



# 2021-2023 Budget Written Reference Materials

Joint Committee on Ways & Means  
Subcommittee on Transportation & Economic Development

March 8, 2021

# Mission

The Oregon Department of Aviation's mission is to provide infrastructure, financial resources & expertise to ensure a safe and efficient air transportation system.

## **ODA is the state's aviation specialist providing:**

- Airport management and operations of state airports.
- Leadership that connects communities and the state.
- Advocacy for airports, pilots, and aviation related businesses.
- Facilitation of state and federal aviation funding programs.
- Oversight of aviation policy and assets as part of the emergency management system.

## Goals/Vision

**What the agency seeks to achieve:**



**The Oregon Department of Aviation's vision is an integrated aviation system benefiting all Oregonians.**

**The agency plans to achieve this vision by:**

- Ensuring a fiscally stable agency
- Providing pro-active oversight of Oregon's aviation system
- Increasing advocacy and awareness for state aviation
- Pursuing agency operational excellence

# Historical Perspective

Oregon Bureau of Aeronautics - Oldest aviation agency in US (1921)

- First powered flight in 1903
- Air Mail Act of 1925 facilitated airline industry
- Bureau of Air Commerce 1934
- Civil Aeronautics Authority 1938
- FAA began in 1958



Aurora State Airport Circa 1950s

*AURORA*



Aurora State Airport Today



# Agency Performance & Outcome Measures

## Agency's Key Performance Measures KPMs



Target 100%

### Percent of runways in good or better condition

- Measures 66 paved public use airports.
  - Effectiveness of PMP Program.
- FAA standards require that runway pavement is good for 20 years.
  - One of the highest scores in 10 years.



Target 94%

### Percent of runways meeting or exceeding approach surface standards

- FAA standards require 20:1 glide slope
- Do not meet standards if obstructions
- Slight increase over the last 4 years due to increased amount of obstruction removal projects.



Target 139

### Number of State Airports with current inspections

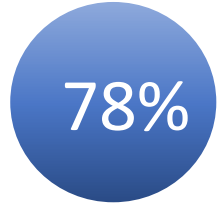
- ODA conducts 97 FAA sponsored inspections over 3 years.
  - ODA conducts quarterly inspections at state airports.
- This is the lowest score in over 10 years due to a 25% reduction in airport operation staff due to COVID-19 revenue reductions.



Target 100%

### Percentage of total Federal Funds obligated or spent

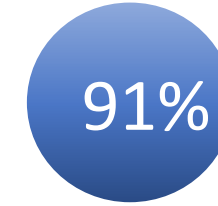
- ODA currently utilizes all available NPE funds for state airports
- ODA assists airports throughout the state to transfer available funds to other OR airports to ensure funds don't leave the state.



Target 91%

### Customer satisfaction rating

- Measures % of customers rating their satisfaction with the agency's overall customer service, timeliness, accuracy, helpfulness, expertise & availability of information
- In 2020 Agency received highest scores in expertise and helpfulness.
  - Agency is striving to improve scores in all areas



Target 90%

### Percent of aircraft registered in Oregon

- Measures effectiveness of accounts receivable
- Aircraft Registration revenue is used for 10% grant match for state airport projects & helps support air search & rescue by OEM
  - Exceeds target
- Agency has improved the collection process



Target 100%

### Percent of best practices met by Aviation Board

- Survey completed by Board that addresses the Director & Board
  - Best Outcome in over 5 years due to:
    - ODA & Board strategic planning & process improvement efforts



# Summary of Programs

## Operations Division

Statewide Service | Planning | Airport Operations | Airport Maintenance

Majority of funding is aviation fuel tax, other sources include leases, access agreements, and other fees.

Operations positions cut by nearly 20% in 21-23 due to revenue decline related to pandemic

### Statewide Services 3 FTE

- Director, Financial & Administrative Staff
  - Manage agency budget and finances
- Provide public information and outreach services.
- Foster strong internal and external relationships

### Planning 3.5 FTE

- Aviation System Planning | 90% FAA funded
  - Coordinate with counties regarding airport land use | OAR 660 LCDC
  - Tall structure evaluation for safety of airports | FAA, cities, counties, private owners
- Statewide Capital Improvement Program (SCIP) for 56 federally funded airports (NPIAS) statewide (state, city, county and port owned.)

