

The National Plan of Integrated Airport Systems (NPIAS) identifies nearly 3,400 airports nationally that are significant to national air transportation and thus eligible to receive Federal grants under the Airport Improvement Program (AIP). There are a total of fifty-five (55) NPIAS airports in

Oregon, twelve (12) of which are owned and managed by ODA. Safe management, maintenance and operation of the twelve state owned NPIAS airports are governed by the FAA with federal grant assurances and compliance programs. Each non-primary NPIAS airport may receive up to \$150,000 in airport improvement (AIP) grant funds annually for qualifying projects. NPIAS airports must maintain and upgrade infrastructure to a

PROGRAM UNITS – GENERAL AVIATION ENTITLEMENT

certain level of standards that are set forth by the FAA design guidelines and standards and further set into agreement by Federal Grant assurances. The FAA is required to provide Congress with a 5-year estimate of AIP eligible development that will bring these NPIAS airports up to current design standards and add capacity to congested airports.

Program Justification and Link to 10-Year Outcome

Strategy 1: This program meets the outcome area by bringing jobs to the economy throughout the state. It amplifies local and state economic effects by coordinating with local airport sponsors, cities and counties to make sure their inputs are included in airport development. It helps make Oregon's economy more resilient by upgrading and maintaining twelve of the state's NPIAS airports. Upgrading and maintaining these twelve NPIAS airports directly and indirectly effects Oregon's economic development by creating technical consulting job opportunities as well as the associated construction and capital projects. Ultimately these projects not only keep our airports in compliance with the FAA Grant Assurances Businesses move to locations close to airports. State airports provide a cost effective base for wildfire protection (strategy 1.2)

Strategy 2: Helps establish revenues necessary to pay for key infrastructure projects in coordination with local governments.

- (strategy 2.1) FAA Entitlement dollars and state match funding from ODA improve and maintain infrastructure for Oregon's system of airports in the Oregon Aviation Plan. Develop a next generation system for paying for and developing critical public infrastructure
- (strategy 2.2) ODA leverages 90% federal dollars for General Aviation Entitlement funding with 10% match. Create greater coordination at all levels of Government
- (strategy 2.3) ODA works with local communities and FAA on Oregon Aviation Plan and SCIP.

Strategy 3: Aviation jobs are high wage jobs that exceed per capita wage (\$26,000) for Oregon. Average per capita wage for aviation jobs is greater than \$34,000 annually. Many jobs are high tech engineering and manufacturing jobs (Metal Innovations, Van's Aircraft, Columbia Helicopters, Alaskan Bush wheel at state owned airports are located due to airport infrastructure. Engineering/Construction companies such as Kerr Construction, Centrex Construction, Precision Approach Engineering, W and H Pacific Inc., Mead and Hunt Inc. have high wage employment.

Program Performance

The agency's twelve non-primary NPIAS airports can receive a maximum of up to \$150,000 for each airport per federal calendar year for qualifying projects. Ultimate program performance can be measured by the agency's ability to plan projects properly with the FAA and receive the maximum entitlement per year in the amount of \$1,800,000. In order to make this possible per year, the agency must also allocate and spend the AIP grant entitlement funds in accordance with all federal and state policy. Using a basic matrix, since 2005 ODA has either received or transferred approximately \$12,600,000 in entitlement grant funds thereby creating approximately 393 construction related jobs from this program.

PROGRAM UNITS – GENERAL AVIATION ENTITLEMENT

- Plan for development of airports, state airways, airplane industries and aviation. (ORS 835.015)
- Cooperate with other governmental agencies in the development of aeronautical activities. (ORS 835.015)
- Plan, establish, construct, enlarge, improve, maintain, equip, operate, regulate, protect and police airports and air navigation facilities. (ORS 836.025)
- Improve and maintain state-owned airports pursuant to Federal Aviation Administration (FAA) contract. (ORS 835.025)

Describe the various funding streams that support the program

A five year capital improvement plan is approved by both the Oregon Aviation Board as well as the Federal Aviation Administration (FAA). These projects are funded 90% by federal funds and 10% by other funds. The other fund source is aircraft registration revenue. ODA goes before the Oregon Legislature to get authorization (Limitation) to apply for FAA grants as GA entitlement or for individual Capital projects.

Describe how the 2015-17 funding proposal advanced by the agency compares to the program authorized for the agency in 2013-15.

Describe if the funding proposal maintains the program at Current Service Level, or increase/decreases it. If the proposal alters the program from the Current Service Level, describe the nature of the change and why the agency is proposing to make changes.

PROGRAM UNITS – GENERAL AVIATION ENTITLEMENT

POLICY PACKAGE #101
 General Aviation Entitlement
 Capital Improvement Projects

Request: \$1,698,300 FF
 \$188,700 OF
 \$1,887,000

PURPOSE

General Aviation Entitlement projects are airport projects that address safety, operational, and developmental projects at airports in Oregon. Projects are determined based upon a combination of factors including but not limited to pavement conditions studies, safety and compliance inspections, design standards and short and long range planning goals. A five year capital improvement plan is approved annually by the Oregon Aviation Board and the Federal Aviation Administration (FAA). Projects are reviewed by the Oregon Aviation Board. General Aviation Entitlement projects are funded with 90% FAA funds. Prior to February 2012 the projects were funded with 95% Federal (FAA) funds. The remaining 10% of the project costs are funded with ODA other funds.

HOW ACHIEVED

Following the federal standards and specification by providing a design to meet the intent of the needs of the airport, its users and the project sponsors.

