



# **2023-2025 Budget Presentation**

## **Joint Committee on Ways & Means**

### **Subcommittee on Transportation & Economic Development**

Presented by: Betty Stansbury, Director  
Oregon Department of Aviation  
February 8, 2023

# Mission

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

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

- Services and assistance to Oregon's 97 public use airports.
- Airport management and operations of state airports.
- Advocacy for airports, pilots, and aviation related businesses.
- Facilitation of state and federal aviation funding programs.
- Toll structure evaluations and pavement preservation services.
- System and site-specific planning studies.

## 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



# Summary of Programs

## Operations Division

Statewide Service | Planning | Airport Operations | Airport Maintenance

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

### 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 4.5 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 49 federally funded airports (NPIAS) statewide (state, city, county and port owned.)

# Summary of Programs

## Operations Division

### State Airport Services 4 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 2.59 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

Serves public use airports & communities across the state

**Awarded 227 grants to date and over \$24M**

**Critical Oregon Airport Relief (COAR) grant program | 75% 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 assist commercial air service to rural Oregon



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

- State owned airports safety improvements and infrastructure projects at public use airports.



# Summary of Programs

## Pavement Maintenance Program (PMP) .5 FTE

**\$2.2M in in 23-25 | Funded with jet fuel tax & avgas tax**  
**Available to all 66 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**

## Aircraft Registration 1 FTE

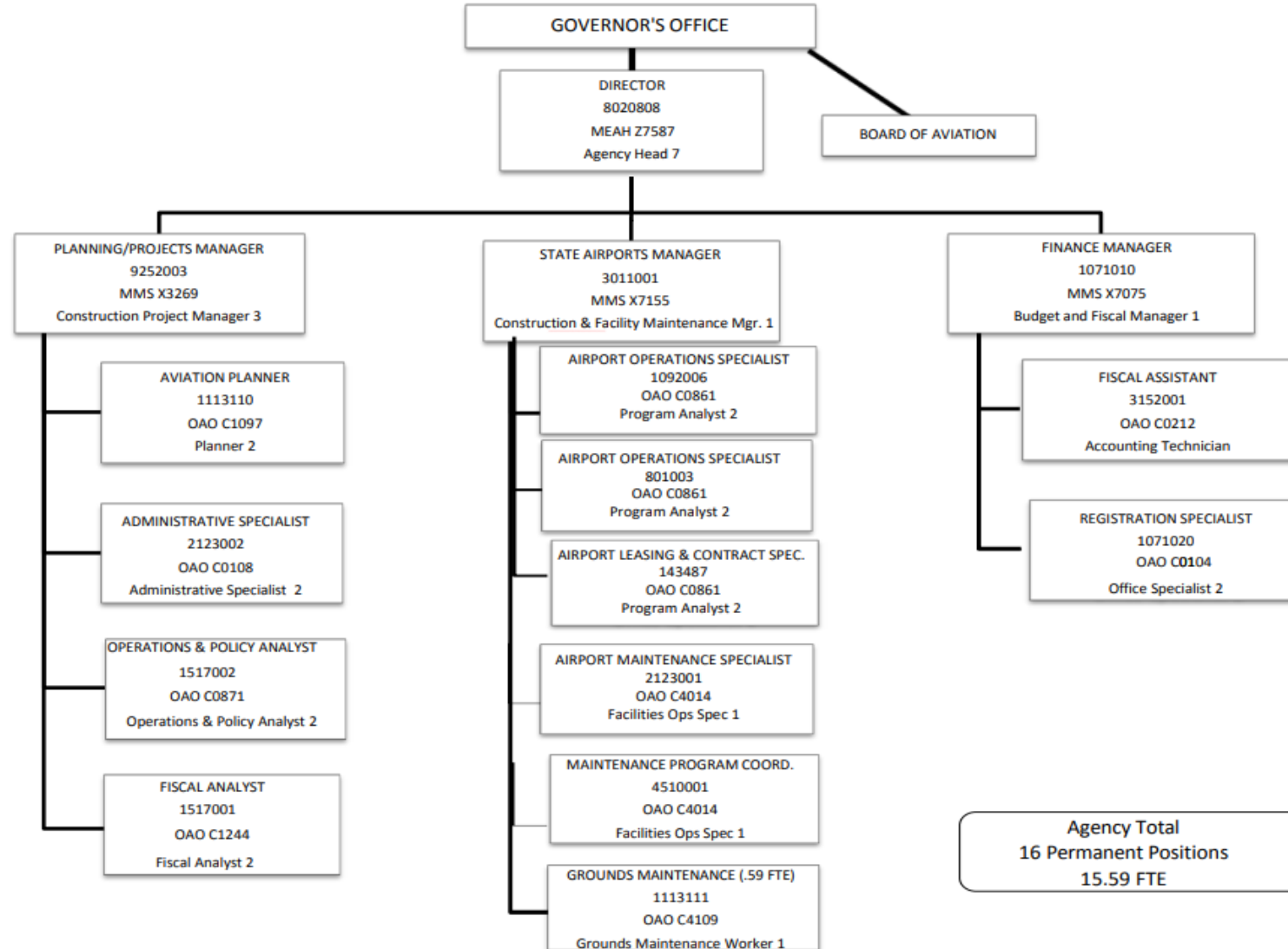
**Over 3K aircraft | 380 public use UAS**  
**Funds 10% FAA grant match for Capital Construction Projects & GA Entitlement Projects**  
**Funds Air Search & Rescue by Office of Emergency Management**



