



2023-2025 Budget

Reference Document

Reference Document Summary Page



- Agency mission, goals, and historical context.
- High-level summary of agency programs, services, and organizational structure, including organizational charts, as well & proposed organizational changes.
 - Agency's KPMS
 - Summary of programs, clients & numbers served.
 - Major agency changes, budget drivers, risks affecting the 2023-25 budget
 - Important changes to the agency's budget/ operations in the past 6 years
 - Legislation necessary to implement the Governor's budget proposals for the agency.
 - Summary of 15% reduction options
- Actions the agency is taking or plans to take to create savings, contain costs, improve services, or create other efficiencies
 - Summary of the Governor's budget
 - Summary of proposed capital construction projects.
 - Program prioritization for 2023-25 (form 107BF23).
 - Other Funds and ARPA ending balance forms.

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

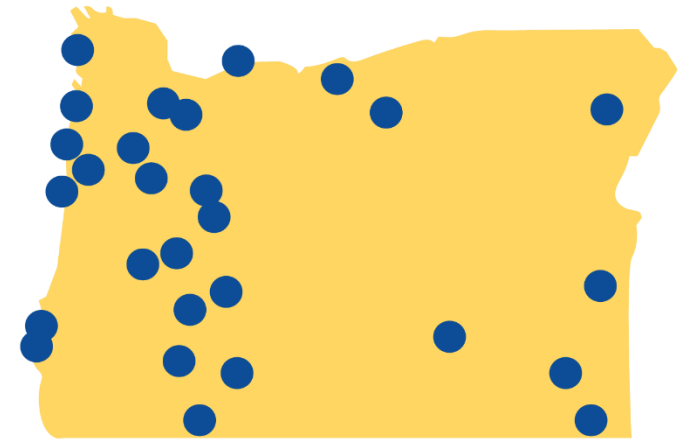
- Aviation System Planning | 90% FAA funded
 - Coordinate with counties regarding airport land use | OAR 660 LCDC
- Tall structure evaluation for safety of airports | FAA, cities, counties, private owners
- Statewide Capital Improvement Program (SCIP) for 49 federally funded airports (NPIAS) statewide (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