General Aviation Entitlement Projects

State-Owned Airports	Proposed Projects, FFY 2015	Federal Amount	Match Requirement	Project Cost	Source of Matching Fund
			10%		
Lebanon	Master Plan	135,000	15,000	150,000	AC FEE
Mulino	Obstruction Removal	297,000	33,000	330,000	AC FEE
2015 Total		432,000	48,000	480,000	

State-Owned Airports	Proposed Projects, FFY 2016	Federal Amount	Match Requirement	Project Cost	Source of Matching Fund
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PROGRAM UNITS – GENERAL AVIATION ENTITLEMENT

		10%			
Aurora	Phase 1 Obstruction Removal(Environmental)\AGIS Survey	184,500	20,500	205,000	AC FEE
Chiloquin	Phase 1 Environmental for Fencing	45,000	5,000	50,000	AC FEE
Independence	Master Plan	270,000	30,000	300,000	AC FEE
2016 Total		499,500	55,500	555,000	

State-Owned Airports	Proposed Projects, FFY 2017	Federal Amount	Match Requirement	Project Cost	Source of Matching Fund
		10%			
Aurora	Phase 2 Obstruction Removal	69,300	7,700	77,000	AC FEE
Bandon	Phase 1 Land Acquisition	135,000	15,000	150,000	AC FEE
Chiloquin	Phase 2 Fencing Design and Construction	270,000	30,000	300,000	AC FEE
Chiloquin Cottage Grove	Phase 1 Taxiway and Apron Rehab Construction/Fencing	135,000	15,000	150,000	AC FEE
Grove	Master Plan	135,000	15,000	150,000	AC FEE
Independence	Phase 1 Environmental for Fencing	22,500	2,500	25,000	AC FEE
2017 Total		766,800	82,500	852,000	
GRAND TOTAL 15-17 Biennium		1,698,300	188,700	1,887,000	

STAFFING IMPACT

There are no additional staffing needs with this request.

QUANTIFYING RESULTS

PROGRAM UNITS – GENERAL AVIATION ENTITLEMENT

The successful completion of the projects listed above. Quantifying successful projects will be measured by the outcomes of the projects and their deliverables against the needs and criteria of the intent of the project, achieving FAA specifications and acceptance, delivering the project on schedule and within approved budget.

REVENUE SOURCE

The majority of the funding is derived from the FAA in federal funds and the 10% matching portion is funded with other funds. This other funds portion is generally funded by Aircraft Registration revenue.

PROGRAM UNITS – PAVEMENT MAINTENANCE

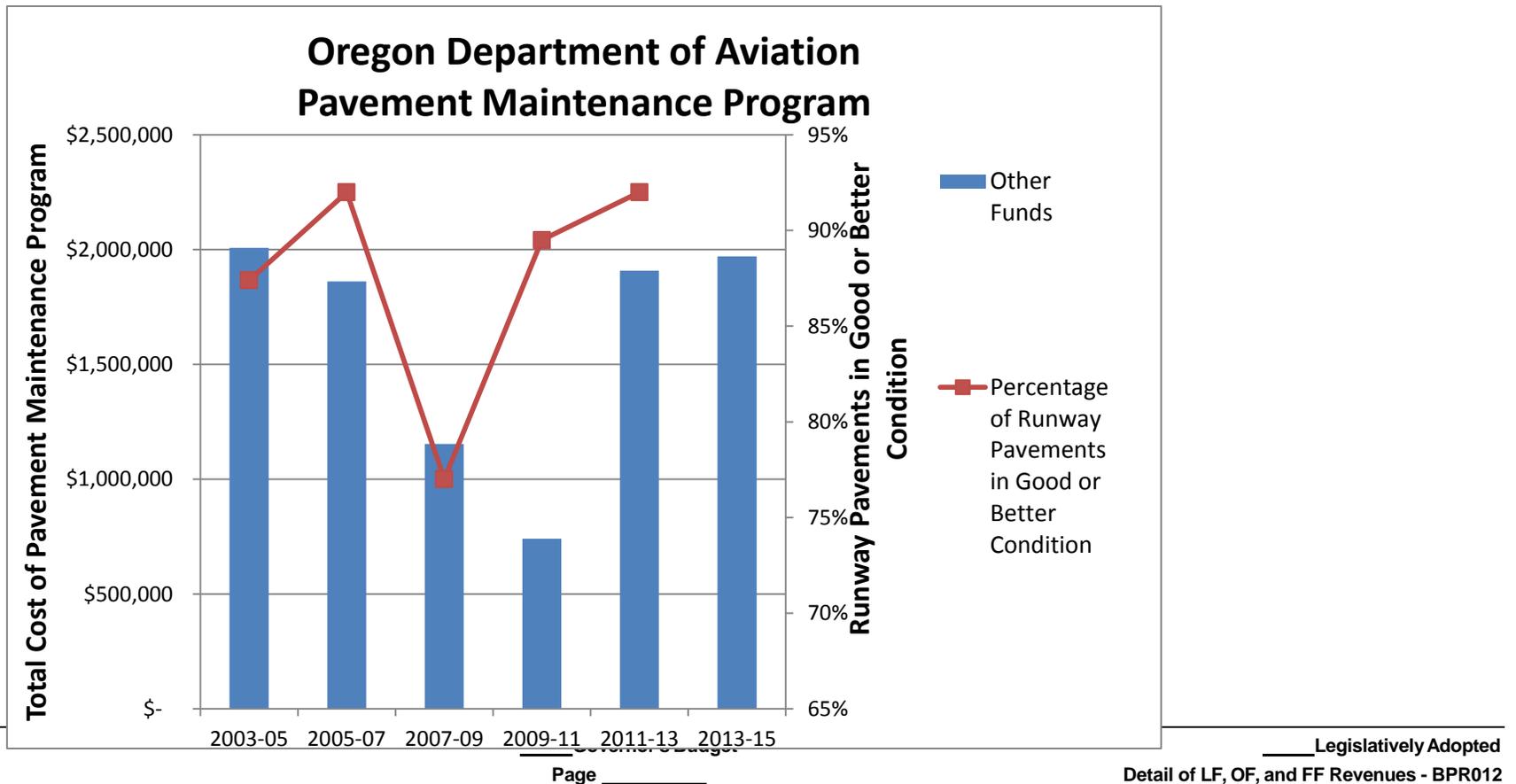
Program Unit Executive Summary

10 Year Plan Outcome Areas that are impacted by the program

- Jobs and Innovation
- Safety

Primary Program Contacts

- Mitch Swecker, Director, 503-378-2340
- Joy Howard, Business Manager, 503-378-2894