# Summary of Programs

## Operations Division

### State Airport Services 3 FTE

- Operate 28 public use airports (12 federally funded)
  - Manage 300 leases/access agreements
- License and inspect 97 public use airports, of which 55 are federally funded and 12 are state owned
  - Register 360 + private airports
- Provide technical expertise to airport owners/managers



### State Airport Maintenance 1.59 FTE

- Maintain 28 state owned airports to applicable federal & state safety standards
- Routine & preventative maintenance
- Mowing, obstruction removal, pavement preservation, & lighting maintenance



# Summary of Programs

## Aviation System Action Program (ASAP)

Funded With 2 Cent Fuel Tax Increase | Est. 2015 | **Set to Sunset in 2022** | **HB 2034 & HB 3055 Proposes to Remove Sunset**

Serves public use airports & communities across the state

### **Awarded 143 grants to date and over \$14.3M**

#### **Critical Oregon Airport Relief (COAR) grant program | 50% of the funding.**

- FAA grant match for Airport Improvement Program (AIP) Grants
- Emergency preparedness and infrastructure projects
- Services critical & essential to aviation, aviation related business development, & airport development for local economic benefit.
- **To date-111 Grants for close to \$7.5M**



#### **Rural Oregon Aviation Relief (ROAR) program | 25% of the funding.**

- To assist commercial air service to rural Oregon
- **To date-3 Grants for \$613K**
- **Requesting Legislative Approval to Shut Down Program**

#### **State Owned Airports Reserve (SOAR) | 25% of funding.**

- Safety improvements and infrastructure projects at state-owned public use airports.
- **To date-29 Projects \$6.2M**



# Summary of Programs

## Pavement Maintenance Program (PMP) .5 FTE

\$2.2M in 17-19 and \$1.5M in 21-23 | Funded with jet fuel tax & avgas tax

**Cut over 30% in 21-23 due to Pandemic**

67 paved public use airports throughout the state  
Owned by cities, counties, ports & private ownership

## General Aviation Entitlement

Non-capital <\$1M projects | At 12 state owned federal funded airports (NPIAS)  
90% FAA funded | 10% other funds

## Capital Construction

>\$1M projects | At 28 state owned airports  
NPIAS airports | 90% FAA funded | 10% other funds  
Non-NPIAS airports 100% other funds

