

CARB Board Minutes

WSDOT-Aviation HQ – Microsoft Team Meeting
Wednesday, October 15 2020 10:00 am – Noon

The meeting was called to order by Chair, JC Baldwin, at 10:00 a.m. Board members Richard Bogert, Jill Anderson, John Dobson, Andy Hover, Rich Mueller, David Fleckenstein, and Board Secretary/Loan Program Manager Dave Chenaar participated via video conference. Guests Senator Jim Honeyford, Board alternate Michael Echanove, and Janea Delk, CERB Executive Director and Tribal Liaison also participated via video conference. Board member Jennifer Skoglund did not participate.

Announcements: JC Baldwin was experiencing audio difficulties and asked the Secretary, Dave Chenaar, to initiate the meeting. Dave welcomed the group and recognized our special guest Senator Jim Honeyford. He asked if there were any announcements. None were offered.

Board Agenda & Schedule: Dave asked if there were any changes to the agenda and schedule. Andy Hover motioned to approve the agenda and David Fleckenstein seconded. The agenda was approved, as drafted.

Approval of July's CARB Minutes: JC was able to resume control over the meeting. She asked if everyone had a chance to review July's Board minutes. No revisions were received. David F. motioned to approve the minutes. John Dobson seconded the motion. The Board minutes were approved with no objections.

Legislative Update: David Fleckenstein introduced special guest Senator Jim Honeyford. Senator Honeyford praised the Board for their work and shared he has only heard compliments regarding the program and not a single complaint. He explained his original goal was to fund the program with \$5 million each biennium to establish a \$25 million revolving fund. Next session, he plans on including \$5 million in the Senate capital budget to sustain the program with hopes the Governor will include it in his budget, as well. Senator Honeyford also asked OFM to re-draft SB 5011 to reintroduce the bill next session to allow the program to become permanent. The Senator asked if there were any questions. JC thanked the Senator for his support on a recent phone call with the Governor regarding the program. John asked if there is a timeframe for commenting on the legislative bill. Senator Honeyford stated he would forward the re-drafted bill for review near the end of December but nothing much will occur until mid-January [when the legislature convenes]. He suggested WSAA could submit a supporting letter to OFM. John and JC also discussed CARB preparing a letter of support to submit, as well. The Senator also confirmed he and Representative Tom Dent are sending a letter to the Governor requesting support for the loan program in the upcoming session.

Chair JC continued to the next agenda item and asked Dave Chenaar, Aviation Loan Program Manager, to discuss the loan applications for consideration.

Project Selection: Dave C. stated we received 7 applications totaling over \$2.8 million. He shared a Loan Application Summary spreadsheet listing each application's project by name, request, and score. Each application was scored by three evaluators: WSDOT Grant Program Manager, WSDOT Transportation Planner and 5010 Inspector, and himself as WSDOT Aviation Loan Program Manager. He reiterated that along with an aggregate point score there was a pass/fail component established by the Board and through legislation. While the Program Manager believed every project satisfied program requirements, two evaluators felt the City of Yakima's project did not benefit general aviation directly because it was addressing parking shortages at their main commercial terminal.

The Loan Program Manager referenced the Executive Summaries created for each project and began summarizing each application.

Kittitas County, Bowers Field – Hangar Utility & Taxilane Project \$485,000. Dave C. shared a map of the airport property and showed the Board the location of the proposed hangar sites to be served by the electric utility and taxilane extensions. He provided a summary of the project. JC asked if this airport is associated with CWU's aviation program. Dave replied affirmatively but newspapers have recently reported the University has suspended their flight training program due to impacts from the pandemic, current pilot demand, and high costs. David F. added that hangars can be used for purposes other than aircraft storage provided a FAA waiver is approved. Senator Honeyford commented that the relationship between the airport and the University has been "rocky" with some consideration to relocating to another airport - either Yakima or Wenatchee. The Senator also asked if an existing runway issue had been resolved. Dave C. responded that the crosswind runway has not been repaired. The second runway was not supported for funding by FAA and their submission for partial funding through a CARB loan was not selected because the application failed to clearly identify a revenue funding source. Discussion ensued. JC asked for the length of the current runway and if it is long enough to support a regional airport. John responded it is 4200 feet and the Master Plan is to develop into a Class B-- airport. He suggested a need for an extra 700 feet and explained FAA requirements to qualify for associated FAA funding. Details regarding the airport's current and planned future operations and timing necessary to reach those goals were discussed. Richard provided additional information regarding minimum runway lengths for aircraft under varied weather conditions. Michael Echanove asked what is the remaining loan fund balance? Dave C. replied \$1,205,000. JC reminded the Board that they have not typically awarded partial funding and loan requests have exceeded available funding. David F. commented that the Aviation Division supports economic opportunity at this airport. Richard Bogert added that the project fits well with the CARB program goals by creating economic development and supporting the community, however due to limited funds, suggested the Board wait to review all the projects before selecting awards. JC concurred and suggested that was the intent. She asked Dave C. to proceed to the next application.