PROGRAM UNITS – PAVEMENT MAINTENANCE

Program Overview

Pavement Maintenance Program is a state-funded aid program to assist airports in undertaking pavement preventative maintenance, the most cost-effective means to helping preserve the system's airport pavement and pavement infrastructure as addressed in the Oregon Aviation Plan. The program evaluates airport pavement at 1/3 of the state per year. The year following evaluation, airports that agree to have work done get schedule for pavement maintenance work with contractors hired by ODA. The PMP contractor(s) does (do) an average of 14 airports per year. There are 66 paved public use airports in the state. (some airports do not require pavement maintenance, do not participate in the program or have pavement that requires (more expensive) repair work vice maintenance.

Program Funding Request

1. This funding requests maintains the program at just under \$1 million per year for through the 13-15 biennium. In 2011, ODA commissioned a 10 year study of the effectiveness of the PMP program funded by FAA grant. This study (still in draft form) shows that, on average, the pavement maintenance program doubles the life of an average runway. FAA design life expectation for runway pavement is 20 years. The draft study shows average runway life with Pavement Maintenance is 40.88 years.

Program Description

This program consists of two (2) distinct sections:

Pavement Evaluation Program (PEP) evaluates and defines the pavement condition measurements, network definition and technically reviews and analyzes existing pavement at all sixty-six (66) paved public use airport throughout the state.

Pavement Maintenance Program (PMP) provides the yearly maintenance program development and scope, completes field inspections and analysis, solicits sponsor participation, designs the scope of work for each airport and manages the bidding and construction of the work. Additionally this process includes IGA's with the local sponsors and ODA and any FAA federal share grant management that may be applicable.

The program exists to extend the lifecycle of the state of Oregon's airport assets in order to enhance the safe and efficient operations of the state of Oregon's public use airport network.

Over the last ten (10) years all sixty-six (66) eligible public use airports have been continuously evaluated and a total of 126 pavement maintenance program construction projects have been completed throughout the state of Oregon. This has extended the life of the pavement assets by approximately 1/3 of the original design lifecycle (average of 7 years).

The program is solely funded by up to 53% of the fuel tax transfer from ODOT. The PMP Program utilizes approximately \$1,000,000 in Av Gas and jet fuel taxes annually. In addition, local airport owners are able to utilize FAA non-primary entitlement funds or their operating funds to contribute their match portion.

PROGRAM UNITS – PAVEMENT MAINTENANCE

The scope of the work is then projected on a bi-annual budget basis. Projects include engineering, design and construction of runway, taxiway and apron resurfacing; new pavement projects, patchwork, apron rehabilitation, sealcoating, crack filling and pavement maintenance items that can extend the life of the existing infrastructure.

Program Justification and Link to 10-Year Outcome

Link to strategy 1: The Pavement Maintenance program creates an estimated 50 construction and engineering jobs annually.

Link to Strategy 2: This program increases long term investment in Oregon transportation by preserving and extending the life of airport pavement at 66 public paved runways throughout the state.

Strategy 3: ODA is splitting this year's Pavement Maintenance Contract into smaller units to encourage underrepresented communities and disadvantaged businesses to be able to compete more effectively.

This program helps make Oregon's economy more resilient by maintaining all of the State of Oregon's network of public use airports pavement. Maintaining these assets is not only vital to the public traveling by air but also business and commerce. This maintenance directly and indirectly effects Oregon's economic development by ensuring the safe operation of the 66 public use airports, its users and employees but also creating technical consulting job opportunities as well as the associated construction and capital projects throughout the entire state of Oregon.

Program Performance

The Pavement Maintenance Program performance is measured by the increase of the life of pavement assets for the overall aviation transportation system for the state of Oregon, which is reflected in the graph on page one of this document.

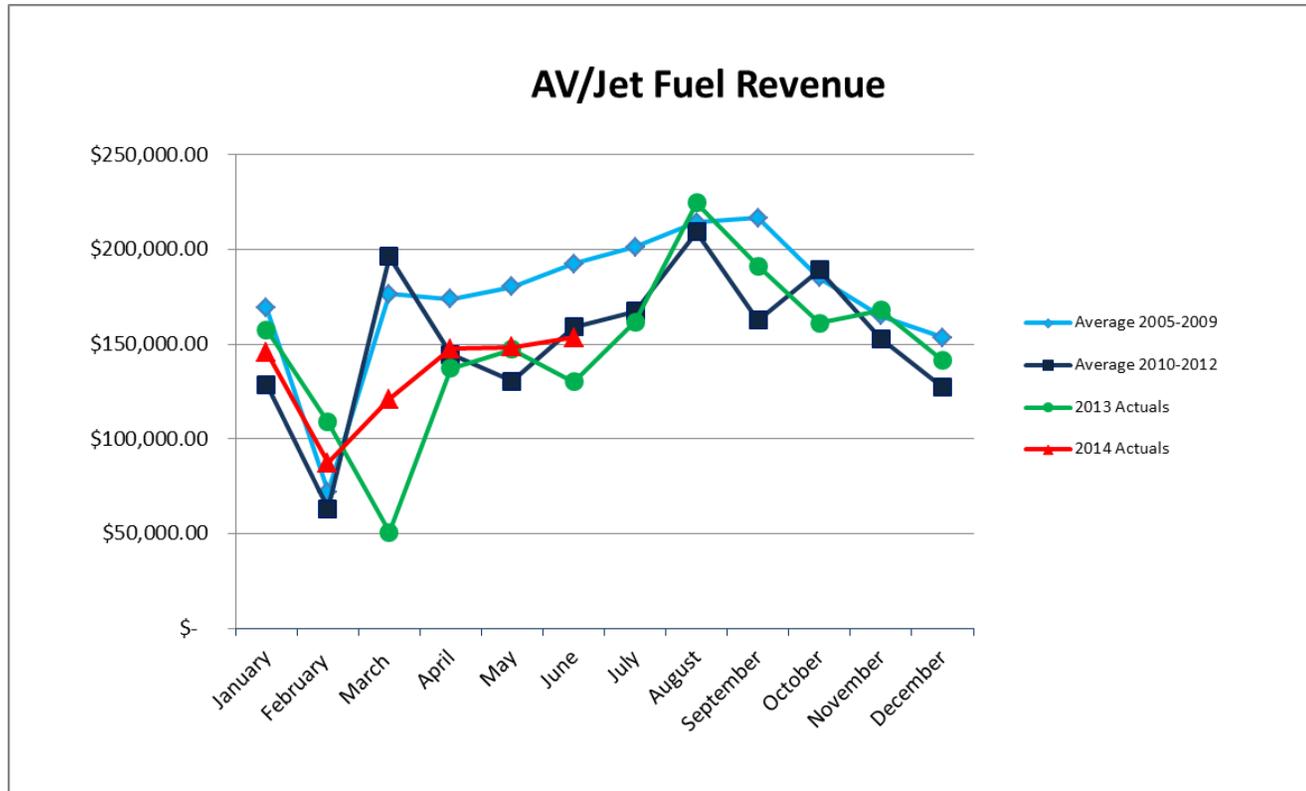
Enabling Legislation/Program Authorization