# Organizational Information

## Proposed Organization Chart 23-25

### Proposed Organization Chart 2023-25





# 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 144

### Number of State Airports with current inspections

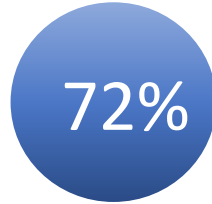
- ODA conducts 89 FAA sponsored inspections over 3 years.
- ODA conducts quarterly inspections at state airports.
  - All of the 32 FAA Inspections Completed this year.
    - 99/112 Self Inspections Conducted.
- Owhyee Reservoir State Airport accounts for 4 missed inspections (is inaccessible by land).



Target 100%

### Percentage of total Federal Funds obligated or spent

- ODA utilizes all available NPE (AIP and BIL funds) for state airports
  - This minimizes funds returned to the FAA to be used as discretionary funds in other states.



Target 91%

### Customer satisfaction rating

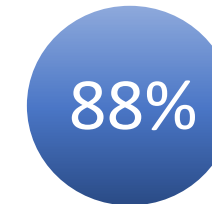
- Measures % of customers rating their satisfaction with the agency's overall customer service, timeliness, accuracy, helpfulness, expertise & availability of information
  - % of those rating customer service as good or excellent
    - Agency is striving to improve scores in all areas



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
- Agency has improved the collection process and has improved scores that range from 89 to 92% over the last 5 years



Target 100%

### Percent of best practices met by Aviation Board

- Survey completed by Board that addresses the Director & Board Best Practices
  - ODA & Board Have focused on strategic planning & process improvement efforts over last 4 years including annual performance feedback of director



# Major Budget Drivers | Budget Risks | Environmental Factors

## COVID-19 Demonstrates Instability of Aviation Funding 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, (half at PDX)
- Fuel consumption dropped by 50% during Pandemic

Caused significant drop in fuel tax revenues with expected effects beyond current biennium.

Agency cut \$4.2M or 13% of Budget and 3 positions or 20% FTE in the 21-23 LAB

As revenue forecasts improved limitations were increased and 3 positions restored.