**All Capital Construction Projects Cut in 21-23 due to Pandemic**

## Aircraft Registration 1 FTE

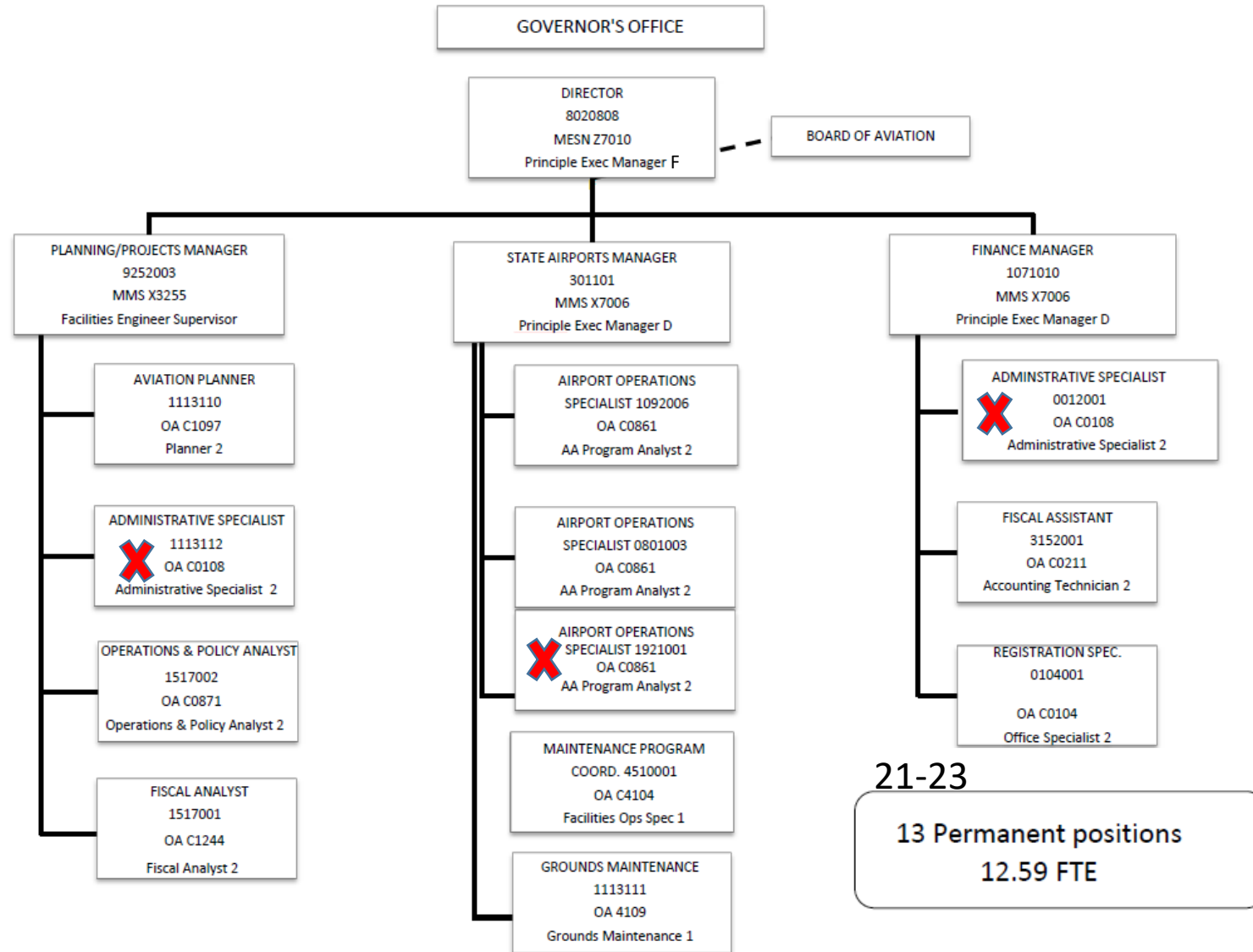
3,654 aircraft | 220 public use UAS

Funds 10% FAA grant match for Capital Construction Projects & GA Entitlement Projects  
Funds Air Search & Rescue by Military Office of Emergency Management