- Fund and manage a program to maintain and preserve the pavements used for runways, taxiways and aircraft parking area at public use airports in this state. (ORS 836.072)
- Funding from jet fuel tax and aviation fuel tax transfers from ODOT. (ORS 319.020 (2))

Describe the various funding streams that support the program

The program is solely funded by 45% of aviation jet and AVGAS (per gallon) fuel tax transfer from ODOT. There is a 1 cent per gallon tax on jet fuel and 9 cents per gallon on aviation fuel (55% transferred to Operations and 45% transferred to Pavement Maintenance Program). Fuel tax revenue has averaged over \$400,000 less per year over pre-recession 2007. (See chart below)

PROGRAM UNITS – PAVEMENT MAINTENANCE



Describe how the 2015-17 funding proposal advanced by the agency compares to the program authorized for the agency in 2013-15.

Describe if the funding proposal maintains the program at Current Service Level, or increase/decreases it. If the proposal alters the program from the Current Service Level, describe the nature of the change and why the agency is proposing to make changes.

This program maintains current service level. The most significant change to the Pavement Maintenance Program is that one single large contract has been divided into 3 smaller contracts to make bidding more attractive for MW/ESB companies.

PROGRAM UNITS – AIRCRAFT REGISTRATION

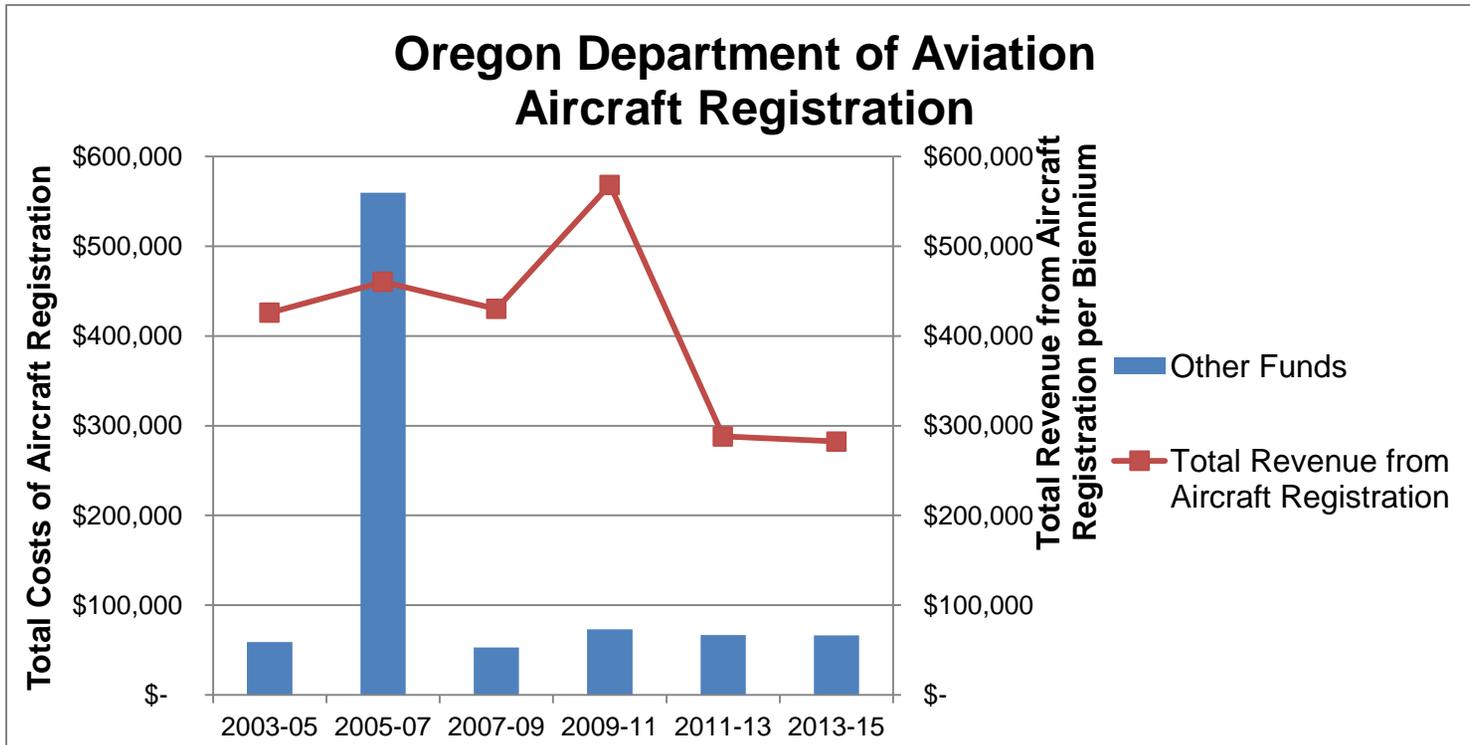
Program Unit Executive Summary

10 Year Plan Outcome Areas that are impacted by the program

- Jobs and Innovation
- Safety

Primary Program Contacts

- Mitch Swecker, Director, 503-378-2340
- Joy Howard, Business Manager, 503-378-2894