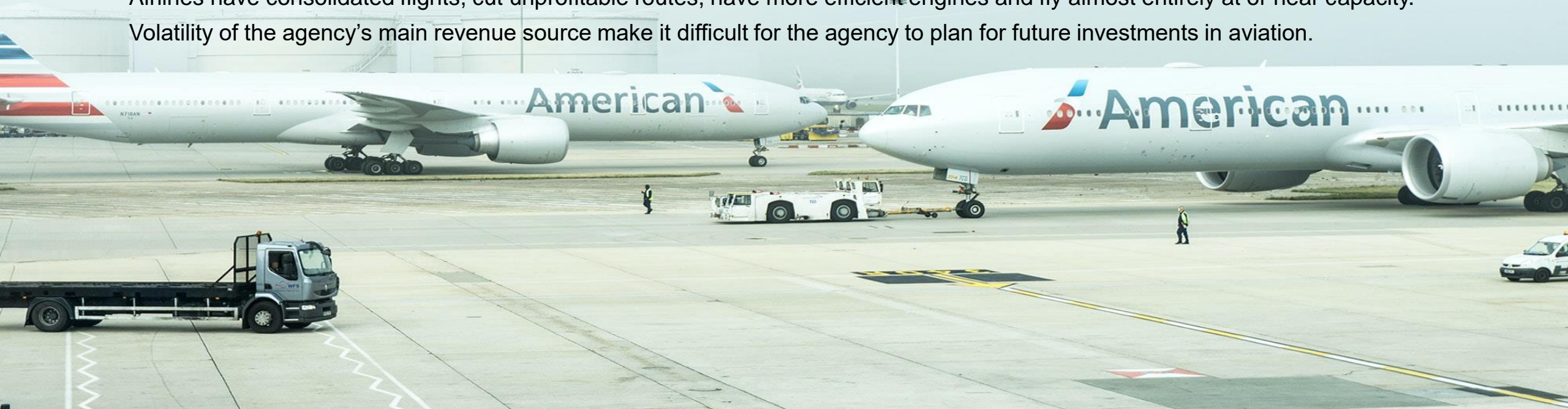
## Pre-Pandemic Decrease in Gallons of Jet Fuel and Aviation Fuel Sold

Volatility in the volume of Jet Fuel and Aviation fuel (Avgas) sold in the state was occurring before pandemic.

Jet fuel gallons sold have not reached the level of 2006 due to a change in business model of the commercial air service industry.

Airlines have consolidated flights, cut unprofitable routes, have more efficient engines and fly almost entirely at or near capacity.

Volatility of the agency's main revenue source make it difficult for the agency to plan for future investments in aviation.