# Organizational Information

## Organization Chart from 19-21 to 21-23

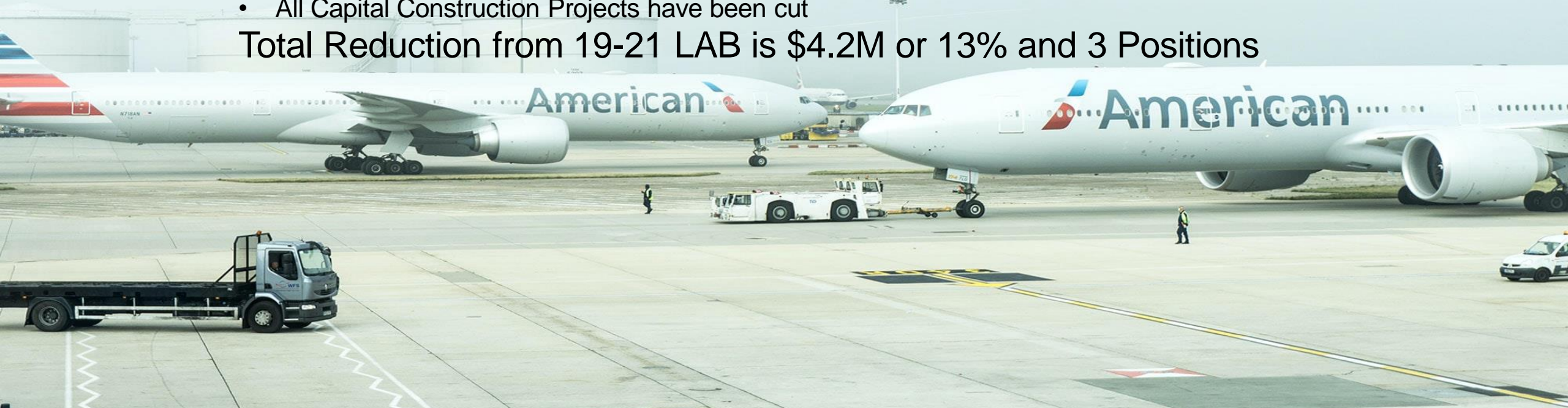


# Major Issues Related to COVID-19

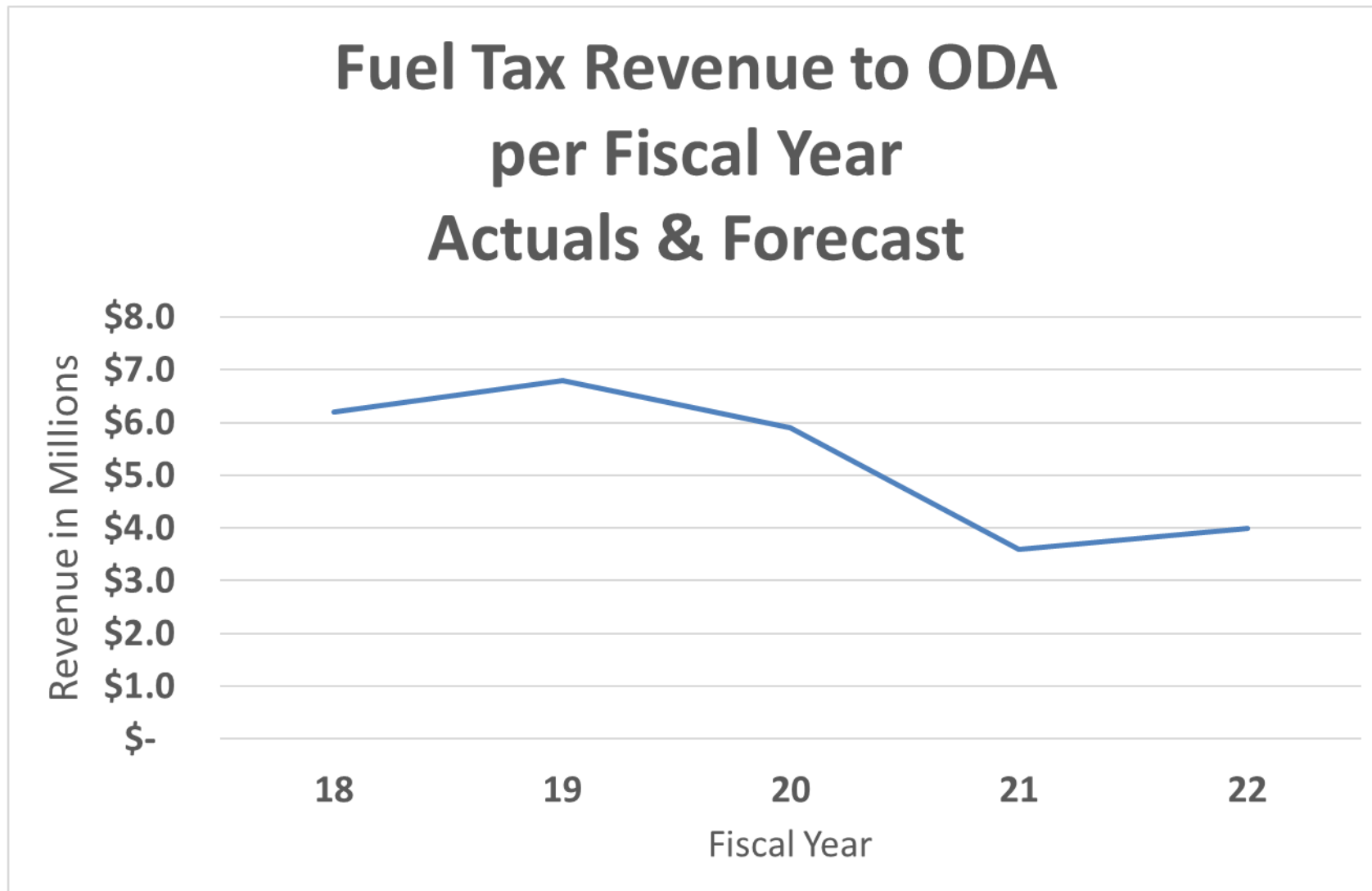
## COVID-19 Leads to Uncertain Funding Available for Aviation In Oregon

- Jet fuel tax and avgas tax make up over half of the revenue for ODA
- Majority of aviation fuel in Oregon is consumed by airlines
- Passenger demand reduced by as much as 95%
- Airlines have reduced number of flights by as much as 70%
- This caused a significant drop in fuel tax revenues
- Duration of the reduced flight schedule and recovery period is uncertain
- Agency made cuts to reduce expenditures to revenue levels
  - Pavement Maintenance Program cut by 30%
  - All Capital Construction Projects have been cut

Total Reduction from 19-21 LAB is \$4.2M or 13% and 3 Positions



## Major Issues Related to COVID-19





# Major Budget Drivers | Budget Risks | Environmental Factors

## Less Funding Available for Aviation in Oregon

- Connect Oregon Grants \$86M to Aviation over 5 cycles
  - Leveraged \$317M from FAA
- Transportation Package dedicated funding to non aviation projects
- No competitive CO cycle since the 15-17 Biennium

## Pilot & Aviation Professional Shortage

Aviation industry worldwide

2017 Boeing study estimates over next 20 years airlines will need

2M new commercial airline staff including: 637k new pilots & 648k new airline maintenance techs