Graph note: For Aircraft Registration 05/07 has high expenditures due to Financial Aid to Municipalities (FAM) grants. The distribution out to other cities, counties and government units is almost 500,000 for 05-07 biennium. 2013-15 graph point is partial biennium data.

PROGRAM UNITS – AIRCRAFT REGISTRATION

Program Overview

Aircraft Registration registers over 4,400 aircraft per year and is responsible for approximately 8% of the agency's revenues. This division is the front line contact with Oregon's pilots and aircraft owners. Revenue collected for aircraft registration partially funds a registration administrative assistant in ODA and funds the 10% match for FAA grants for ODA's 12 National Plan of Integrated Airport System (NPIAS) airports.

Program Funding Request

This proposal continues to fund the .5 FTE of an aircraft registration administrator at (\$) for the biennium. This is the only expenditure and limitation request under this program. The remaining revenue goes out as a transfer for 10% match for the following projects and will require. Additional revenue not utilized for projects and FTE costs is available for Financial Aid To Municipalities, non-federally funded airport maintenance, repair and operations, or as carry over for 2017-2019 FAA grant match funds.

Program Description

Aircraft Registration This program functions to ensure that revenue for aircraft registered in Oregon are collected. The aircraft registration program manages and administers the AERO II software system that houses aircraft and pilot registration information. Revenue provides for the agency's federal share match dollars for all AIP General Aviation (GA) Entitlement Grants and AIP Discretionary Grants. The FAA sponsor match amount is 10% of the total project costs for design and construction.

Program Justification and Link to 10-Year Outcome

Link to Strategy 1 Outcomes: Focus on sustainable business development

- This program provides the 10% state matching fund that leverages Federal Aviation Administration grants funded at 90% of project costs. This funding provides development funding for jobs and infrastructure investment, both for construction and in the long term, aviation industry cluster businesses attracted by airport development and aviation related infrastructure. It helps make Oregon's economy more resilient by upgrading and maintaining twelve federally funded airports owned/managed by the State. Upgrading and maintaining these airports creates jobs and affects Oregon's economic development by creating engineering/planning consulting job opportunities as well as associated construction jobs. These projects provide the setting for aviation advance manufacturing jobs and create airports so that business, transportation commerce and recreational users at these airports can thrive and prosper. .

Link to Strategy 2: Be more effective, integrate economic and community planning, project finance and infrastructure.

- Aircraft registration increases long-term average of state investment in transportation, providing 10% match leverages 90% federal grant assistance for projects.
- Uses Oregon Aviation Plan in coordination with local communities to allocate FAA grants statewide.
- The Aviation Department coordinates with FAA and local communities to optimize funding for projects based on the needs of the state.

Link to Strategy 3: Focus on long-term economic prosperity to lift workers, innovators and entrepreneurs.

- Increase per capita wages - The 10% match enables aviation jobs that exceed per capita wage (\$26,000) for Oregon. Average per capita wage for aviation jobs is greater than \$34,000 (2007 Oregon Aviation Plan (OAP) annually).

PROGRAM UNITS – AIRCRAFT REGISTRATION

- Many jobs are advanced manufacturing high tech engineering and manufacturing jobs (Metal Innovations, Van’s Aircraft, Columbia Helicopters, Alaskan Bushwheel at state owned airports are located due to airport infrastructure. Engineering/Construction companies such as Kerr Construction, Centrex Construction, Precision Approach Engineering, W and H Pacific Inc., Mead and Hunt Inc. have high wage employment.
- This program is based on the Aviation Transportation System Plan by ensuring safe and efficient travel and maintaining and upgrading existing facilities per FAA grant assurances. In achieving this mission, ODA not only increases placement into employment throughout the state but this program maintains a current database of registered aviation users (aircraft owners) that can also be used to assist Oregon Emergency Management for aviation search and rescue.

Program Performance

Successful program performance is collecting sufficient revenue to provide the 10 % match from the state for federally funded projects. Success is maintaining and managing registration at or exceeding current levels and contributing to the necessary federal matching funds in order to receive federal grant funds for eligible Capital Improvement and GA Entitlement Projects that enable the infrastructure that attracts aviation businesses and creates high paying aviation jobs