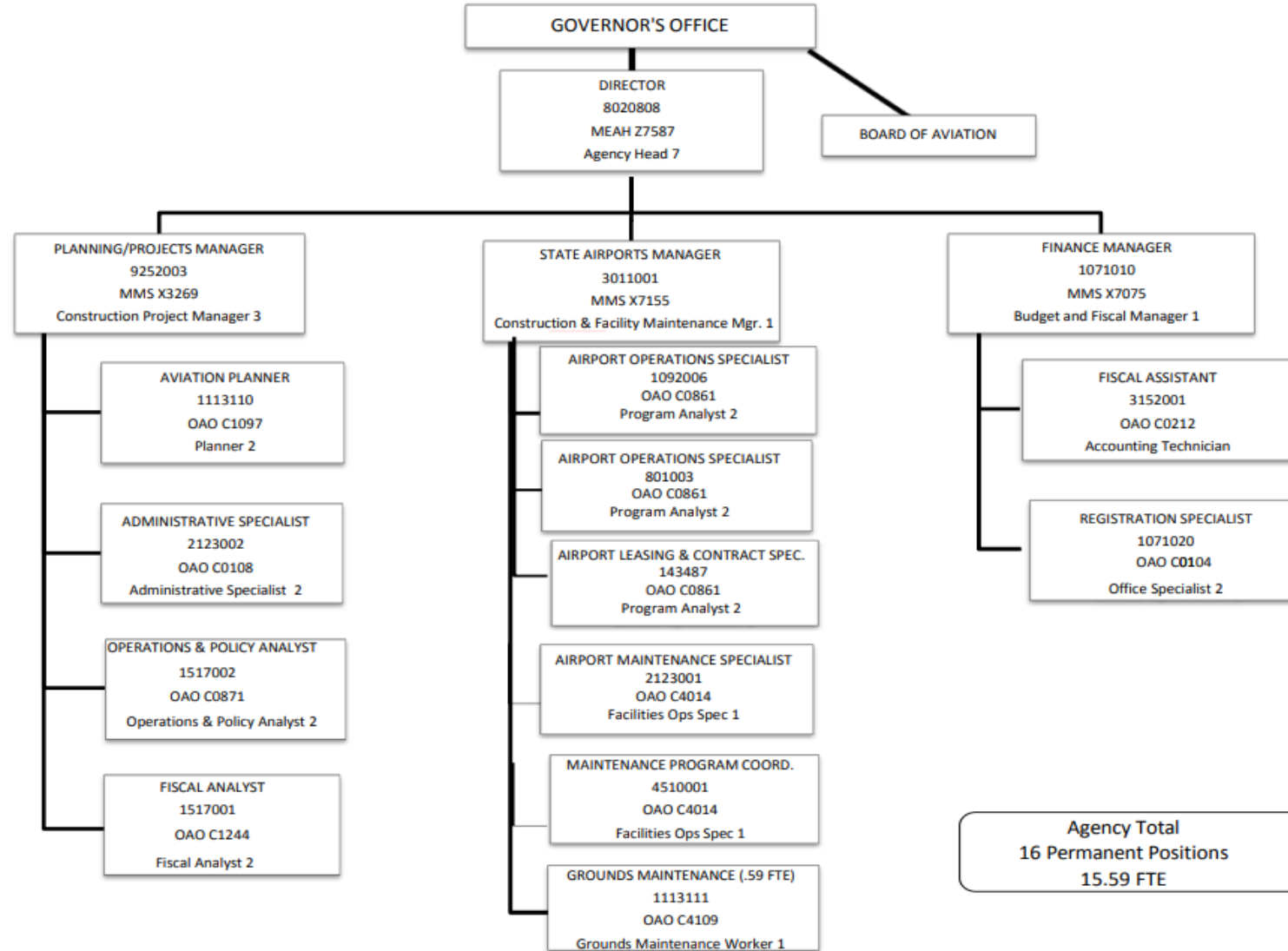
Aircraft Registration 1 FTE

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

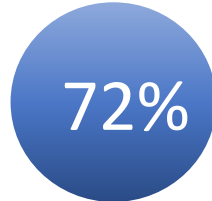
- ODA conducts 89 FAA sponsored inspections over 3 years.
- ODA conducts quarterly inspections at state airports.
 - All of the 32 FAA Inspections Completed this year.
 - 99/112 Self Inspections Conducted.
- Owhyee Reservoir State Airport accounts for 4 missed inspections (is inaccessible by land).



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

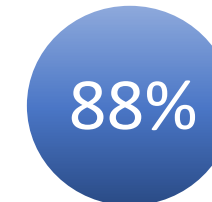
- Measures % of customers rating their satisfaction with the agency's overall customer service, timeliness, accuracy, helpfulness, expertise & availability of information
 - % of those rating customer service as good or excellent
 - Agency is striving to improve scores in all areas



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.