### Cause

Skills gap

High cost to obtain education & flight training

Lack of exposure to aviation careers

### Effect

Bankruptcies of several small carriers, elimination of air service in some cities





# Major Changes in the Agency

## Program Changes

### Biennium 15-17

- HB 2075 jet & avgas fuel tax Increase for airport improvements grants.
  - Established Aviation System Action Program (ASAP)
- Built Air Traffic Control Tower at Aurora State Airport with Connect Oregon funds
- FAA sanctioned UAS test sites in Oregon
  - Pendleton | Warm Springs | Tillamook
  - Stimulated UAS growth in the state

### Biennium 17-19

- Pilot Registration Abolished
  - Search & Rescue Funding now part of Aircraft Registration Program
- Funding 3 UAS Test Ranges with \$1M balance of Business Oregon grant
- Update Oregon Aviation Plan | 90% Federally Funded
  - Fundamental part of Oregon Transportation Plan
  - Provides comprehensive evaluation of Oregon's aviation system
  - Establishes strategy for future aviation development in state

### Biennium 19-21

- SB 53 Central Service Selection Choice of central service providers to increase agency efficiency
- SB 54 Civil Penalty Authority for VPDs to increase airport safety & maintain FAA funding
- SB 55 Fuel Tax Housekeeping made changes to improve ASAP (Aviation System Action Program)
- Federally Funded Disparity Program Study-Evaluates if disadvantage business enterprises have equal access to contracting opportunities at statewide level



# Specific Actions to Contain Costs & Improve Programs & Services

## **Disparity Study-In Process Now**

Study Evaluates if disadvantage business enterprises have equal access to contracting opportunities at statewide level in coordination with FAA

## **Revised Collection Efforts in Aircraft Registration**

Coordination with DOR | More assertive collections

Record level of aircraft registration fees collected

## **Recent Statutory, Rule, or Process Changes**

Passed Central Service Selection legislation to Increase Agency Efficiency & Reduce Costs

Passed Civil Penalty for Vehicle Pedestrian Deviations to Increase Airport Safety

Updated Public Records Request Rule and Policy to align with DAS

# Coordination With Other Agencies & Groups To Improve Services

Aviation Board- 7 member policy board provides direction to the Director and the Department

ODA coordinates with-

Business Oregon | ODOT | Regional Solutions | Teams SCIP with FAA/counties/cities

Oregon Aviation Industry Cluster (ORAVI) | Oregon Pilot Association (OPA)

