APPENDIX 5:

Preliminary Solutions

PRELIMINARY SOLUTIONS

1. NEW FUNDING SOURCES

1A) Alternative industry taxation Sources outside of aviation;

Overview: Identifying new source industries to tax that derives some benefit from aviation. This concept would include a broad identification of ancillary industries that rely to some extent on aviation; i.e. mining; low weight/high value goods manufacturing; computer and IT product manufacturing.

Key Components/Steps: This concept would require the identification of all ancillary industries that rely to some extent on aviation and air transportation. It would also require the assignment of a value derived by each industry from aviation and air transportation which would provide the basis for the tax.

Obstacles/Constraints: The primary obstacle would be the establishment of a new and broad based tax in the state of Washington.

Result: The result would be a new and potentially long lasting funding source for aviation.

1B) Utilize "Infrastructure Exchange" financing;

Overview: this source concept would entail exploring options to use private financing sources (e.g., pension funds, equity capital group funding) through the West Coast Infrastructure Exchange (WCX), a collaborative that has been set up across Washington State, Oregon, California, and British Columbia. WCX is intended to serve as a mechanism to help project sponsors and private sources identify where mutual interests and characteristics can lead to financing deals.,

Key Components/Steps: the WCX will help to conduct business case evaluations that will help to identify whether projects are good candidates for finance through the interested private parties. The participating states have committed to identifying projects or project bundles that would benefit from the WCX.

Obstacles/constraints: each state will likely want to limit their initial pilot projects to a select few, and it will be important to define the characteristics of the airport projects in a manner that shows why they would be good candidates for the private financing models in comparison with other public works projects such as water and sewer projects and public building projects.,

Results: success in promoting WSDOT project(s) for evaluation through the Exchange could be identification of viable funding models that could serve to provide a match or total project funding between sponsoring airport authorities and private funding sources.

1C) Corporate Sponsorships;

Overview: this new funding source would identify the potential for Local corporations to sponsor an airport, a concourse, other airport facility improvements and including naming rights. This concept would allow for the use of corporate sponsorship revenues to help cover capital funding for specific projects and potentially local share requirements.

Key Components/Steps: the key step for this concept would be to make sure that public airports are in fact legally able to offer sponsorships and naming rights to the private sector for an established or competitive fee.

Obstacles/Constraints: this concept would probably only be viable in the large city markets, where the sponsorships and naming rights would generate sufficient value to the private sector for their use.

Result: this would result in a new private funding source for terminals, concourses, maintenance and cargo facilities

PRELIMINARY SOLUTIONS

1. NEW FUNDING SOURCES

1D) Public Private Partnerships, (P3) project funding;

Overview: this source concept entails the full utilization of private sector funding for all types of revenue producing airport projects.,This concept would include utilization and optimization of the full range of P3 funding sources which range from full airport privatization to partial, facility specific privatization.

Key Components/Steps: this source requirement would require the verification of applicable aviation P3 legislation within the state of Washington, and full airport privatizations would be required to go through the FAA's Airport Privatization Pilot Program, (APPP).

Obstacles/Constraints: private sector financing most often require dedicated and stable revenue sources that will serve as a pledge against the private debt/equity being used. This would require that an airport dedicate a part of their airports' commercial value to the project, at the most, or potentially a lower than market ground lease rate at the least, in lieu of having the new facility and economic value the project would bring.

Result: this concept would avail certain airports in the state of Washington with a new and robust funding source that would help reduce any existing funding gaps. In the case of full airport privatizations, the owning governmental entity would have access to one time or annual concession fees that could be used for non-aviation public purposes.

1E) Establish a state Passenger Facility Charge (PFC) head tax program;

Overview: this source concept entails the use of a passenger head tax, the revenues of which would be used for approved capital improvements. The PFC would be a state enacted program similar to the Federal PFC program.

Key Components/Steps: this funding concept would require the enactment of a state head tax legislation that would enable an airport passenger head tax to be enacted.

Obstacles/Constraints: the passing of a state head tax law might be a difficult proposition in the state of Washington. Legislation such as that which would be required could also be viewed as a state preemption of Federal rights. A tax such as this might only be useable at the airport at which it is derived.

Result: enactment of a state passenger facility charge would provide a substantial aviation related funding source for the state.

1F) Establish wide ranging state tax credits to airports;

Overview: this source concept would entail the enactment of a state law that would be geared to relieving and equalizing the existing tax burden for airports. This source would allow for an equal across the board treatment for the state airports regarding the imposition of any and all state levied taxes that impact aviation.

Key Components/Steps: This source concept would require the enactment of state legislation that would lower or relax the current state levied taxes at Washington airports. This concept could be applied to tenant leasehold taxes, business taxes and state sales or excise taxes.

Obstacles/Constraints: this source concept would be difficult to judge its' value or effectiveness in that the value of the tax credits would accrue mostly to the private sector.