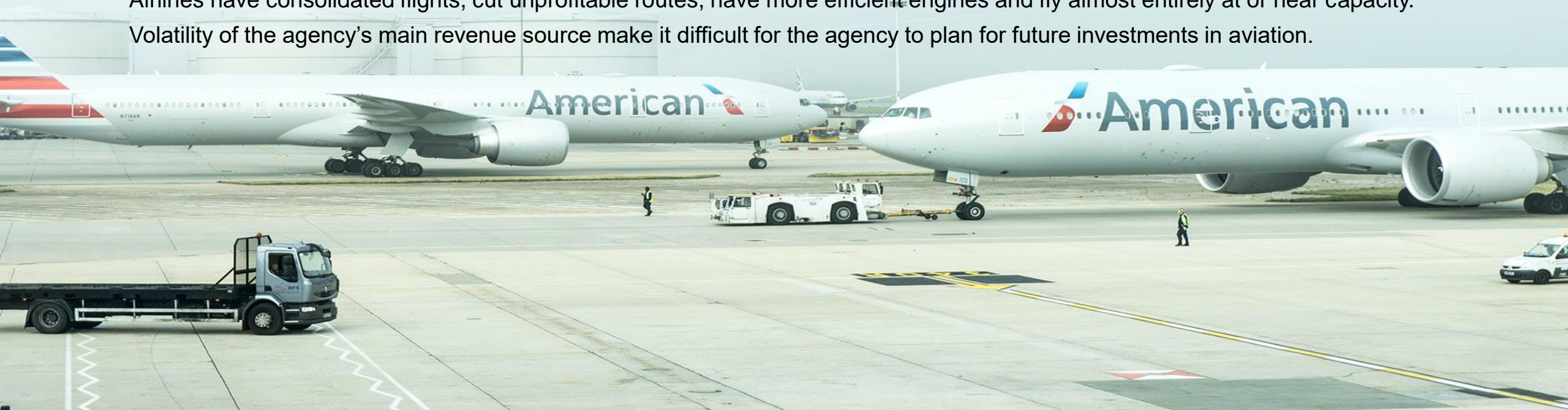
Pre-Pandemic Decrease in Gallons of Jet Fuel and Aviation Fuel Sold

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.