Oregon Airport Managers Association (OAMA) | Unmanned Aerial Vehicle Consortium

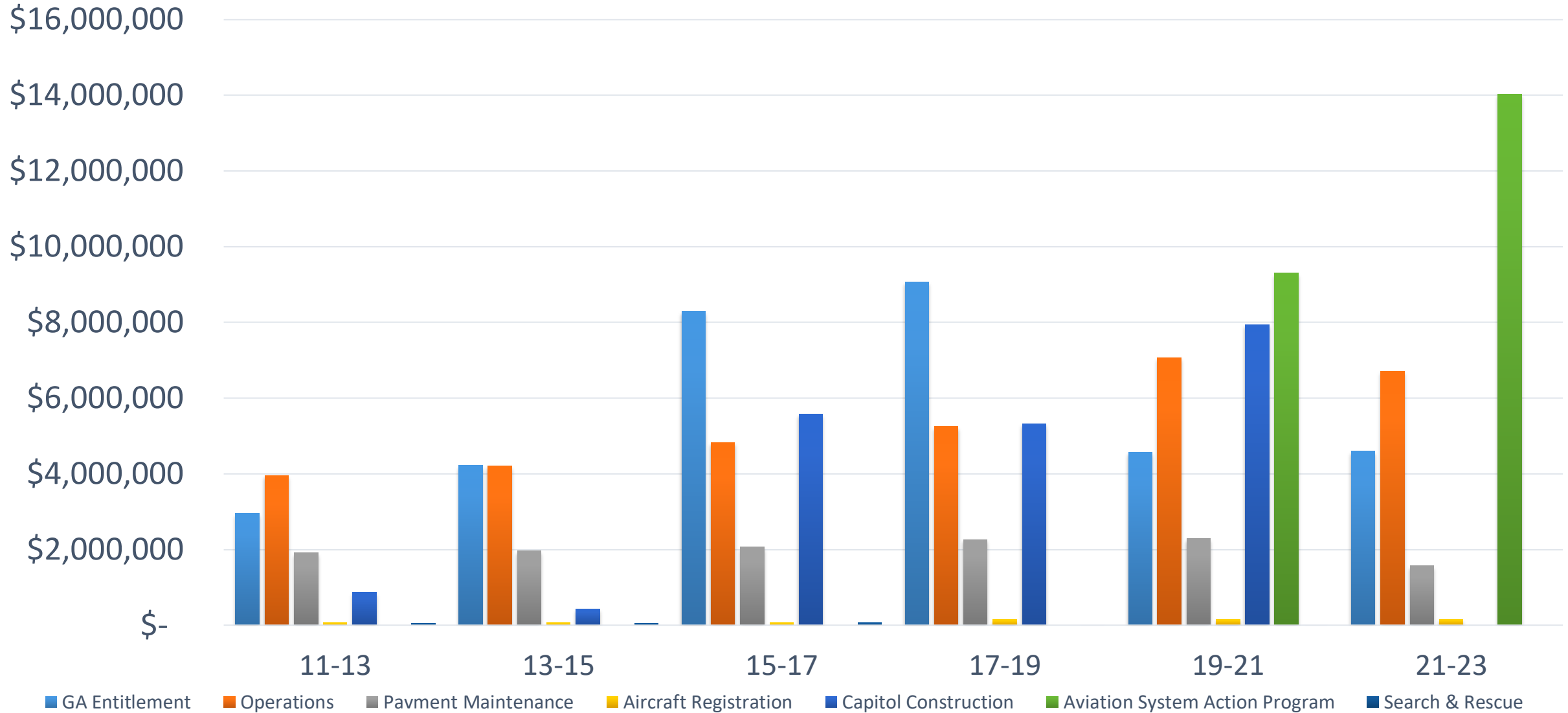
## **Search and Rescue Funding**

Provide funding for air search & rescue to Military Office of Emergency Management with Aircraft Registration revenue



