

## Identify Funding

The 2017 Airport Resiliency Workgroup identified five major categories of funding that may be pursued for resiliency projects:

1. Oregon Department of Aviation (ODA)
2. Grants with applications administered by Office of Emergency Management and Business Oregon
3. Airport Districts
4. Local Improvement Districts
5. Bonding

### Department of Aviation <sup>1</sup>

In 2015, the Oregon legislature passed HB 2075, which levies a two cent per gallon tax on aviation gasoline and jet fuel to fund the Aviation System Action Program (ASAP) Fund. The bill, which sunsets in 2022, supports projects related to safety, system resilience, emergency preparedness, transportation connectivity and economic development. ASAP has three components:

- **Critical Oregon Airport Relief (COAR):** Assists airports in Oregon with match requirements for FAA Airport Improvement Project grants, emergency preparedness and infrastructure projects in accordance with the Oregon Resilience Plan, services critical and essential to aviation, aviation-related business development, and airport development for local economic benefit.
- **State-Owned Airport Reserve (SOAR):** Safety improvements recommended by the Oregon State Aviation Board and local community airports and infrastructure projects at public use airports.
- **Rural Oregon Aviation Relief (ROAR):** Assisting commercial air service to rural Oregon.

The first avenue for funding through ODA is the Critical Oregon Airport Relief (COAR) program. COAR primarily funds projects with FAA match requirements and for airports included in the Oregon Resilience Plan with safety and infrastructure projects. COAR funding totaled \$1.7 million in 2017 and is anticipated to be \$1.2 million in 2018. COAR grant funding priorities are directed by ORS 319.020(7)(3)(c), as follows:

- 1<sup>st</sup> priority: Assist with match requirements for FAA Airport Improvement Program grants.
- 2<sup>nd</sup> priority: Safety and infrastructure development (for the 27 airports in the Oregon Resilience Plan).
- 3<sup>rd</sup> priority: Aviation-related economic benefits related to airports

Projects that may be eligible for COAR funding include: Projects receiving an FAA Airport Improvement Program grant; emergency management plan development, seismic studies, emergency generators and similar equipment; fuel, sewer, water, and weather equipment; hangars, parking for business aircraft and related facilities; and signs and marketing.

In 2017, 67 COAR applications were received totaling \$4.9 million. 30 applications were approved for \$1.7 million, including all priority 1 and priority 2 applications. The process starts with an internal completeness review of applications by ODA. Then the Area Commissions on Transportation (ACT) review and grade

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<sup>1</sup> Oregon Department of Aviation. "Submission of Legislative Report on House Bill 2075 (2015)." (2016)

applications and pass them along to the Aviation Review Committee, which prioritizes projects for recommendation to the Aviation Board. The final step entails the review and approval of recommended applications by the Aviation Board.

The second avenue for funding through ODA is the State-Owned Airport Reserve (SOAR) program. SOAR funds infrastructure projects and safety improvements for the 28 state-owned airports in Oregon. Most applicants are from the 16 state-owned airports that do not receive federal funding to prevent “double-dipping” for the 12 state-owned airports that do receive federal support and can apply through COAR.

In 2017, 19 SOAR applications were approved worth a total of just under \$1.5 million. All projects must be reviewed and approved by the Aviation Board to receive SOAR funding.

It is unlikely that Rural Oregon Aviation Relief (ROAR) program funds will be a viable avenue for projects considered by the workgroup.

### **OEM & Business Oregon Administered Grant Programs**

Four grants were identified with an application process administered by OEM: Emergency Management Performance Grant (EMPG), Hazard Mitigation Assistance’s Pre-Disaster Mitigation (PDM), Homeland Security Grant Program (HSGP), and Fuel Storage Facility Compatibility (FSFC) Fund Grant. An additional two grants were identified with an application process administered by Business Oregon: Seismic Rehabilitation Grant Program (SRGP) and the Special Public Works Fund (SPWF). An overview of these grant programs can be found in the table below:

<b>Grant</b>	<b>Total/Max Amount</b>	<b>Eligibility</b>	<b>Notes</b>
<b>EMPG</b>	~\$5m (total)	States; local/tribal emergency management entities	Requires 50% state match
<b>PDM</b>	\$575K + \$15m (max) in competitive grants	States; local govts as sub-applicants	Limit of \$4m for mitigation projects; <75% federal cost share
<b>HSGP</b>	\$3.5m (total) between state and localities	State of Oregon already receiving. 20% to state, 80% to localities	Best route is to have a local govt fund assessment with their share
<b>FSFC</b>	\$100K; \$4K/applicant (max)	All licensed fuel dispensing facilities	Funds just the cardlock access, not generators
<b>SRGP</b>	\$1.5m/project (max)	Emergency services facilities, emphasis on first responder buildings	Retrofitted to “immediate occupancy” standards
<b>SPWF</b>	\$500K or 85% of cost (max)	Cities, counties, county service districts, tribes, ports, airport districts	Loans available for projects up to \$10m

There are four grant programs with an application process administered by OEM that may be viable avenues for funding of airport resiliency projects:

1. **The Emergency Management Performance Grant (EMPG) Program**<sup>2</sup> makes grants to states to assist state, local, and tribal governments in preparing for all hazards. OEM applies to FEMA for EMPG funds on behalf of the State of Oregon and its local and tribal emergency management

<sup>2</sup> FEMA. "FY 2016 Emergency Management Performance Grants (EMPG) Program Frequently Asked Questions." (2016)

agencies as the eligible entity. There was \$360 million available nationally in FY 2016; each state is allocated 0.75 percent (plus 0.25% to four territories), with the remaining funds allocated to states by population. This means Oregon has about \$5 million in available funds from EMPG. These funds require a 50 percent match from the state of Oregon.

2. **The Pre-Disaster Mitigation (PDM) Program** <sup>3</sup> is designed to assist states, tribes, and local communities in implementing a sustained pre-disaster natural hazard mitigation program. FEMA makes funding decisions based on the agency's priorities for the most effective use of grant funds and their availability. Each state receives \$575K and can apply for up to \$15 million in competitive grant funding.
3. **The Homeland Security Grant Program (HSGP)** <sup>4</sup> is run by the U.S. Department of Homeland Security and FEMA. Oregon currently receives funding for two HSGP programs: the State Homeland Security Program and the Urban Area Security Initiative. In total, these two programs amount to \$3.5 million. 80 percent of these funds – about \$2.8 million – are allocated to local governments, while the remaining 20 percent – about \$700K – goes to the State of Oregon.
4. **The Fuel Storage Facility Compatibility (FSFC) Fund Program** <sup>5</sup> provides funds to licensed public and private fueling stations for the installation of emergency generator connectors at fuel facilities using card lock technology. The generator connectors will allow publicly-owned generators to be connected in times of emergency to provide fueling for life-saving and first responder needs. The fund contains \$100K that can be granted, and individual grants are limited to \$4,000 per facility.

There are two additional grant programs with an application process administered by Business Oregon:

5. **The Seismic Rehabilitation Grant Program (SRGP)** <sup>6</sup> is a State of Oregon competitive grant program that provides funding for the seismic rehabilitation of critical public buildings, particularly public schools and emergency services facilities. Eligible activities include structural improvements, architecture/engineering, and project management.

Applications are evaluated by a statutorily-designated grant committee. Scoring and ranking criteria is based on: BCA score, project readiness, scope of work, financial feasibility/leverage of federal/state/local/private partnerships, how the project fits in with other community-wide mitigation and preparedness efforts, and the importance of the building in the community it serves.

6. **The Special Public Works Fund (SPWF)** <sup>7</sup> provides funds for publicly-owned facilities that support economic and community development in Oregon. Administered by the Oregon

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<sup>3</sup> FEMA. "Pre-Disaster Mitigation Grant Program." (2016)

<sup>4</sup> Oregon Emergency Management. "State Homeland Security Grant Program." (2016)

<sup>5</sup> Office of Emergency Management. "Fuel Storage Facility Compatibility Fund Grant Program." (2016)

<sup>6</sup> Business Oregon. "Seismic Rehabilitation Grant Program." (2016)

<sup>7</sup> Business Oregon. "Special Public Works Fund." (2016)

Business Development Department's Infrastructure Finance Authority (IFA), there are three categories of projects for which grants may be provided: development projects, planning projects, and emergency projects.