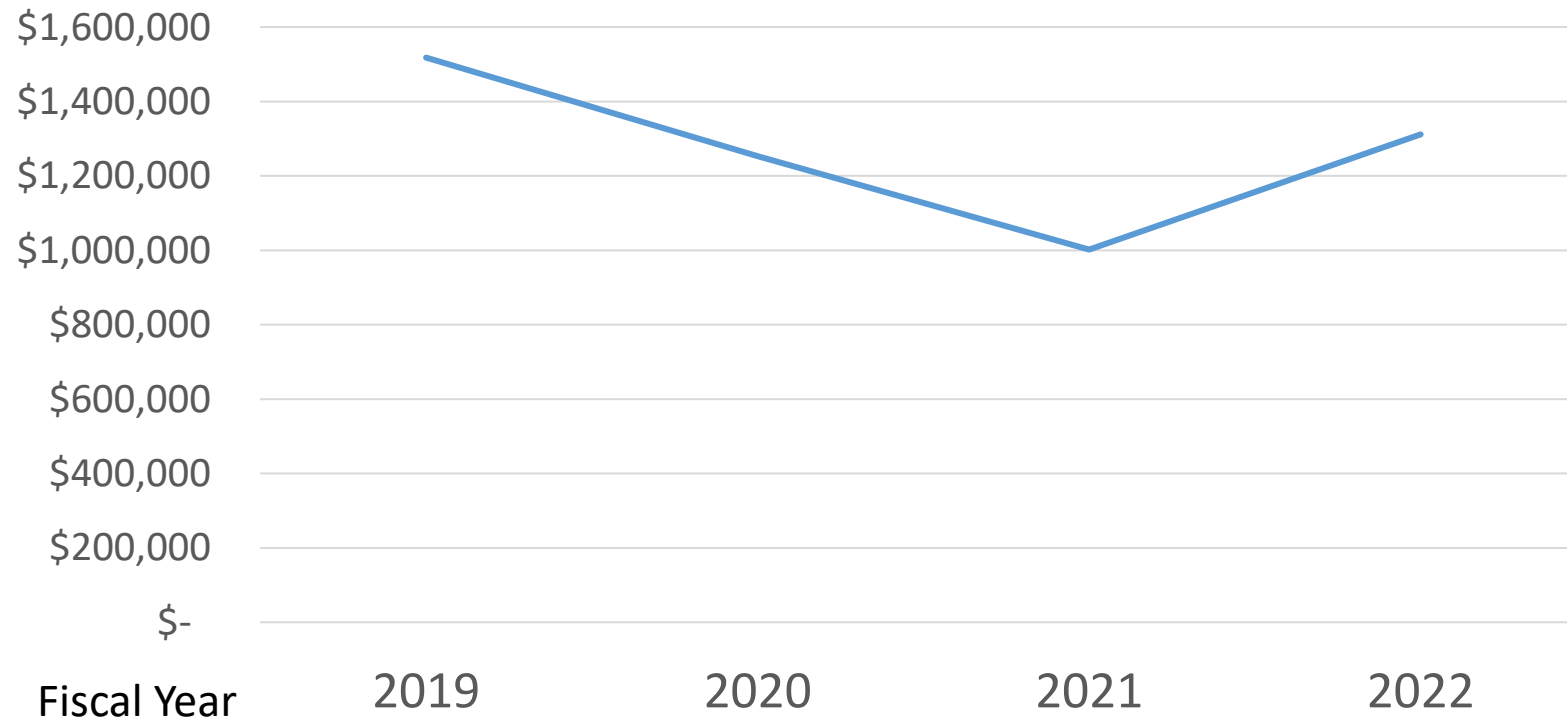




Major Budget Drivers | Budget Risks | Environmental Factors

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

1st 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

2nd 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