# Major Budget Information

## Historical & Projected Spending for Programs





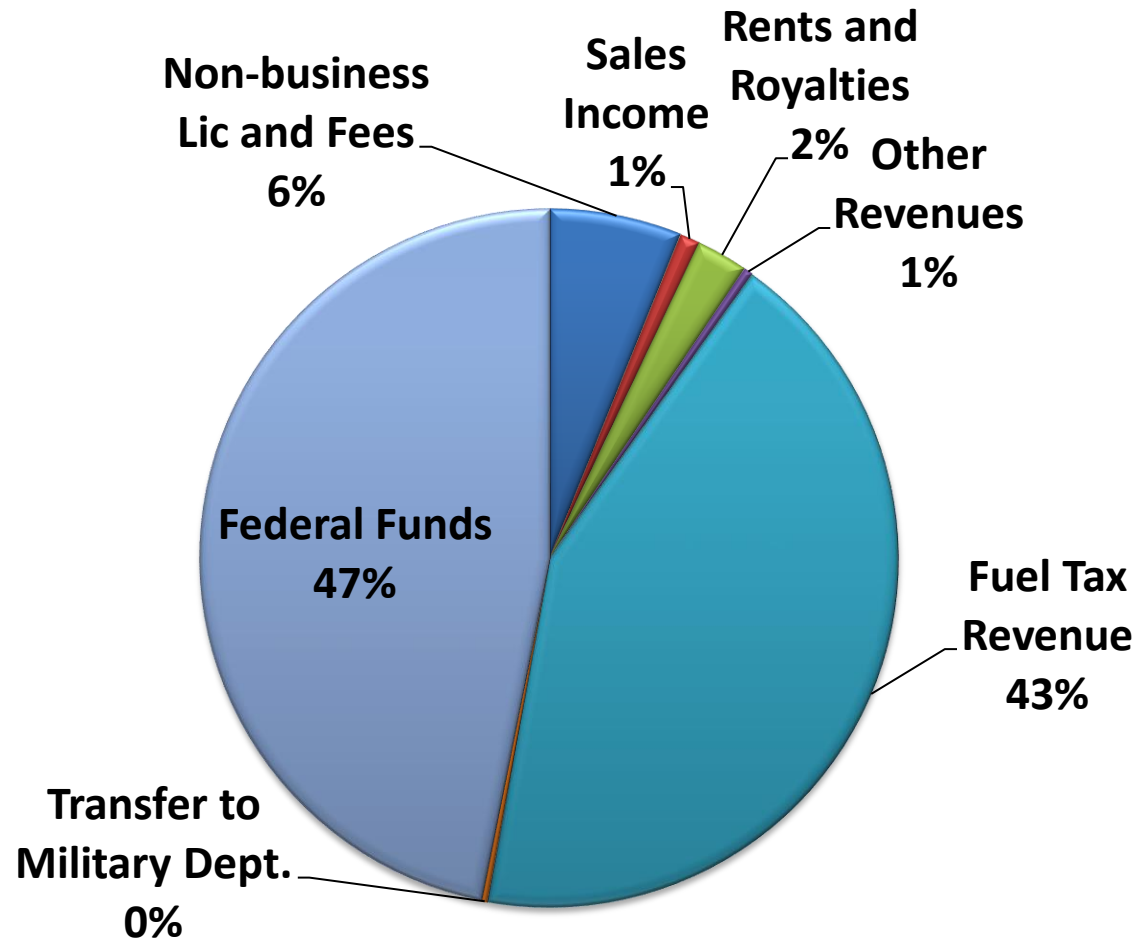
# Major Budget Information

Summary of Revenues 21-23 Governor's Budget

**Total Revenue \$22.8M**

**Change in Revenues**

Reduction in Revenue By  
Over 13%  
from 19-21 LAB  
Due to Pandemic





# Summary of Agency Proposed Legislation

## SB 5504 Agency Budget Bill | \$27 M

### HB 2034 &/or HB 3055 Fuel Tax Sunset Removal

**\$4.3M**

- 2 cent jet fuel & avgas tax is scheduled to sunset January 2, 2022
  - 2 cent aviation fuel tax funds ASAP grants for airports

### SB 38 Fee for Tall Structure Evaluation

**Revenue Only \$184K**

- ODA evaluates structures that have the potential to penetrate safety of flight and airspace around airports
  - Proposed fee of \$100 per evaluation



# Impact of Reductions Included In GB

## Staffing Reductions

3 FTE Positions were cut | From 15.49 in 19-21 to 12.59 in 21-23 | Almost 20% Reduction from 19-21  
ODA plans to restore positions when revenue increases

## Capital Construction Projects

Aviation Proposed 2 Capital Construction Projects in 21-23 ARB as POPS, They were eliminated in GB

### **Aurora State Airport**

Obstruction Removal & Easement Acquisition  
\$1.3M FF & \$152K OF

### **Siletz Bay State Airport**

Runway & Electrical Rehab  
\$2.9M FF & \$332K OF

## Pavement Maintenance

Budget Cut by over 30% due to COVID-19 Revenue Loss  
Will Result in a Reduction of Airports Served in 21-23



# 10% Reduction Options

Detail of Reductions to 2021-23 Current Service Level Budget																					
1	2	3	4	5		6	7	8	9	10	11	12		13	14	15	16				
Priority (ranked most to least preferred)	Agency	SCR or Activity Initials	Program Unit/Activity Description	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	Used in Gov. Budget Yes / No	Impact of Reduction on Services and Outcomes							
Dept	Prgm/ Div																				
																			<b>The PMP Reduction of \$935,390 is 5% of Agency Request CSL.</b>		
Planning	PMP	ODA	10900-004	Pavement Maintenance Program (PMP) is made up of two distinct areas, pavement evaluation and pavement maintenance. PMP is a state-funded aid program to assist airports in undertaking pavement preventative maintenance, the most cost-effective means to help preserve the system's airport pavement and pavement infrastructure as addressed in the Oregon Aviation Plan. During the pavement evaluation phase the program evaluates 1/3 of the state per year. The year following the evaluation the airports with the highest need get scheduled. About 14 airports are scheduled each year.							935,390								Y	The pavement maintenance program has already received a 30% reduction in 21-23 due to reduced revenue from the pandemic. This would reduce the program by an additional 40% in the 21-23 biennium resulting in deferred maintenance at several airports throughout the state. For airports that are federally funded the FAA requires the airport to maintain and upgrade infrastructure to a level of standard set forth by the FAA design guidelines and standards and further set into agreement by federal grant assurances. Failing to maintain pavements may result in loss of federal funds, increased future costs and a reduction in safety at airports throughout the state.	
																			<b>The second 5% reduction is the elimination of PMP and the reduction of GA Entitlement OF.</b>		
Planning	PMP	ODA	10900-004	Pavement Maintenance Program (PMP) Please see description above							642,127									This would completely eliminate the pavement maintenance program for the 21-23 biennium. This would result in deferred maintenance at approximately 28 airports. Please see above the explanation of the result of the reduction of this program.	
Planning	GA ENT	ODA	10900-003	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. OF are the 10% matching portion to FAA funds.							230,288										This reduction would result in 9 times less federal funds provided by the FAA and less projects completed for federally funded state owned airports in 2021-23. This would result in a reduction of safety as well as increased deferred maintenance costs. It also may cause these federally funded airports to not meet required federal grant assurances. Failure to meet these requirements would result in loss of future funding for these airports.
						1,807,805				\$ 1,807,805	0	0.00									