Enabling Legislation/Program Authorization

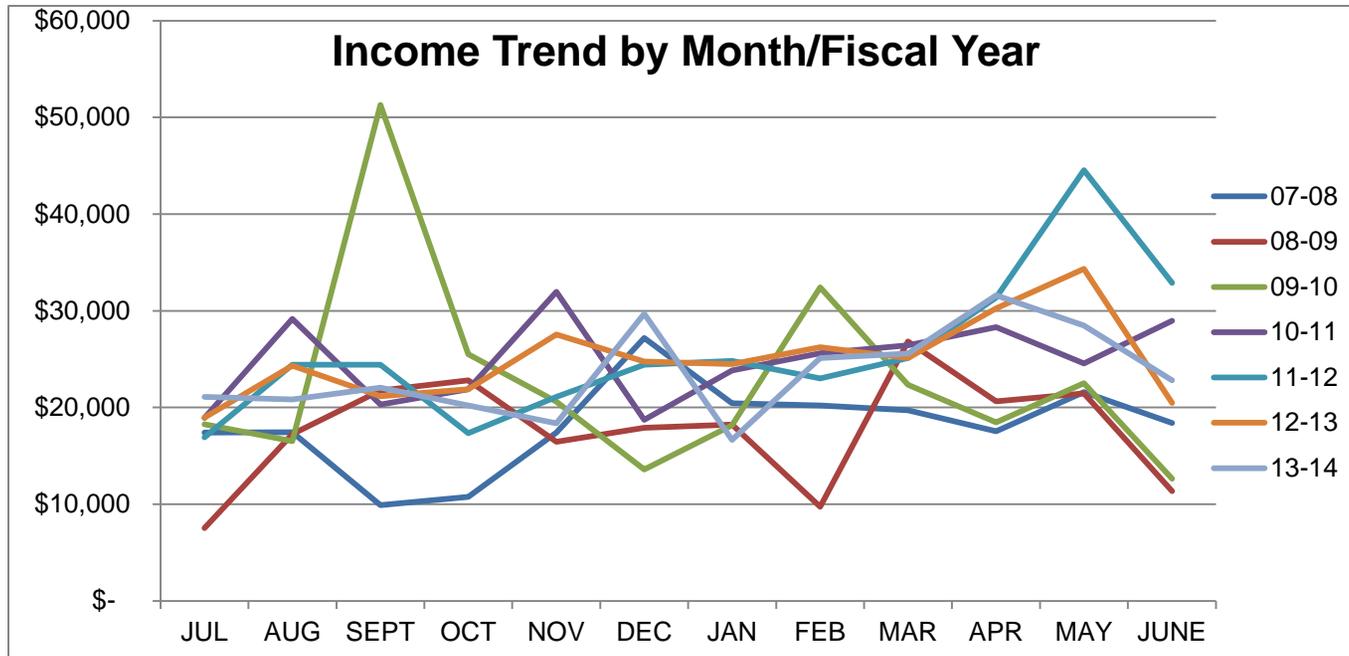
- ORS 837.040 Persons required to register aircraft; application; timing; late fees; rules.
- ORS 837.045 Fee schedule for registration of aircraft in Oregon.

Describe the various funding streams that support the program

This Other Funds program is funded solely through aircraft registration fees. Fees collected are used to pay 10% match to federal grants. The chart below shows funding since 2009. ODA has a robust program to identify aircraft owners in Oregon to make sure sufficient revenue is collected to pay the 10% matching funds for projects. This includes educating airport sponsors and fixed base operators (FBOs). FBOs are fuel retailers and ODA posts signs at airports to educate aircraft owners on the requirement to register if based in Oregon.

Note: FAA grants are tied to 39 grant assurances. Failure to comply with the grant assurances can result in loss of future grant funding. FAA grants are also reimbursable to the FAA in the event the airport cannot meet them or the airport was to close. Grant obligations run for 20 years for infrastructure and for the life of the airport for land acquisition.

PROGRAM UNITS – AIRCRAFT REGISTRATION



Describe how the 2015-17 funding proposal advanced by the agency compares to the program authorized for the agency in 2013-15.

Describe if the funding proposal maintains the program at Current Service Level, or increase/decreases it. If the proposal alters the program from the Current Service Level, describe the nature of the change and why the agency is proposing to make changes.

Maintains current service level for projects scheduled in 2015-2017 biennium.