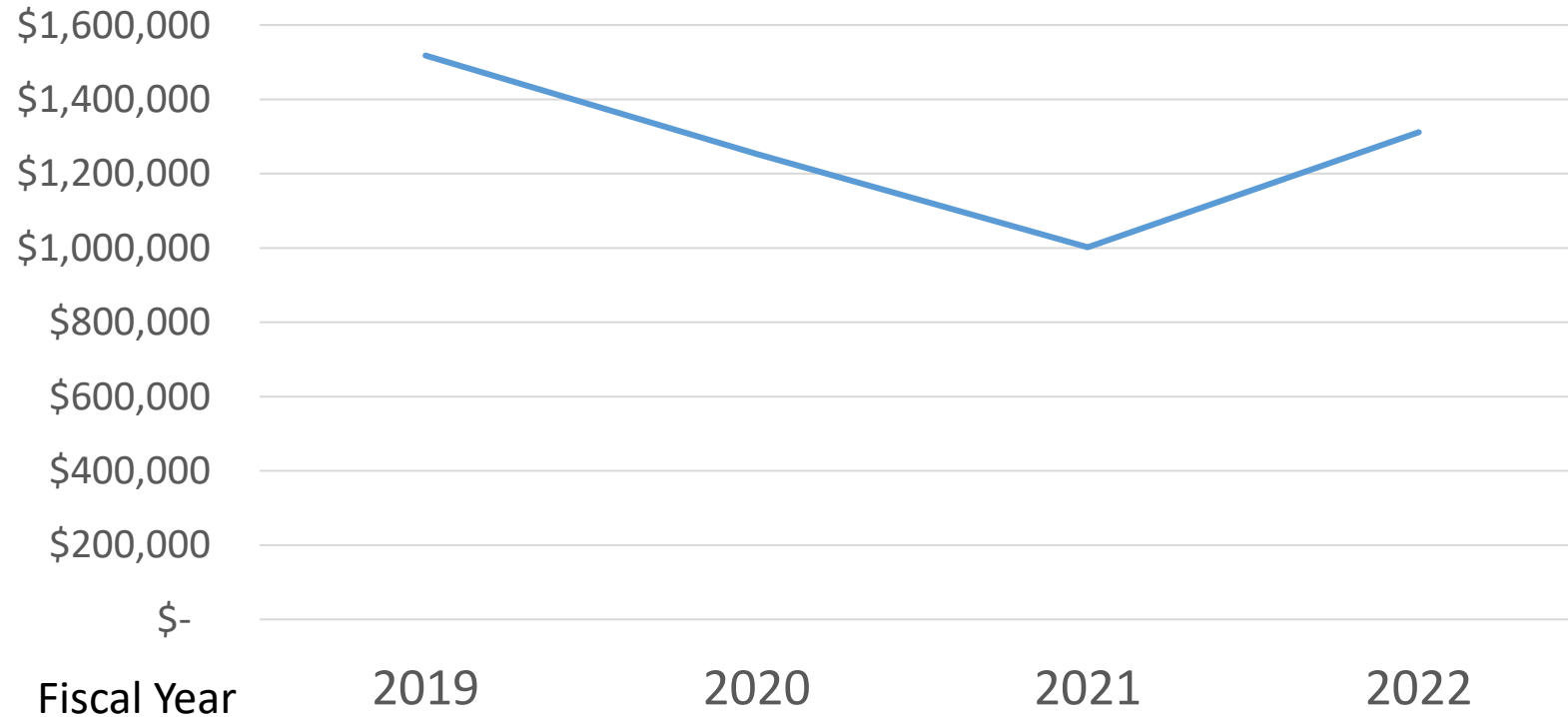




# Major Budget Drivers | Budget Risks | Environmental Factors

## COVID Effect on Revenue

Annual Operations Revenue to Dept. From  
Jet Fuel and Avgas Tax



# Major Budget Drivers | Budget Risks | Environmental Factors

## 4 Year Lapse in Connect Oregon Funding

- Connect Oregon grants over \$86M of funding for aviation in 5 cycles.
- Leveraged with over \$317M from the FAA.
- Connect Oregon, was not available for aviation grants in the 17-19 or 19-21 biennium.
- Made available again in 21-23

## 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



## Rise in UAS Operations

Uncrewed Aircraft Systems, (UAS) changing the paradigm of aviation.

Low-cost mass produced UAS and UAS pilots have exceeded the number of crewed aircraft & pilots in FAA database.

Jobs previously performed by crewed aircraft are increasingly being done by UAS.

Decreases the demand for aircraft with higher fuel volume consumed in favor of UAS with significantly lower fuel use and cost.



# Major Changes in the Agency

## Program Changes

### 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

### Biennium 21-23

- Budget Cuts due to pandemic
  - \$4.2M and 3FTE cut from agency budget
- HB 2434 Removed the sunset for the Aviation System Action Program (ASAP Program)
  - The program was set to sunset in 2021 but now continues to provide grants for aviation throughout Oregon.
- SB 38 Allows agency to charge fee for required Tall Structure Evaluations
- Budget Cut Restorations
  - In Feb 2022 Session Agency was able to restore 3 cut positions and increase limitations in Operations and PMP due to increases in aviation fuel tax forecasts.



# Legislation Necessary to Implement Governor's Budget Proposals

**Agency Budget Bill | \$53 M**

**HB 2269**

Removes Airport & Aircraft Fees from Legislation to be put  
into Rules



# 15% Reduction Options Summary

## **1<sup>st</sup> 5 % \$1,387,500 OF from PMP**

- Reduce program by 60%
- Would reduce program to serve 6 instead of 14 airports per year
- Result in deferred maintenance at airports throughout Oregon

## **2<sup>nd</sup> 5% \$872,623 OF from PMP and \$514,877 OF from GA Entitlement Program**

- Result eliminate Pavement Maintenance Program
- 75% cut to Other Fund Portion of Planned GA Ent Projects
  - Other Funds Leveraged with 90% Federal Funds
    - \$4.6M Federal Funds Lost

## **3<sup>rd</sup> 5% OF \$1,387,500 from Capital Construction Program**

- Eliminate 5/7 planned capital construction projects
  - \$12.5M Federal Funds Lost

**15% Reductions Total \$4,162,500**



# Specific Actions to Contain Costs & Improve Programs & Services

## **Disparity Study-**

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

Passed Bill to allow agency to collect fee for Tall Tower Evaluations

## **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 | ODOE | 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 Office of Emergency Management with Aircraft Registration revenue