# Additional Actions Taken To Reduce COVID-19 Impact on Agency

## Applied for Federal Pandemic Coronavirus Relief Funds

FAA Provided \$10B to support US Airports experiencing economic disruption caused by the COVID-19 Pandemic

- ODA received \$398K May 2020
  - ODA will be applying for \$205K CRSSA Grant March 2021
- Use of Funds- Operating Expenditures of Agency including:
- staffing costs & maintenance costs to operate & maintain 28 state owned airports

- **American Rescue Plan**

Potentially \$428K Federal Funds for ODA & \$250K Grant Match

- **August 2020 Special Session**

Received permission to use additional 5% of ASAP Revenue For Operations

- **Agency Reduced Expenses as Much as Possible in 19-21**

- **In Governor's Budget**

Transferred Ending Balance from ROAR to limit reductions in Operations



# Program Prioritization for 21-23

Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	NL- OF	FF	NL- FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request
Agcy	Prgm/ Div																			
ODA	Opererations	ODA	OPS	Opererations	3,58	4		4,733,974		1,974,950		\$ 6,708,924	12	11.09	N	N	S	ORS 835-838		
ODA	Aviation System Action Program	ODA	ASAP	Aviation System Action Program		6								0.00	Y	N	S	ORS 319.020,319.330		POP 100 Eliminates Fuel Tax Sunset for ASAP
ODA	Aircraft Registration	ODA	AR	Aircraft Registration	6	6		162,397				\$ 162,397	1	1.00	Y	N	S	ORS 837.020		
ODA	Pavement Maintenance	ODA	PMP	Pavement Maintenance	1,2,3,5	6		1,577,517				\$ 1,577,517	0	0.50	N	Y	S	ORS 836.072		
ODA	GA Entitlment	ODA	GA	General Aviation Entitlment	1,4	6		439,571				\$ 439,571	0	0.00	Y	N	FO	ORS 835-838	Participation by Matching Funds	POP 102 Increases Funds for ASAP
ODA	Capital Construction	ODA	CC	Capital Construction		6		0		0		\$ -	0	0.00	N	N	FO	ORS 835-838	Participation by Matching Funds	
								6,913,459	-	1,974,950		\$8,888,409	13	12.59						



# Other Funds Ending Balance Form

Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or Statutory reference	2019-21 Ending Balance		2021-23 Ending Balance		Comments
					In LAB	Revised	In CSL	Revised	
Limited	10900-001-00-00-00000	17000 - Operating OF	Operations	ORS 835.035 ORS 836.025	502,259	788,219	(1,752,888)	868,834	The CSL EB is in the negative due to reduced revenue from the pandemic. The revised EB is from the 21-23 GB. Several factors increased the EB from CSL including: 1.) ODA received \$398K CARES Act grant in 19-21. 2.) ODA reduced expenditures in 19-21. 3.) A transfer of \$953K from ASAP to Operations was approved in the 2020 Special Session. 4.) The GB includes a \$700K transfer from ROAR. The ROAR program can no longer operate given federal requirements.
Limited	10900-003-00-00-00000	17000 - Operating OF / GA Entitlement	Operations	ORS 836.020	0	416,547	(31,940)	7,213	The small change in EB is due to inter-agency transfers and an elimination of S&S inflation package.
Limited	10900-004-00-00-00000	17000 - Operating OF / Pavement Maintenance	Operations	ORS 836.072	57,211	134,864	(721,214)	128,311	This negative EB in CSL is due to the pandemic. Expenditures in the 21-23 GB were reduced to maintain a positive EB.
Limited	10900-005-00-00-00000	17000 - Operating OF / Aircraft Registration	Operations	ORS 837.020 & ORS 837.040	521	217,521	0	4,309	Small change due to personal service adjustments.
Limited	10900-006-00-00-00000	17000- Operating OF /Aviation System Action Program	Operations	ORS 319.020, ORS 319.330, ORS 836.055	5,284,295	9,499,045	2,289,767	691,747	The EB was lowered due to a transfer of \$953K from ASAP approved in the 2020 special session as well as a \$700K transfer from ROAR in the 21-23 GB.
Cap Construction	10900-089-00-00-00000	17000 - Operating OF / Capital Construction	Operations	ORS 835.025	0	0	0	484,827	Capital Construction Projects were eliminated in the GB. This EB is the 10% FAA grant match for those previously planned projects.