3rd 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

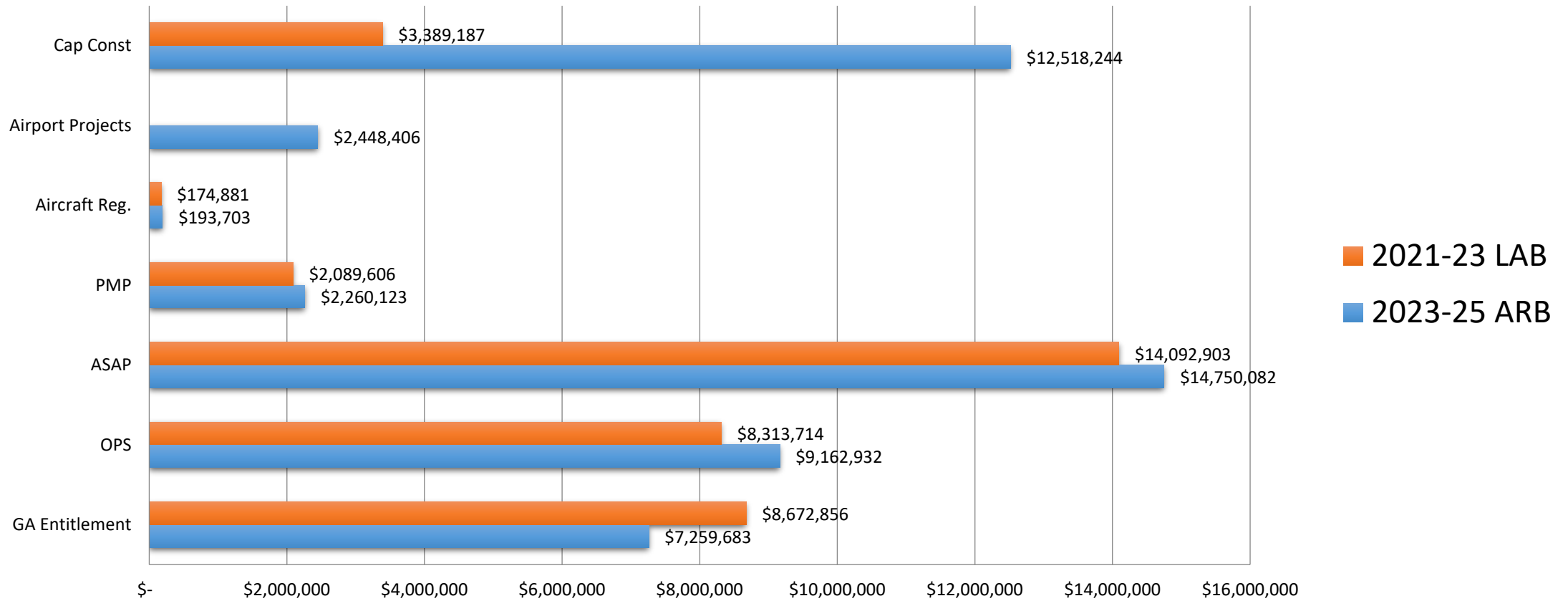


Major Budget Information

Summary of 23-25 Budget -Expenditures

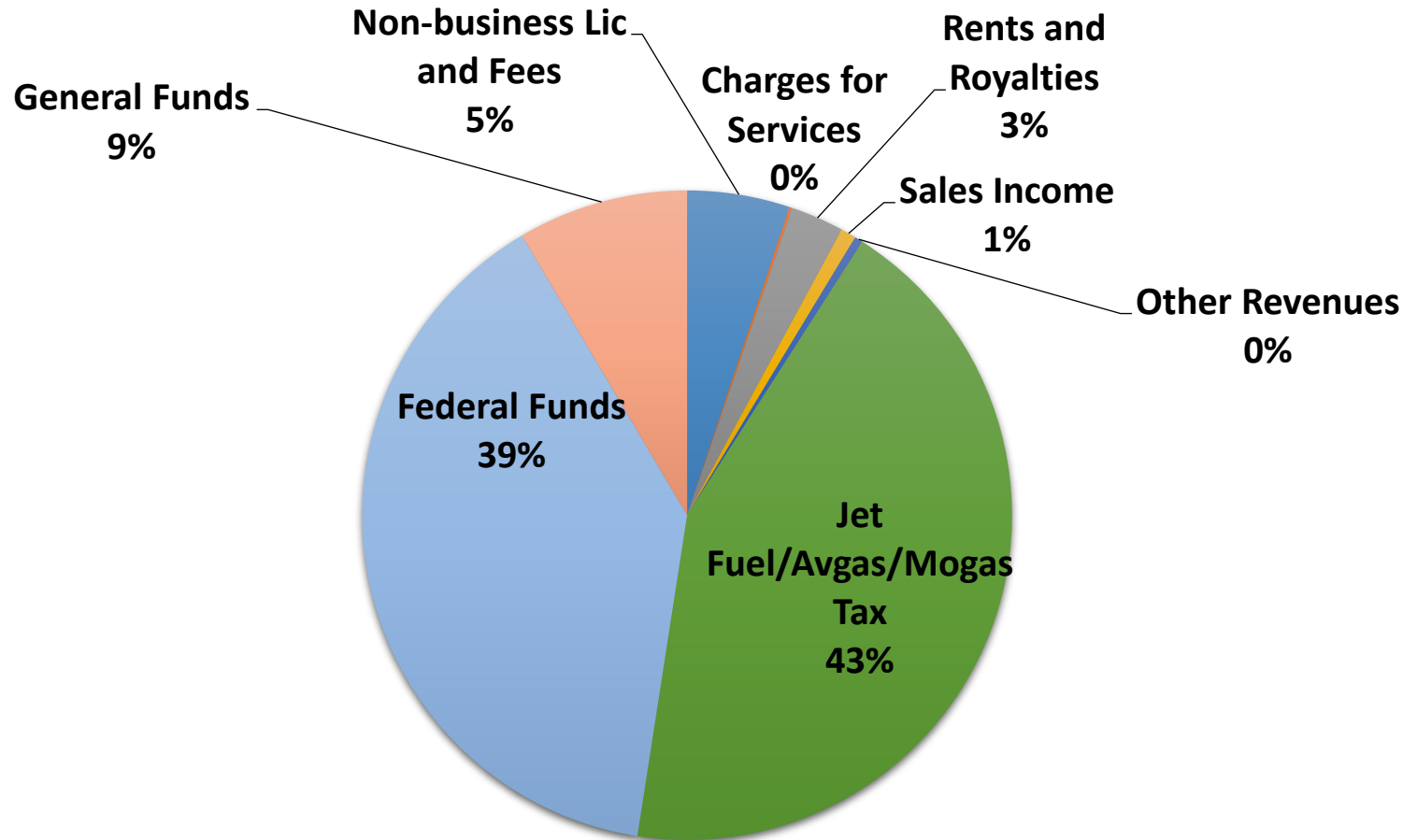
Total Expenditures 2021-23 LAB vs. 2023-25 GB

