

Memorandum

To: Chairman and Commissioners

Date: November 30, 2007

From: John Pfeifer, TACA Chairman

Ref No: 4.9(b)
Agenda Item 64
ACTION

Ref: TACA Report on Activity and Accomplishments in the Aeronautics Program

Issue: Should the Commission accept from the Technical Advisory Committee on Aeronautics (TACA) its annual report on activities and accomplishments?

Recommendation: Staff recommends that the Commission accept the attached TACA Annual Report on its activities and accomplishments and include the salient points in the Commission's Annual Report.

Summary: During 2007, TACA:

- Recommended that the Commission retain a match rate of 10% that local agencies must provide to obtain State funds for Acquisition and Development projects. The Commission acted to adopt TACA's recommendation at its March meeting.
- Recommended that the Commission continue the Airport Improvement Program (AIP Match) rate of 2.5 percent by the State which, in turn, increased the local match for federal grants. The Commission acted to adopt TACA's recommendation at its June meeting.
- Recommended that the Commission approve the 2008 Aeronautics Account Fund Estimate assumptions, which the Commission adopted in October 2007.
- Recommended that the Commission approve the 2007 Capital Improvement Plan, which the Commission adopted at its November 2007 meeting.
- Continued to recommend that the Commission support legislation that would provide a stable funding source for the Aeronautics Account.
- Continued to recommend that the Commission support legislation dealing with the impacts from incompatible land use on airports.
- Continued to focus on a comprehensive review of the role and responsibilities of the Caltrans Division of Aeronautics and the funding sources from state programs related to aviation.
- Considered several bills, as requested by the Commission, regarding:
 - Proposed requirements to make criminal background checks on all persons operating aircraft over the lands and waters of California. (The bill failed passage, prior to TACA consideration.)
 - A design-build proposal for projects on airports. The bill excluded the construction or improvement of a building that is owned and operated as part of a public airport. (The bill was amended to an airport-specific bill, prior to TACA action.)
- Requested presentations from aviation entrepreneurs and experts to understand in more detail the impact of new aviation technology, both in terms of traffic management and new aircraft on California's aviation system.

Attachment

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2007 ACTIVITY AND ACCOMPLISHMENTS

Air Transportation

The Aeronautics Program comes from a 10-year Capital Improvement Plan comprised of a fiscally unconstrained list of projects from eligible airports. The Aeronautics Program, a biennial three-year program of projects, is fiscally constrained. The Aeronautics Account, which receives revenues from State general aviation fuel taxes, funds the Aeronautics Program. Funding from the Aeronautics Program, combined with local matching funds, is used to receive federal Airport Improvement Program (AIP) grants and fund capital outlay projects at public-use airports through the Acquisition and Development (A&D) element of the California Aid to Airports Program (CAAP). The CAAP also includes a statutory annual credit grant program, which provides annual nondiscretionary grants of \$10,000 for each general aviation airport in the State. Aeronautics Account funds are applied first to Caltrans aeronautics operations and the annual credit grant program. Any remaining funds are then available for the projects in the Aeronautics Program adopted by the Commission.

In March 2007, the Commission retained a match rate of 10% that local agencies must provide to obtain State funds for Acquisition and Development projects. In June 2007, the Commission continued the reduced match rate of 2.5 percent for the Airport Improvement Program (AIP Match) which increased the local match required to qualify for federal grants. The reduction in the AIP matching rate will permit previously unfunded A&D non-safety projects to continue receiving State funding during the Fund Estimate period. In October 2007, the Commission adopted the 2008 Aeronautics Account Fund Estimate. Based upon that Fund Estimate, the Commission will adopt a three-year 2006 fiscally-constrained Aeronautics Program in spring of 2008. Lastly, the Commission adopted at its November 2007 meeting, the Aeronautics Division's Capital Improvement Plan.

During the year, the Commission received advice from its Technical Advisory Committee on Aeronautics regarding the Aeronautics Program and the matching ratios of the Aeronautics grant programs. The Commission also received advice from TACA on pending legislation.

Commission's Aviation Responsibilities

The Commission's primary responsibilities regarding aeronautics include:

- advising and assisting the Legislature and the Secretary of the Business, Transportation and Housing (BT&H) Agency in formulating and evaluating policies and plans for aeronautics programs;
- adopting the California Aviation System Plan (CASP); a comprehensive plan defining state policies and funding priorities for general aviation and commercial airports in California; and
- adopting and allocating funds under the biennial three-year Aeronautics Program, which directs the use of Aeronautics Account funds to:
 - provide a part of the local match required to receive Federal AIP grants; and
 - fund A&D capital outlay projects for airport rehabilitation, safety and capacity improvements at public-use airports.