PROGRAM UNITS – CAPITAL CONSTRUCTION

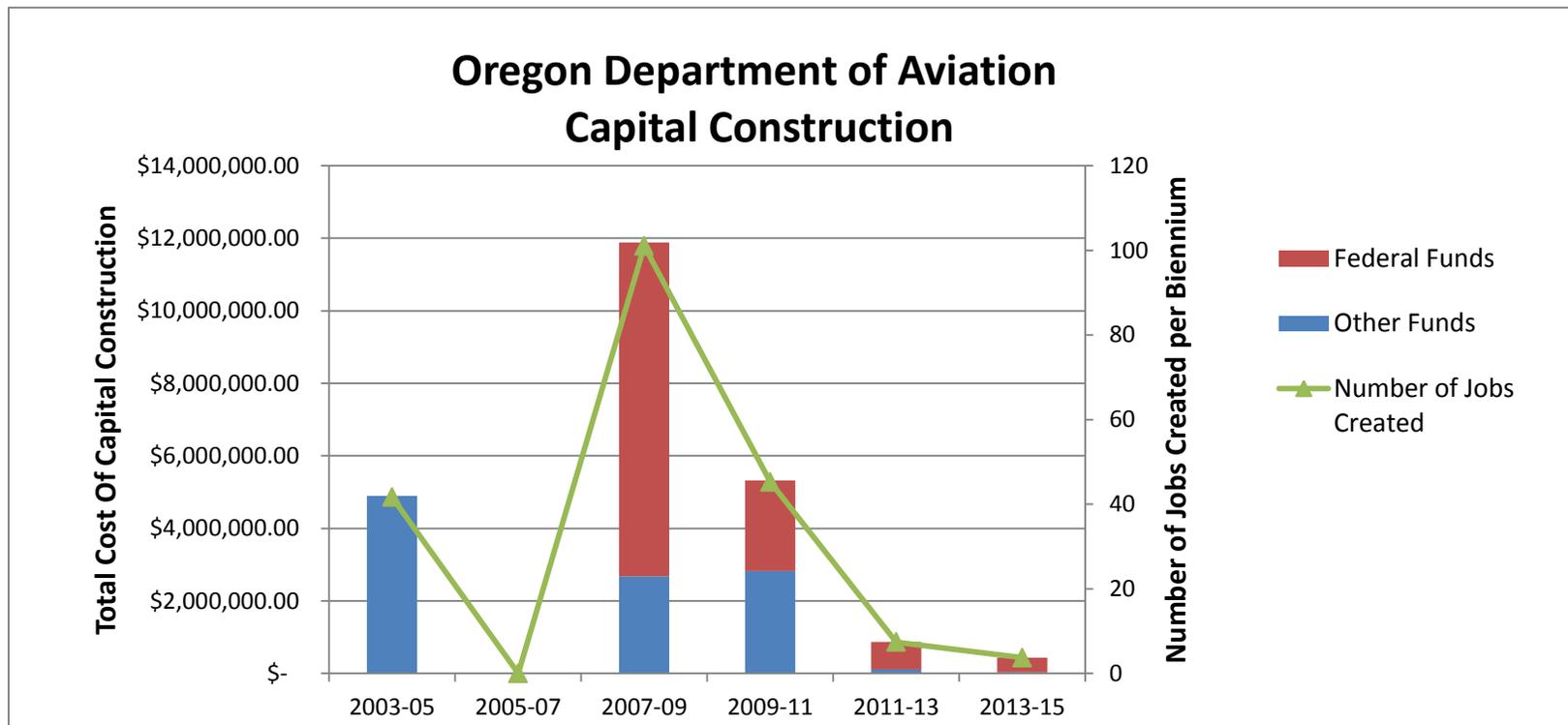
Program Unit Executive Summary

10 Year Plan Outcome Areas that are impacted by the program

- Jobs and Innovation
- Safety

Primary Program Contacts

- Mitch Swecker, Director, 503-378-2340
- Joy Howard, Business Manager, 503-378-2894



PROGRAM UNITS – CAPITAL CONSTRUCTION

Program Overview

Capital Construction Program exists to develop, improve and maintain all twenty-eight state-owned public use airports for all designated aviation uses including business, corporate, community access and emergency uses. (Disaster relief, Firefighting, Medevac etc.)

Program Funding Request

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Program Description

This program includes planning, design and construction for the states twelve (12) National Plan of federal Integrated Airport Systems (NPIAS) Airports. This program is dependent on federal Airport Improvement Program (AIP) funds, which provide 90 percent of eligible land and construction costs. This agency has coordinated a 5 year plan with the FAA for capital projects. For the states 16 non-NPIAS public use airports this program relies on funds from other state or federal grant opportunities or planned improvements as budgeted. Capital improvement projects are necessary for the safe and efficient operation of airports. Also to maintain design standards and expanded future traffic for the 28 general aviation airports owned and maintained by the Department of Aviation. These airports are in various stages of development. Some require land acquisition to provide protection from incompatible land uses and to allow for expansion and needed improvements. Others require construction projects simply to maintain the airport's safety standards. Capital construction projects are planned through the FAA's mandated Capital Improvement process and vetted with the FAA. Capital improvement projects are paid for by either AIP entitlement grant funds or AIP discretionary grant funds. All projects that are completed using any AIP grant funds are subject to all federal policies and grant assurances.

The States, territories, and possessions share in the total AIP funds available as set forth by Congress. Each State share of this pot is based on a formula that takes into account the population and land area of the State. Money from this entitlement goes to general aviation airports and to airports with less than 10,000 passengers per year. Any money left over after the above entitlements are funded can be spent by the FAA at its own discretion. This discretionary fund is subject to set-asides for capital improvement projects. After the entitlements and set-asides are funded, the remaining money can be spent as the FAA sees fit. This is often referred to as pure discretionary AIP money. Even here, there are restrictions. The law requires that 75% of this discretionary money be spent on airport projects that will enhance capacity, safety, security, or reduce noise. It is ODA's responsibility to plan its capital improvement projects to maximize the possibility to receive the federal funding required to achieve the goals of the airport as set forth in the master plan and design requirements.

The Capital Construction Program also includes two elements tied to the Oregon Aviation Transportation System that are more indirectly related but equally necessary for maintaining approved Capital Construction Program and a safe statewide aviation transportation plan.

SCIP Program - There is a statewide program directed and funded by the FAA in an effort to identify federally eligible project needs of the state. The function of the Statewide Capital Improvement Program (SCIP) is to manage, inventory and backlog all airport capital improvement projects throughout the state of Oregon and coordinate all projects with the individual airport owners and the FAA Regional District Office. The intent of the SCIP is to ensure all approved projects receive available funding. This program is inclusive of all NPIAS airports statewide, not just the airports

owned by the state of Oregon. Federal monies spent throughout the state of Oregon over the past five years total approximately \$225 million. When commercial service airports are included, (PDX, Eugene, North Bend, Klamath Falls, Redmond, Medford, Pendleton) General Aviation (GA)

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airports received 77.5 million dollars over the same time frame. These monies include FAA General Aviation entitlement funds, General Aviation discretionary funds and General Aviation state apportionment grants.

Connect Oregon Aviation Projects Support – Oregon Department of Aviation (ODA) works in partnership with Oregon Department Of Transportation (ODOT) to provide yearly grant review and administration support in regard to aviation projects submitted for the Connect Oregon grant funds available. Connect Oregon grants that have been awarded specifically for aviation projects over the past three years total approximately 76 million dollars.

Eligible AIP projects include those improvements related to enhancing airport safety, capacity, security, and environmental concerns. In general, sponsors can use AIP funds on most airfield capital improvements or repairs and in some specific situations, for terminals, hangars, and non-aviation development. Any professional services that are necessary for eligible projects — such as planning, surveying, environmental studies and design — are eligible. Aviation demand at the airport must justify the projects, which must also meet Federal environmental and procurement requirements.

Program Justification and Link to 10-Year Outcome

Links to Strategy 1: This program provides **sustainable business development** by creating construction jobs and infrastructure investment for long term businesses attracted by airport development. It helps make Oregon’s economy more resilient by upgrading and maintaining the state’s twenty-eight (28) public use airports. Upgrading and maintaining these airports directly and indirectly effects Oregon’s economic development by directly employing aviation design and engineering consulting job opportunities as well as direct construction jobs. Ultimately these projects directly enable airport infrastructure development so that business, commerce and recreational usage at these airports can be maintained and upgraded. ODA works with Business Oregon and will work with the Regional Solutions Centers and Advisory Committees to promote job creation and maximize public dollars throughout the state.