Result: the result of the establishment of state tax credits would be additional funding available to the private sector for re-development in airports.

PRELIMINARY SOLUTIONS

1. NEW FUNDING SOURCES

1G) Alternative taxing of airport operationally oriented uses;

Overview: this source concept would provide for a state law that would allow for airport operational activity to be taxed, with the proceeds going to the aeronautics account. The potential listing of airport operational and consumption activity that could be a taxable source are; licensed motor vehicles based at an airport; non-aviation fueling consumption; emergency service access, forest fire fighting access to airports; taxi and commercial vehicle access; forestry and conservation access, etc.

Key Components/Steps: this source concept would require state law that would expand the taxable items by the state, to include those that are specifically related to airport operational activity.

Obstacles/Constraints: the primary obstacle to a new form of aviation operational tax would be the impact to the aviation businesses that derive their livelihood at the state airports. Additionally, most of the tax would be derived at the large commercial service airports.

Result: the result of this new operational tax would be a solid new funding source that would cover a portion of the state aviation funding gap.

1H) Alternative taxing of on airport generated commercial activities;

Overview: this source concept would tax on-airport generated commercial revenues with proceeds going to the aeronautics account. Potential sources for this tax could be airport generated car rentals; terminal food/beverage and retail concessions, etc.

Key Components/Steps: this source concept would require a state law that would allow the state to tax the commercial revenues that are derived at the state airports.

Obstacles/Constraints: this commercial activity tax would target airport private sector businesses that derive their livelihood at the airport. This group of airport businesses are already subject to fees, taxes and percent of gross revenue requirements at the specific airports where they operate.

Result: the result of this new funding source would be a solid new source that would cover a portion of the state funding gap.

1I) Alternative taxing of the proportional value of transportation benefits derived;

Overview: this source concept would attempt to derive a pro-rata share of tax from persons, properties and business, based on their specific derived benefit from air transportation. This type of taxing source would use an economic valuation to fix a benefit derived for those aviation users at all of the State airports.

Key Components/Steps: this new source concept would require a State law allowing for the collection of a tax based on commercial benefits derived.

Obstacles/Constraints: this concept would require the development of a benefits derived economic metric that would be solid enough to garner the necessary political support. The concept would also require a metric for pro-rata share of benefits derived that would be applicable to a set of businesses that are the beneficiaries of air transportation in Washington.

Result: this source concept has the potential to relieve a large portion of the current funding gap in that it could be very broad based, and be applicable to a wide range of user/stakeholders.

PRELIMINARY SOLUTIONS

1. NEW FUNDING SOURCES

1J) Alternative economic development based consumption tax;

Overview: this source concept would be tied to existing local and statewide economic development tax funding. The concept would be tied to a share of tourist taxes that can be attributed directly to aviation access. The potential taxable categories in this grouping could be; the bed tax; a food tax; alcohol consumption, etc.

Key Components/Steps: this source concept would require state legislation that would either raise the State's portion of the visitor based taxes, or raise the portion specifically for aviation. This would not apply to locally raised taxes, but only the apportionment that is dedicated to the State. For this concept to succeed, it would need to be tied to a metric that taxes only visitors to the State that arrive through the aviation transportation system.

Obstacles/Constraints: the modification of the current economic development tax structure in the State of Washington would initiate substantial political discussion.

Results, this source program if broadly applied, could relieve any gaps in the State aviation funding regime.

1K) Establish a State sponsored revolving aviation infrastructure loan fund;

Overview: this source concept would require the State to manage a revolving loan fund that could be accessed by airports that meet basic credit requirements. The loan fund would offer airports access to very low interest capital funding that would serve to make many airports credit worthy and thereby lower the funding gap.

Key Components/Steps: this source concept would require the State to administer the revolving infrastructure loan fund, and if no such current program exists in Washington, then some sort of enabling legislation would be required. Projects that could compete for these low cost funds would be primarily capable of producing debt service revenues, and might include; multi-modal projects; landside terminals; GA terminals; t-hangars; cargo and MRO buildings, etc.

Obstacles/Constraints: this concept would require administrative staff within the State government to manage the program. If no similar current program exists in the State of Washington, then the State Government would need to reach out to other States to ensure they are adopting best practices.

Result: this program would go a long way toward allowing State airports to be more self-sufficient. This would be accomplished by improving their options for developing revenue producing facilities, expanding their base of ground leases, and improving their local aviation employment and economic base. This source would also relieve funding gaps associated with aviation revenue producing facilities.

PRELIMINARY SOLUTIONS

1. NEW FUNDING SOURCES

1L) Establish a through the fence access fee structure;

Overview: this source concept would standardize all the state airports in dealing with and fairly charging for through the fence operations. This concept would need to set standard market rate charges for through the fence operations, and provide a guide for airport managers to ensure that they are both getting a reasonable return for these operations, and are also consistent with FAA guidelines for the same.