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
POP TOTAL		\$ 2,448,406	\$ 16,555,318	\$ 1,839,480	\$ 20,843,205



Major Budget Information

Summary of 23-25 Proposed Capital Construction Projects

POLICY PACKAGE #103

Aurora State Airport Obstruct Removal & Easement
\$1,386,000 FF | \$154,000 OF | \$1,540,000 Total Funds

PURPOSE

Project to eliminate obstruction hazards by removing trees from protected airspace surfaces surrounding the airport. Obstructions in an airport's protected areas present a hazard for aircraft, and can restrict access to the public-use facility. ODAV anticipates design engineering to occur during 2023 and the construction to be completed in the summer of 2024.

POLICY PACKAGE #104

Aurora State Airport Runway 17-35 Rehab
\$2,475,000 FF | \$275,000 OF | \$2,750,000 Total Funds

PURPOSE

This project is to rehabilitate the only runway at this airport. ODAV is seeking to grind and overlay the airport runway. The runway is nearing its end of life and is beginning to show signs of wear and distress. A rehabilitation will replace the failing pavement and ensure the airport continues to operate safely. ODAV anticipates design engineering to occur during 2024 and the construction to be completed in the summer of 2025.



Major Budget Information

Summary of 23-25 Proposed Capital Construction Projects

POLICY PACKAGE #105

Chiloquin State Airport Obstruction Removal

\$1,188,000 FF | \$132,000 OF | \$1,320,000 Total Funds

PURPOSE

This project is to conduct obstruction removal at this airport, to eliminate obstruction hazards by removing trees from protected airspace surfaces surrounding the airport. Obstructions in an airport's protected areas present a hazard for aircraft and can restrict access to the public-use facility. ODAV anticipates design engineering to occur during 2023 and the construction to be completed in the summer of 2024.

POLICY PACKAGE #106

Cottage Grove State Airport EA & Apron Rehab

\$1,479,500 FF | \$164,389 OF | \$1,643,889 Total Funds

PURPOSE

This project is to conduct an Environmental Assessment (EA) and to rehabilitate the main apron at this airport. ODAV is seeking to grind and overlay the main apron at the airport. The apron has the lowest pavement rating on the airfield and is in need of repair. A rehabilitation will replace the failing pavement and ensure the airport continues to operate safely. ODAV anticipates design engineering to occur during 2023 and the construction to be completed in the summer of 2024.



Major Budget Information

Summary of 23-25 Proposed Capital Construction Projects

POLICY PACKAGE #107

**Lebanon State Airport Taxiway Reconstruct/Drain
\$4,737,919 FF | \$526,435 OF | \$5,264,355 Total Funds**

PURPOSE

This project is to conduct taxiway and drainage reconstruction at this airport. ODAV is seeking to realign and reconstruct a portion of a taxiway and install new drainage improvements at the airport. The taxiway is in poor condition and is in a non-standard width and alignment. This project will replace the failing pavement, standardize the taxiway width and alignment, and improve drainage to ensure the airport continues to operate safely. ODAV anticipates design engineering to occur during 2024 and the construction to be completed in the summer of 2025.