Links to strategy 2: *Be more effective, integrate economic and community planning, project finance... for bottom up efficiency.*

ODA does design, engineering and construction projects averaging over \$4 million per biennium throughout the state that helps meet the goal of increasing the long term average of state, regional (Federal) and local levels to maximize resources. The SCIP also leverages investment from Federal Government (over \$77 million in past 5 years for Oregon airports) in FAA grants throughout Oregon. ODA works directly with airport sponsors of the federally funded airports and FAA to allocate grant funding to fit Oregon Aviation Plan (2007) for infrastructure needs. The Oregon Aviation Board is the modal committee for CONNECTOREGON projects.

ODA will work with Regional Solutions teams on aviation issues and projects in 2012 and into the 13-15 biennium.

Program Performance

The performance measurements of this program is directly linked to the approximate seventeen (17) upcoming capital improvement projects that are scheduled to be completed at the twenty-eight (28) state owned airports in the 2013-2015 biennium. Performance can be further linked to the development and protection of the state’s airport assets as well as the safe operation counts at each airport.

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Enabling Legislation/Program Authorization

- Plan for development of airports, state airways, airplane industries and aviation. (ORS 835.015)
- Cooperate with other governmental agencies in the development of aeronautical activities. (ORS 835.015)
- Plan, establish, construct, enlarge, improve, maintain, equip, operate, regulate, protect and police airports and air navigation facilities. (ORS 836.025)
- Improve and maintain state-owned airports pursuant Federal Aviation Administration (FAA) contract. (ORS 835.025)
- FAA Order 5190.6B pertaining to Grant Assurances and Compliance.

Describe the various funding streams that support the program

All capital construction projects are funded by Federal Aviation Administration (FAA) federal funding. There is a ten percent (10%) match requirement on all funds. This match revenue comes from either aircraft registration revenue or pavement maintenance dollars.

Describe how the 2015-17 funding proposal advanced by the agency compares to the program authorized for the agency in 2013-15.

Describe if the funding proposal maintains the program at Current Service Level, or increase/decreases it. If the proposal alters the program from the Current Service Level, describe the nature of the change and why the agency is proposing to make changes.

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POLICY PACKAGE #102

Condon State Airport Capital Construction
Taxiway widening, RSA, drainage, beacon tower, windsock, REIL

Request: \$1,845,000 FF
\$205,000 OF
\$2,050,000

PURPOSE

The Oregon Department of Aviation (ODA), as owner/operator of Condon State Airport, requests expenditure limitation to conduct major renovations at this airport. The renovations include widening the taxiway to meet current FAA design standards, grading the runway safety area (RSA), improving the airport drainage system, replacing the airport beacon tower and windsock and replacing the runway end identifier lights (REIL). The project is estimated to cost 2,050,000 from design through completion of construction. ODA anticipates design engineering to occur during 2015 and the construction to be completed in the summer of 2016.

HOW ACHIEVED

Following the federal standards and specification by providing a design to meet the intent of the needs of the airport, its users and the project sponsors.

STAFFING IMPACT

There are no additional staffing needs with this request.

QUANTIFYING RESULTS

Quantifying a successful project will be measured by the outcome of the project against the needs and criteria of the intent of the project, achieving FAA specifications and acceptance, delivering the project on schedule and within budget.

REVENUE SOURCE

The majority of the funding, 90% is derived from FAA federal funds and the 10% matching portion is funded with other funds. This other funds portion is funded by Aircraft Registration revenue.

PROGRAM UNITS – CAPITAL CONSTRUCTION

POLICY PACKAGE #103

McDermitt State Airport Capital Construction
Runway Rehabilitation, Replace Lighting and Beacon Tower

Request: \$1,435,500 FF
\$159,500 OF
\$1,595,000

PURPOSE

The Oregon Department of Aviation (ODA), as owner/operator of McDermitt State Airport, requests expenditure limitation to undergo a major rehabilitation project at this airport. In order to meet safe operating conditions and Federal Aviation Administration grant assurance standards, ODA is seeking to rehabilitate the entire runway and replace the lighting beacon tower. The project is estimated to cost 1,595,000 from design through completion of construction. ODA anticipates design engineering to occur during 2016 and the construction to be completed in the summer of 2017.

HOW ACHIEVED

Following the federal standards and specifications by providing a design to meet the intent of the needs of the airport, its users and the project sponsors.

STAFFING IMPACT

There are no additional staffing needs with this request.

QUANTIFYING RESULTS

Quantifying a successful project will be measured by the outcome of the project against the needs and criteria of the intent of the project, achieving FAA specifications and acceptance, delivering the project on schedule and within budget.

REVENUE SOURCE

The majority of the funding, 90% is derived from FAA federal funds and the 10% matching portion is funded with other funds. This other funds portion is funded by Aircraft Registration revenue.

CAPITAL BUDGETING AND FACILITIES MAINTENANCE

Capital Construction

The Capital Construction program exists to develop and improve state-owned airports for community access and emergency use. This program is dependent on federal Airport Improvement Program funds, which provide 90 percent of eligible land and construction costs.

The Department of Aviation owns and maintains 28 general aviation airports of which 12 are currently eligible for federal funds. Capital construction projects are necessary for the safe, efficient operation of present and expanded future traffic.

Capital Construction Program has 0 FTE

Essential Packages:

- PKG 102: Condon State Airport Capital Construction; Taxiway widening, RSA, drainage, beacon tower, windsock, REIL.
 - This package increases Other Funds by 205,000 and Federal Funds by 1,845,000 with a total of 2,050,000.

- PKG 103: McDermitt State Airport Capital Construction; runway rehabilitation, lighting, beacon.
 - This package increases Other Funds by 159,000 and Federal Funds by 1,435,500 with a total of 1,595,000.

- PKG 030: Inflation & Price List Adjustments
 - This package includes the standard inflation.