Development project grant amounts are based on the number of eligible jobs created or retained, with up to \$5K/job created or retained, up to a maximum of \$500K/project or 85% of project costs, whichever is less. Planning project grants are for developing industrial lands and is eligible for up to \$60K/project or 85% of cost, whichever is less. Emergency project grants are eligible for up to \$500K/project or the amount of the federally required local match, whichever is less.

### **Airport Districts <sup>8</sup>**

Airport districts are created by resolution of the governing body of the most populous county in the proposed district or by resolution of the governing body of any city owning an airport in the proposed district. A referendum is required, and each district is governed by an elected board. The district may levy ad valorem taxes and issue revenue bonds and, upon voter approval, may issue general obligation bonds. The district may establish, construct, expand or lease, control, equip, improve, maintain, operate, police, and regulate airports and air navigation facilities (ORS 838.040).

Airport districts may levy annually an ad valorem tax on all taxable property within its boundaries not to exceed 0.5 percent of the real market value of all taxable property within the boundaries of the district. A district may assess, levy, and collect an annual special tax on all said property in an amount that is sufficient to pay the annual interest of previously-issues and outstanding bonds, as well as any portion of the principal maturing within the year (ORS 838.060). The districts may also issue the and sell general obligation bonds when authorized by any properly called election. These bonds cannot exceed in the aggregate 10 percent of the real market value of all taxable property within the district. Maturation of the bonds shall not exceed 30 years from the date of issue.

There is currently only one established airport district in Oregon – Coos County Airport District in North Bend. There are also six port districts that own or operate an airport: the Ports of Astoria, Morrow, Tillamook Bay, St. Helens (Scapposse Industrial Airport), Gold Beach, and Hood River. Port districts may levy property taxes not to exceed 0.25 percent of the real market value of all taxable property within the port (ORS 777.430).

In addition to these port owned/operated airports, there is one park district (Christmas Valley) that owns and operates an airstrip.

### **Local Improvement Districts <sup>9</sup>**

A local improvement district (LID) is a special public improvement area created under State of Oregon statutes. These statutes allow for public financing of public improvement projects that benefit private

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<sup>8</sup> U.S. Census Bureau. "Special District Governments." (2002)

<sup>9</sup> League of Oregon Cities. "Local Improvement Districts." (2002)

property. The eligible category of public improvements is quite broad and includes most major types of construction.

Formation of a LID requires a petition to the city from a minimum of 50 percent of the property owners fronting on or benefiting from the proposed improvement. One of the primary advantages of a LID is that it allows property owners to apply for installment payments under the Bancroft Bonding Act, providing them with a way to access municipal bonds.

The workgroup recommends that localities interested in forming a LID consult the other two white papers as well as with OEM to develop a package of options for equipment/capital projects to be pursued with LID-raised funds. Having an existing revenue stream generated by the properties within the LID is also recommended.

### **Bonding**<sup>10</sup>

The legislature has the authority to issue bonds to fund airport resiliency projects. The workgroup has identified three major categories of bonds that are recommended for consideration: XI-N and XI-Q general obligation (GO) bonds as well as lottery revenue bonds.

XI-Q bonds are the most cost-effective bonds and provide funds to acquire, construct, remodel, repair, equip, or furnish real or personal property owned and/or operated by the State of Oregon. XI-N bonds are authorized to provide funds for the planning and implementation of seismic rehabilitation of emergency services buildings. As of June 30, 2016 the principal amount outstanding was \$1.23 billion for XI-Q bonds, \$22 million for XI-N bonds, and \$1.09 billion for lottery bonds.

Lottery bond capacity is projected to be \$209 million per biennium for the next four biennia, in addition to the \$213 million in bonds already authorized for sale in FY 2017. This represents an increase of \$68 million in lottery bond capacity since 2015. The State Debt Policy Advisory Commission cautions in its 2017 report that lottery bond capacity is a scarce resource and recommend limiting it to only the most critical state projects.

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<sup>10</sup> State Debt Policy Advisory Commission. "2017 Commission Report." (2017)

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