City of Chewelah, Chewelah Municipal Airport – Aviation Fuel Tank Facility \$425,000. Dave summarized the project for one 12,000-gallon Jet A tank, one 12,000-gallon AVGAS tank, and one 2,000-gallon MOGAS tank for fueling at the airport including installation, dispensing equipment, and automated payment system. The airport currently offers no fuel service. A growing aviation community and siting for DNR regional forest firefighting aviation equipment was cited as a need. \$50,000 in local funds were pledged. Andy commented he supports any project that assists in wildfire prevention. JC asked where DNR currently fuel their aircraft. John responded they were fueling at Deer Park, just north of Spokane. Based on Port experience, JC recognized that substantial revenue is generated from fuel sales, albeit sadly, during firefighting season and reminded the Board that fuel sales is a main revenue source that meets the objectives of the CARB program. John added Deer Park generates over \$325,000 in annual net income from firefighting of which Chewelah is expecting to realize about \$100,000 to \$125,000 annually. Richard commented that he has visited Chewelah Airport recently and it seems to be a nice airport that is well situated, however, airports lacking fuel facilities are severely handicapped. He recounted a story of the Governor's trip to Colville that had to land at Chewelah due to Colville's runway not being long enough. He concluded by mentioning there are significant numbers of aircraft in the area and a maintenance facility located on the airport with a fueling facility would be a real benefit.

City of Yakima, Yakima Air Terminal / McAllister Field – Main terminal Building Vehicle Parking Lot Expansion \$353,694. The project consists of constructing approximately 130 additional parking stalls at the main terminal building to provide long term parking and overflow relief experienced during peak travel season (Oct – April). \$400,000 in local funds were pledged to cover overall project costs. The

airport expects to use the additional parking revenue to repay the loan. This project was estimated to start in mid-2021 and they were willing to accept partial funding. JC asked if the airport manages their own parking or is it outsourced and had to share revenue. Dave C. responded the airport listed Parking Services but was unsure how it was managed. John believed they administered their own parking but was not certain. Richard wondered whether this project fit the program objectives. He felt a larger airport like Yakima did not need the program assistance to remain open unlike smaller general aviation airports that needed funding assistance to become sustainable. David F. did not disagree but reminded the Board that the parameters of the program were amended to include airports of this size and we have yet to award to this class of airport. Richard clarified he did not object to giving Yakima funding for a project but preferred to award to a project that supported general aviation versus parking at a commercial terminal. He asked Janea Delk if this project could qualify for a CERB Loan. Janea explained if an outside business, such as an air carrier, requested parking lot expansion to expand [their business model], CERB could consider their project. JC acknowledged there may be a preference to award to a project that creates new revenue sources versus simply expanding an existing revenue source. Dave C. shared a conversation he had with Yakima's Airport Manager that they intentionally delayed applying to allow smaller airports to have the first opportunities for funding. Richard responded that this would not be a problem if more funding was available and that he would like to see the funds go where they would do the most good. Dave C. added that evaluators did note that due to their project schedule, this project may be better suited to being funded next biennium, if funding were available.

City of Kelso, SW Washington Regional Airport – Fuel Farm Improvements \$500,000. Proposed project is to replace three (3) buried, 12,00-gallon fuel tanks with two (2) above-ground 12,000-gallon tanks to provide both JET A and AVGAS fuels. Project also includes pouring drive slabs, self-service card system, oil/water separator, and required disposal and potential soil abatement of the old Underground Oil Storage Tank (UST). Existing tanks are at the end of their useful life. Replacement is required to continue fuel sales and avoid loss of revenue. Total project cost is \$975,388 with \$325,388 in airport funds and a \$150,000 Cowlitz County Rural County Grant provided to complete the project. An aerial photograph detailing the project location was shown. JC asked for clarification on the scope of the project. Dave C. stated it included a new tank farm but also de-commissioning the old tanks and any remediation of soil contamination. JC shared concerns about project delays and unexpected expenses due to soil contamination. Dave displayed the project cost estimate prepared by Century West Engineering which includes \$100,000 for soil mitigation (if any) and a 15% contingency fee of approximately \$94,000 for unexpected costs. David F. added that airports are required to carry hazard insurance for underground storage tanks which may cover a portion of any costs of contamination. John asked who the airport sponsor was. Dave C. responded it is the City of Kelso, submitted by City Manager, Andrew Hamilton, and the project is managed by Century West Engineering. Michael asked if they would accept partial funding. Dave C. did not know but they have substantial match and suggested an award could be contingent on accepting a partial award.