Technical Advisory Committee on Aeronautics (TACA)

Under Section 14506.5 of the California Government Code, the chairman of the California Transportation Commission appoints a Technical Advisory Committee on Aeronautics (TACA), after consultation with members of the aviation industry, airport operators, pilots, and other aviation interest groups and experts, as appropriate. TACA gives technical advice to the Commission on the full range of aviation issues considered by the Commission. The current membership of TACA includes representatives from airport businesses, aviation divisions of large companies, air cargo companies, pilots and aircraft owners, managers of commercial and rural airports, managers of operations at major commercial airports, manager from a commercial air and spaceport, metropolitan and local planning organizations, and federal and state aviation agencies.

This statutorily mandated advisory committee lends its expertise to the Commission as it carries out its responsibility in advising the Secretary of the BT&H Agency and the Legislature on State policies and plans for transportation programs in California. During 2007, TACA has continued to focus on a comprehensive review of the role and responsibilities of the Division of Aeronautics of the Department of Transportation (Caltrans) and the funding sources for the various state programs related to aviation. TACA has been working with Caltrans, the BT&H Agency and the Legislature to develop potential stable revenue sources and to clarify roles and policies for the State in developing and maintaining California's aviation system.

The members of the Technical Advisory Committee on Aeronautics are:

- Michael Armstrong, Program Manager, Aviation Planning, Southern California Assn. of Governments
- Daniel Burkhart, Director of Regional Programs, National Business Aviation Association
- Peter Hill, Council Member, Rocklin City Council
- Jack Kemmerly, Director of California Operations, Exceptional Strategies, Inc.
- Chris Kunze, TACA Vice-Chairman, Manager, Long Beach Municipal Airport
- Harry A. Krug, Association of California Airports, Airport Manager, Colusa County Airport
- Robert Leonard, Assistant County Executive Officer, Sacramento County
- Mark F. Mispagel, Attorney/Consultant, Law Offices of Mark F. Mispagel
- John Pfeifer, TACA Chairman, Aircraft Owners and Pilots Association (AOPA), California Regional Representative
- Alexander Waters, Vice President of Business Development, KaiserAir, Inc.
- William T. Weil, Jr., Mojave Air and Spaceport.
- Alex Wilcox, Principal, BAG Aviation Holdings
- John Chalker, California Transportation Commission, Commission liaison
- Joseph Tavaglione, California Transportation Commission, Commission liaison
- Mary Frederick, Chief, Division of Aeronautics, California Department of Transportation, Ex Officio
- Mark McClardy, Federal Aviation Administration, Ex Officio

2008 Fund Estimate and 2008 Aeronautics Program

In October 2007, the Commission adopted the 2008 Aeronautics Account Fund Estimate. The Fund Estimate covers Fiscal Years 2008-09 through 2010-11 and identifies approximately \$11 million over the three-year fund estimate period to be available for Federal AIP matching grants, A&D grants or funding of other eligible Aeronautics projects. The Aeronautics Program will be considered in spring 2008 for adoption.

Acquisition & Development Match Rate Unchanged

By statute, the Commission annually establishes a local matching rate between 10% and 50% that local agencies must meet to receive Acquisition & Development (A&D) grants. At its March meeting, based upon the Department's and TACA's advice, the Commission retained the 10% A&D local match requirement that it originally established in 1995. This action continues to ensure that the maximum number of airports participate in the Aeronautics Program. Further, a low match rate does not result in a small number of large grants because statute limits California Aid to Airports Program A&D grants to a maximum of \$500,000 per airport per year.

AIP Match Rate Reduced

The Commission continued last year's AIP state match rate of 2.5 percent at its June 2007 meeting. The local jurisdictions agreed to provide a higher local match rate for federal funds. This reduced state match rate help free up State funds that will allow the Commission to fund A&D projects that were previously unfunded.

Legislation

The Commission advises and assists the Legislature and the Secretary of the BT&H Agency in formulating and evaluating policies and plans for aeronautics programs. The Commission is concerned about the shifting of Aeronautics Account funds to the General Fund. In fact, the Commission focused over the last few years on the need to establish a stable funding source and for additional funding to allow more capital improvements for general aviation. TACA recommended legislation to make the Aeronautics Account a stable revenue source. The suggested legislation would prohibit permanent transfer of funds from the Aeronautics Account to the General Fund. Under the suggested legislation, the State shall repay all transfers, as if they were loans, with interest at a specified future date. The Commission is also concerned about the impacts from incompatible land use around airports and recommended that the Legislature take action on this issue. The Commission and TACA were unsuccessful in finding an author for the proposed legislation. Lastly, TACA also considered several bills, as requested by the Commission, but the bills were changed or failed in committee prior to TACA consideration.