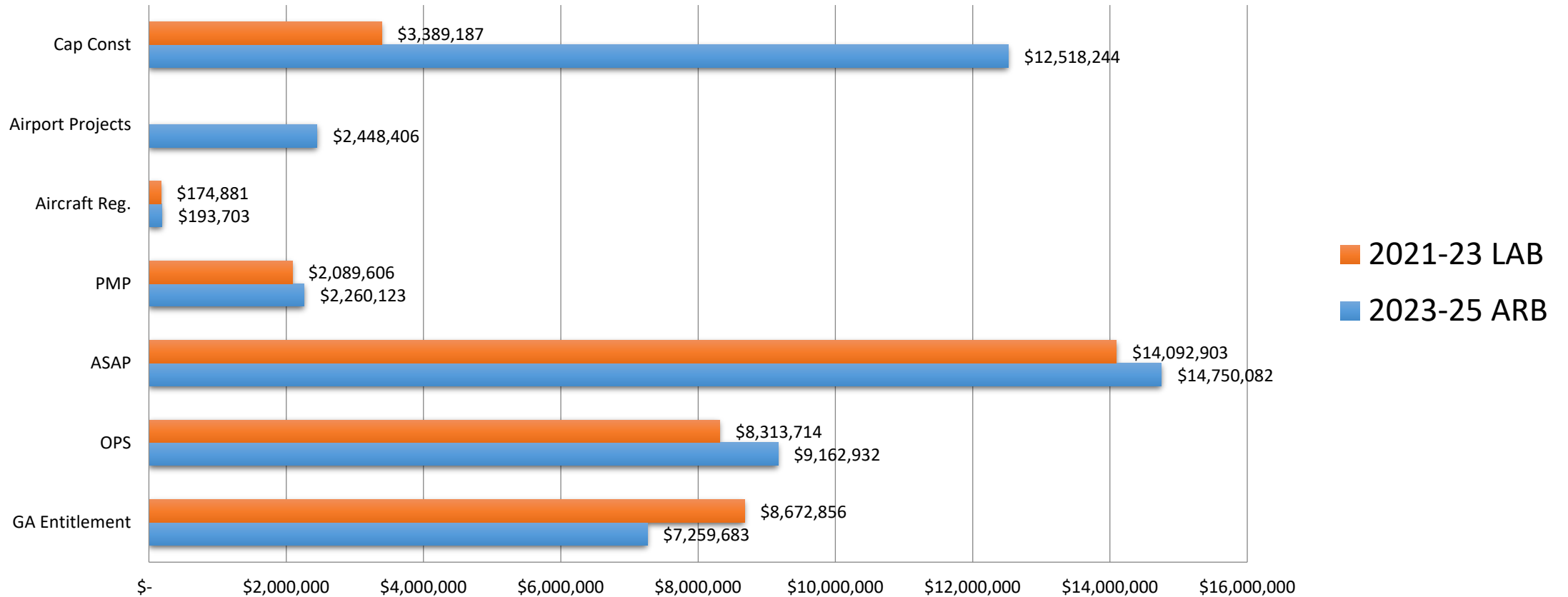


# Major Budget Information

## Summary of 23-25 Budget -Expenditures

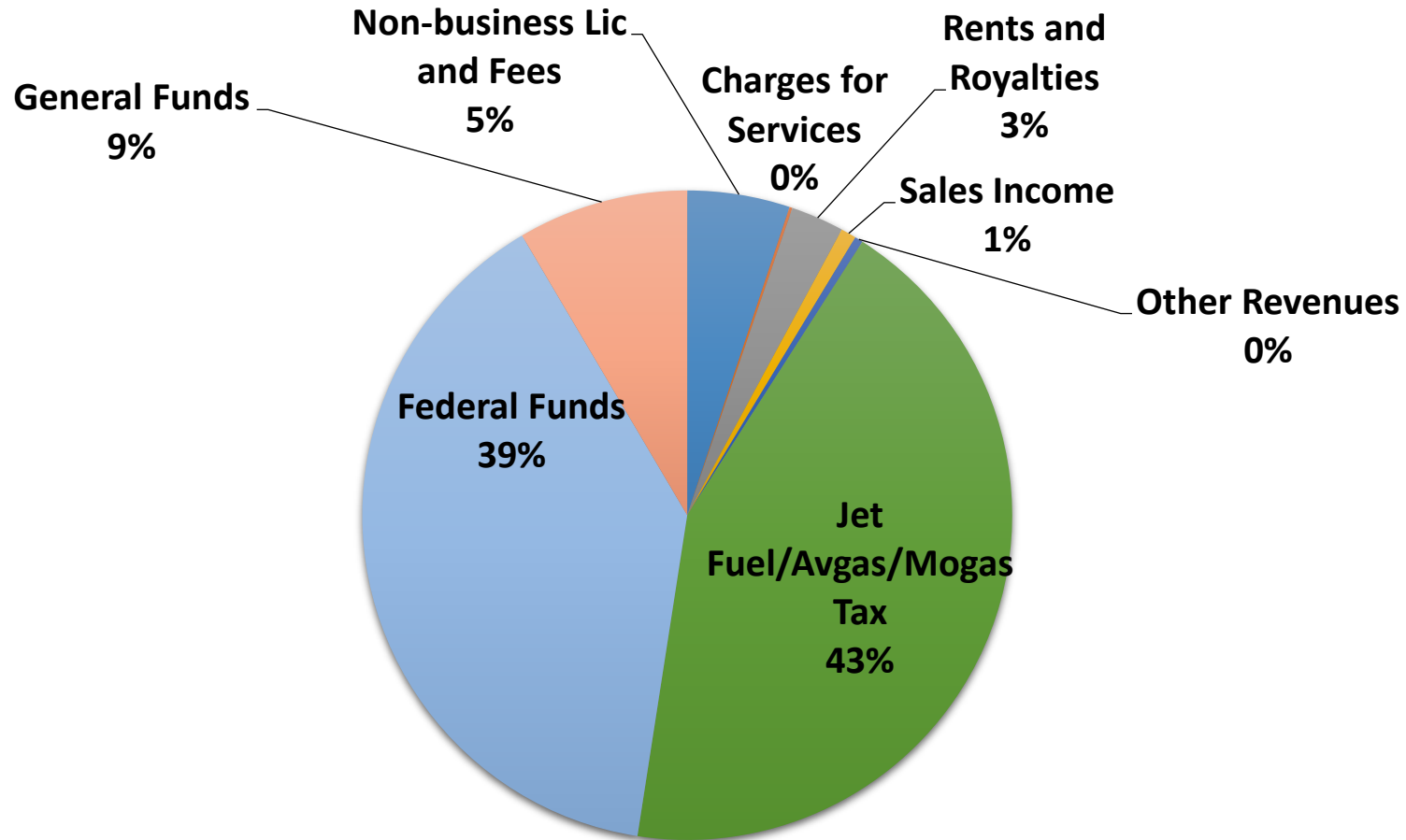
### Total Expenditures 2021-23 LAB vs. 2023-25 GB

### Total Expenditures 23-25 GB \$48.58M



# Major Budget Information

## Summary of 23-25 Budget -Revenues



**Total Revenue \$28.7M**

**Change in Revenues**

GF in Policy Option Package  
for Cape Blanco State



# Major Budget Information

## Summary of 23-25 Budget -POPS

POP #	Description	Funds			Total Funds
		GF	FF	OF	
102	General Aviation Entitlement Projects		\$ 5,288,900	\$ 587,656	\$ 5,876,555
103	Aurora Airport Obstruct Removal & Easement		\$ 1,386,000	\$ 154,000	\$ 1,540,000
104	Aurora Airport Runway 17-35 Rehab		\$ 2,475,000	\$ 275,000	\$ 2,750,000
105	Chiloquin Airport Obstruction Removal		\$ 1,188,000	\$ 132,000	\$ 1,320,000
106	Cottage Grove Airport EA & Apron Rehab		\$ 1,479,500	\$ 164,389	\$ 1,643,889
107	Lebanon Airport Taxiway Reconstruct/Drain		\$ 4,737,919	\$ 526,435	\$ 5,264,355
109	Cape Blanco Runway and Electric Rehab	\$ 2,448,406			\$ 2,448,406
<b>POP TOTAL</b>		<b>\$ 2,448,406</b>	<b>\$ 16,555,318</b>	<b>\$ 1,839,480</b>	<b>\$ 20,843,205</b>



Questions?