Michael shared his concern regarding available funds and that many projects would fail to be funded. Dave C. concurred that analysis of the project requests showed that likely only three projects could be selected.

Port of Port Angeles, Wm. R Fairchild – Apron/Taxilane Expansion for Corporate Hangar Development \$750,000. Project expands existing taxilane/apron to new corporate hangar sites. Includes environmental work, geotechnical site investigations, design engineering, bidding, and construction. Project will preclude future corporate hangar site development which is currently 100% occupied. Increased revenue expected from new leases and additional fuel sales. Applicant is willing to accept partial funding of \$195,000 to complete the design phase. Evaluators noted that this project may be

considered a continuation of an existing project that has already been selected for funding up to the maximum loan amount.

City of Moses Lake, Moses Lake Municipal Airport – New Fuel System \$175,000. Project replaces current 2,000-gallon fuel tank with 12,000-gallon used 2005 tank and dispensing system from World Wind Helicopters, Inc. located at the Arlington Airport (\$120,000). Project includes relocation, re-certification, and installation by Epic Fuels (\$55,000). Dave C. showed pictures provided by John Dobson of the surplus fueling system to the Board which appeared to be in good condition. The airport plans on implementing a \$0.25/gallon fuel surcharge and hangar lease revenue to repay the loan. The application did not score highly. While the application was deficient, the overall score does not appear to reflect the value of the project. A new fueling system of this size could cost up to \$1 million, so this project may represent a significant value. With a 50-year lifecycle, one may expect another 35 years of useful life upon re-certification. JC asked Rich Mueller how far this airport is from Grant County International Airport and is there an airport manager onsite. Rich responded the airport is about 4 miles away and most day-to-day operations are done by tenants. Jackson Flight School “kind of shepherds the facility”, otherwise, it is under the city’s public works. JC found the project appealing, regardless of its ranking, because it is creative and innovative. She stated the airport clearly does not generate a lot revenue and is recycling equipment to increase airport income. Rich added it has become a welcome alternative to Grant County International because of their traffic activity and Part 139 requirements. He had no objections to the project. David liked the re-purposing aspect of this project and reinforced the score was more about the application than the project itself and noted there appeared to be a last-minute change in consultants that may have had an effect. The Loan Program Manager, Dave C., emphasized that while some programs strictly follow a ranked list, this Board did not restrict itself to this requirement and could select eligible projects based on their perceived merit.

King County Airport District #1, Vashon Municipal Airport – Land Acquisition – App/Det Path \$120,000. Proposed project is to purchase two, approximately 10-acre land parcels adjacent to the south end of the airport runway under the approach/departure path owned by the Vashon Park District (VPD). Property originally acquired by VPD with grant provided by WA State Recreation & Conservation Office (RCO). Sales negotiations are ongoing. Existing grant requirements may affect purchase. Purchase will protect flight path at south end of airport and reduce current County Surface Water Management fees by over \$15k annually due to percentage of impervious surface of new larger property. ALP map shown with property intended to be acquired. Discussion ensued regarding the need to protect the airport and the relevant state and federal requirements.

JC proceeded to the selection process. John stressed the need to award all the remaining funds. He suggested that based on past awards, we should have a backup plan if a selected project cannot follow through with their project. JC opened the floor to comments from the Board.

John did not object to the Kittitas Utility Extension & Taxilane project but expressed several concerns with the vetting process. He spoke with the Kittitas County Airport’s Advisory Committee Chair who apparently was unaware a loan application had been submitted. John also noted that Kittitas had just engaged AMCG Consulting to conduct a Strategic Business Plan on how to develop the airport including its leases and lease rates which will not be completed until sometime next year. John also verified the ALP that was supplied in the application and indicated as updated, in fact, was not updated and approved by FAA. As such, he felt the application was premature and should be tabled until the airport had completed these tasks.

Andy Hover commented on Chewelah’s fueling project and thought it “seemed like a really good project”. JC and John both agreed. John thought Kelso’s fuel tank replacement project was also a good

project and was supplying substantial local funds. He explained Kelso was operating on the “margins” and had limited revenue-generating opportunities. Losing fuel revenues would be devastating and they could use assistance to remain viable. JC asked if either of these projects were open to partial funding. Dave C. noted Chewelah was supplying \$50,000 in local funds but needed full funding to proceed. Kelso was supplying almost half of the project costs but did not indicate they could proceed without the remaining funding. Discussion ensued on fuel types, its usage and revenue-generating capacity. Rich asked if Chewelah was willing to satisfy federal requirements to provide fuel to DNR. Dave C. responded the application was silent on that issue. JC asked for possible funding comments on other projects.