Key Components/Steps: the State would need to consult with the local FAA airport district office to determine acceptable guidelines and best practices that would be passed on to the airport management community. Additionally, the State might act as a central source of information and coordination for the airport management community on this subject.

Obstacles/Constraints: this concept would only be applicable to publicly owned airports. Additionally, certain existing local operators would be opposed to any changes to their fee structure. In order for this concept to be successful, it would need to be administered in a very fair and transparent manner at all airports in the State, where these operations are currently taking place.

Result: this new revenue production concept would aid those airports that currently have, or are considering through the fence operations. This would provide for a long term revenue source at those airports, which would improve their specific bottom line needs, and thereby improve their ability to self-fund needed capital improvements.

1M) Direct aviation administrative related fees;

Overview: this source concept would be tied to a new fee structure directly tied to aviation administrative transactions, collected at the point source, and deposited into the aeronautics account. Potential aviation related fee categories could be; aircraft license renewals fee; pilot license issue and renewal fee; airport licensing fee, etc.

Key Components/Steps: this source concept would require a full understanding of all the potential aviation related fee categories that might be available for either beginning, or adding an additional fee structure. The concept may require enabling legislation, and also a means for collecting the new fees.

Obstacles/Constraints: this source concept would be a hard sell in the aviation users' community. A new fee structure such as this might be one of the most straight forward programs where the users are paying for the improvements.

Result: this source concept if adopted broadly among the many aviation users, could go a long way toward resolving the current capital funding gap.

PRELIMINARY SOLUTIONS

2. REFINEMENTS TO CURRENT FUNDING PROGRAMS

2A) Realignment of current funding allocations;

Overview: this funding refinement deals with the reallocation of current funding allocations to better reflect a pro-rata share of aviation tax revenues going back to aviation capital needs in proportion to the benefit provided by aviation and air commerce. This concept envisions only modifications to the existing funding allocations that would represent a more fair funding approach for aviation.

Key Components/Steps: This refinement would necessitate the re-allocation of current tax revenues going into the aeronautics account from the state general fund, and the pro-rata share could be keyed to; operations, percent of people or cargo being moved, economic benefit, or some other metric that would be agreeable to stakeholders. This realignment would apply to the current aircraft excise tax, and any other direct aviation related taxes that primarily benefit the general fund, rather than the aeronautics account.

Obstacles/Constraints: since this concept envisions a realignment of the general fund, it would be very much contingent on State politics, and the transparency of the metric(s) adopted to justify the modifications.

Result: if set up and administrated properly, this concept could represent a very large step in resolving funding gaps, and providing a long term sustainable funding source for aviation.

2B) Restructure the current State transportation and general funds;

Overview: this funding refinement is a further refinement of concept 2.A. In this refinement, the state aeronautics account and the state general fund are completely restructured to fully account for the proportional value of aviation within the state of Washington.

Key Components/Steps: This level of complete restructure would require more significant modification to state funding laws, and would require a much higher level of transparency and political support. This refinement would ensure that all aviation derived revenues would go into the aeronautics account, rather than the general fund.

Obstacles/Constraints: since this concept envisions a complete restructuring of both the aeronautics account and the State general fund, it would require a comprehensive legislative action that may be very difficult to push through.

Result: if set up and administrated properly, this concept could represent a very large step in resolving funding gaps, and providing a long term sustainable funding source for aviation.

PRELIMINARY SOLUTIONS

2. REFINEMENTS TO CURRENT FUNDING PROGRAMS

2C) Tiered airport aid funding;

Overview: in this funding refinement, the state would modify the current funding model to take into account each airport's "ability to pay". In this new funding model, the state would pick up a larger percentage of local match and local requirements for airports that are "not" self-supporting, vs. those airports that "are" self-supporting. Larger airports would be providing more local funding to allow the allocation of matching funds to smaller airports.

Key Components/Steps: this refinement of the current aeronautics account funding mechanism would require the agreement of the larger and more financially stable airports to forego some level of State support for their capital programs, in favor of the smaller airports. Since this represents a modification to the State aeronautics account, it would require an administrative modification, if not a legislative action. This concept would also require that certain "self-sufficiency" metrics would be established for the State airports, with funding levels tied to those established metrics.

Obstacles/Constraints: this refinement would require the approval of the primary airports in the State of Washington that would in fact be foregoing State support, in favor of the smaller airports.

Result: this refinement would provide for a more balanced funding allocation within the State of Washington. This would provide for more matching funds at the smaller airports, and the ability to execute capital improvements where they currently may not. This refinement would by itself increase the available grant funding within the State.