POLICY PACKAGE #109

**Cape Blanco State Airport Runway and Electric Rehab
\$2,448,406 GF**

PURPOSE

This project is to reconstruct the only runway at this airport and construct a new airfield electrical system including an electrical building, runway edge lights and pilot navigational aids. ODAV is seeking to replace the failing 75 year old airport runway. Cape Blanco State Airport is the only coastal Oregon airport that is outside the tsunami inundation zone that can support military cargo aircraft following a major earthquake and can serve as a lifeline for the 10,000 permanent residents of the southern Oregon coast. The engineering phase of the project is underway now and is being funded from general funds made available from HB 5202 during the 2022 session. The construction phase is estimated to cost \$2,448,406 and ODAV anticipates construction to be completed in the summer of 2023.



Major Budget Information

Program Prioritization for 2023-25

Agency Name:		Oregon Department of Aviation																			
2023-25 Biennium																					
Program 1																					
		Program/Division Priorities for 2023-25 Biennium																			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Priority (ranked with highest priority first)	Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performan ce Measure(s)	Primary Purpose Program Activity Code	GF	LF	OF	NL- OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanc ed 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																				
ODAV	Operation	ODAV	OPS	Operation	3,5,8	4	1,500,000		6,155,771		2,886,021	\$ 10,541,792			Y	N	S	ORS 835-838		POP 101 Adds GF for Airports and Operations	
ODAV	Aviation System Action Program	ODAV	ASAP	Aviation System Action Program		6			14,750,082			\$ 14,750,082			N	N	S	ORS 319.020,319.330			
ODAV	Aircraft Registraion	ODAV	AR	Aircraft Registraion	6	6			192,916			\$ 192,916			N	N	S	ORS 837.020			
ODAV	Pavement Maintenance	ODAV	PMP	Pavement Maintenance	1,2,3,5	6			2,259,702			\$ 2,259,702			N	Y	S	ORS 836.072			
ODAV	GA Entitlement	ODAV	GA	GA Entitlement	1,4	6			446,784		4,336,856	\$ 4,783,640			N	Y	FO	ORS 835-838	Participation by Matching Funds		
ODAV	Capital Construction	ODAV	CC	Capital Construction		6	5,352,406		1,251,184		11,266,419	\$ 17,870,009			N	N	FO	ORS 835-838	Participation by Matching Funds		
												\$ -									
												\$ -									
							6,852,406	-	25,056,439	#	18,489,296	-	\$ 50,398,141	0	0						



Major Budget Information

Ending Balance Form

Other Fund				Constitutional and/or	2021-23 Ending Balance		2023-25 Ending Balance		
Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Statutory reference	In LAB	Revised	In CSL	Revised	Comments
Limited	10900-001-00-00-00000	17000 - Operating OF	Operations	ORS 835.035 ORS 836.025	807,998	1,416,990	0	608,992	Operations reduced expenditures during the pandemic and is conservatively increasing them as revenues have increased. The agency has worked to maintain a high EB to sustain fluctuations in revenue. This resulted in less expenditures than budgeted which result in a higher EB.
Limited	10900-003-00-00-00000	17000 - Operating OF / GA Entitlement	Operations	ORS 836.020	0	0	587,655	587,655	No Change to EB.
Limited	10900-004-00-00-00000	17000 - Operating OF / Pavement Maintenance	Operations	ORS 836.072	0	0	609,670	609,670	No Change to EB.
Limited	10900-005-00-00-00000	17000 - Operating OF / Aircraft Registration	Operations	ORS 837.020 & ORS 837.040	156,652	1,324,488	263,415	1,431,251	Aircraft Registration Revenue pays for FAA grant match and in 21-23 the majority of projects were 100% FAA funded due to the pandemic. This significantly increased the available revenue in 21-23 and therefore has increased the EB.
Limited	10900-006-00-00-00000	17000- Operating OF /Aviation System Action Program	Operations	ORS 319.020, ORS 319.330, ORS 836.055	634,875	634,875	3,920,151	3,920,151	No Change to EB.
Cap Construction	10900-089-00-00-00000	17000 - Operating OF / Capital Construction	Operations	ORS 835.025	0	0	1,251,825	1,251,825	No Change to EB.