Richard recommended funding Chewelah, Kelso, and Moses Lake’s fueling projects totaling \$1.1M with \$105,000 in available funds for Vashon (KCAD) Airport’s land acquisition project or some combination thereof. Andy mentioned Yakima’s parking project scored very well but was unsure how parking expansion fit with program objectives. He stressed the Board should have a serious discussion for not funding this project. Rich responded, if the parking lot expansion would secure a GA tenant it would be more desirable. However, this project was clearly long-term parking expansion for commercial activities that currently has been disrupted by the pandemic and will be under-utilized in the near term thereby reducing the immediate need. Richard reminded members CERB could still fund this project. Janea responded they could reach out to them if provided the contact information. JC asked if there are any other project comments.

John maintained he still had concerns with Kittitas but suggested we may want to consider partial funding to allow the preliminary engineering and design to be completed to not delay the project. David F. suggested the Board may want to ask additional information from Kittitas. He emphasized if the project is not on the ALP, that would be problematic and FAA approval could substantially delay the project. Additional discussion proceeded on Kittitas’ ALP status and the uncertainty of prospective leases necessary for the project to generate revenue. Andy appreciated the additional insight but shared concerns that it did not come directly from the applicant. He stressed if the Board is going to decide, we should have definitive answers directly from the airport.

John felt that the fueling projects were more project ready and could generate revenue immediately. JC noted that it appears the projects being considered for funding all appear to be fueling projects except King County Airport District (KCAD) land acquisition project. She concurred that the fueling projects would likely be able to generate revenue immediately to support the airports while the land acquisition project is somewhat uncertain. Michael supported Chewelah’s fueling project including MOGAS. John replied he did not object to MOGAS but rather thought its exemption might allow funding for KCAD’s project. Discussion ensued about partial or contingency funding and alternatives about offering projects future funding, if available. Rich summarized that while both Kittitas and King County’s projects appear worthwhile, Board members identified too many outstanding questions that preclude from offering funds at this time. David and JC agreed. JC also concluded Port Angeles and Yakima were eliminated from consideration due to project funding limits and prospective near-term revenue generation, respectively. In the interest of awarding all available funds, Rich suggested gathering additional information from both Kittitas and KCAD to offer the remaining funds.

Richard made a motion to accept the applications and fund The City of Chewelah, City of Kelso, and City of Moses Lake fueling projects. Andy seconded the motion. JC asked for discussion. David F. asked if there was any additional information needed from Moses Lake due to their overall score. Dave C. responded their application was poorly written, but deliverables were sufficient for contracting. David F. wanted to ensure the project’s success and avoid delay. Dave recounted the project scope and that the work would be performed by a trusted third-party contractor, Epic Fuel. Both David and Rich noted they

were familiar with the contractor that belayed their concerns. JC called for the question and the motion passed unanimously.

The Board discussed the disposition of the remaining \$105,000 in CARB funding. Members considered a wide range of options from contingent awards, modifying a request, or retaining the funds for a future award. Andy identified issues with contingent awards and increasing an award beyond the initial request. Members also voiced a preference to award the remaining funds. Based on comments presented, Andy motioned to direct the Loan Program Manager to request additional information from both Kittitas County and KCAD for reconsideration at the next Board meeting in December. John seconded the motion. No further discussion was offered, and JC called for the question. The motion was carried unanimously.

Comments/Next Board Meeting: JC asked if there were any closing comments. David F. wanted to remind the Board while the legislation is to provide loans primarily for general aviation, the Board’s Mission Statement states...*“The Aviation Revitalization Program provides low interest rate loans to airports with the intent of funding revenue producing projects. The long- term goal of the program is to reduce airport reliance on federal and state funding by creating a self-sustainable airport system.”* He emphasized the importance not to overly restrict the program’s objectives to only general aviation airports. JC thanked David for the comment and hoped additional funding will allow the program to meet those objectives. John asked JC if she intended on providing a letter of support for the CARB Program. JC confirmed she would work with Dave C. David F. will send a copy of the draft letter from Rep Dent for reference. John offered his assistance. The next online Board meeting was agreed to be scheduled December 3rd from 10 am to 11:00 am. Board Secretary, Dave C., was directed to send out a meeting request notice. JC thanked the Board for their participation.

The meeting was adjourned at 12:35 p.m.

_____ Date: _____
David Chenaar, Acting CARB Secretary