2D) Set self-sustaining fee requirements for airports receiving grant funding;

Overview: in this refinement, airports would be held to a commercial best practice requirement that would ensure a proper market rate, return on investment for grant funded projects. Airports that fail to meet their commercial bench mark will pay a self-sustaining fee back into the program.,

Key Components/Steps: this refinement would require an administrative modification to the current grant funding program within the State aeronautics account. It would require the establishment of fair and transparent "self-sufficiency" guidelines and metrics, and WSDOT grant assurances, in order to properly manage the program.

Obstacles/Constraints: this refinement would require a large scale buy in on behalf of the Washington State airport management industry. Since this refinement is far reaching, it would also require a broad base of political support within the State.

Result: the result of this refinement would be a beneficial push to self-sufficiency on behalf of the State airports. This self-sufficiency would provide more local funding availability over time, which would benefit the current funding gap.

PRELIMINARY SOLUTIONS

2. REFINEMENTS TO CURRENT FUNDING PROGRAMS

2E) Reduce sales tax exemption for other construction;

Overview: in this refinement, the specific sales tax exemption for other construction (such as hangars) would be reduced. This refinement would increase the overall cost of other facility construction at the Washington State airports, with the marginal increase going into the aeronautics account to be used for other airport capital development needs.

Key Components/Steps: this refinement would require some level of State legislation that would affect the reduction of sales tax exemptions. This modification would impact both the construction industry, and the airports themselves, although in other facilities, which would not increase the cost of grant funded projects. It would have the overall effect of taxing non-grant funded projects, and allocating the net increase in tax revenues to the grant funded projects at airports.

Obstacles/Constraints: this refinement would impact the construction industry, and be looked at as a "robbing from Peter to pay Paul" kind of funding gap answer.

Result: the result of this refinement would be an increase in the State grant funding aeronautics account, which would have a positive impact on the funding gap.

2F) State of Washington to petition to become an FAA block grant state;

Overview: in this refinement, the State of Washington would be set up to administer all of the federal grant revenue flowing into the state annually. This program refinement would increase the administrative burden for the aviation department, while offering the opportunity to enhance the current federal grant program by providing local control that could expand grant opportunities for specific airports.

Key Components/Steps: the State would need to petition the FAA to become a Block Grant State.

Obstacles/Constraints: as a block grant state, Washington would need to add to its aeronautics division the staff sufficient to administer an additional comprehensive grant funding program. According to title 49 U.S. code, section 47128, a total of 10 states will be allowed into the block grant program. There are currently 10 states participating in the program, so if Washington wanted admittance, it would most likely require a modification to the current federal code to open up additional block grant slots.

Result: block grant states have greater leeway in administering the FAA Airport Improvement Program grants. This leeway would allow for greater flexibility in the types of eligible projects that are accomplished, and would allow the smaller airports a greater range of meaningful and worthwhile projects. This refinement would not add additional grant funding to the State of Washington, but would allow for greater locally directed flexibility in the current Federal program.

PRELIMINARY SOLUTIONS

2. REFINEMENTS TO CURRENT FUNDING PROGRAMS

2G) Modify project screening and evaluation process to allow for more project eligibility;

Overview: this refinement would require modifications to the current process for screening projects. In this new process, the State would work with the FAA to set wider bounds for projects that could be "federally eligible" and "State funding eligible". The new parameters would look to expand project funding in both the Federal and State buckets to include; revenue producing projects; economic development projects, airport business/ strategic planning, and safety/security planning, etc.

Key Components/Steps: this refinement would require direct and continual coordination with the FAA airport district office. In this refinement, State aeronautics staff would work on an ongoing basis to ensure that the grant funding standards used throughout the U.S. are being used in the Northwest region.

Obstacles/Constraints: this would require a solid collaboration between; FAA, State Aeronautics, and the airport management industry.

Result: the result of this refinement would at best be only a small increase in FAA grant funding coming into the State of Washington. The primary benefit would be an expansion of the types of projects that the FAA will support, drawing from best practices in other FAA regions.

PRELIMINARY SOLUTIONS

3. REVISIONS TO CURRENT FUNDING SOURCES

3A) Increase existing aviation taxation rates;

Overview: this optimization method would entail an across the board increase in the current taxation program that goes into the State aeronautics account. This source is slightly different than other tax increase solutions in that it would be a taxation increase for each existing tax source, and it would only apply to the current sources. It is assumed that all current sources would go directly into the State aeronautics account.

Key Components/Steps: this source solution would require state legislation in order to increase the current tax rates. This solution would require a balanced and pro-rata approach to an increase in all current aviation funding sources to include; motor vehicle fuel tax, aircraft registrations, aviation fuel tax, aircraft excise tax, dealers fee, and aircraft registration fee. This optimization of the existing aviation funding sources would represent a more holistic approach to the aviation funding gap. This solution could also be considered in a scaled down manner, if after review and analysis, any of the existing funding sources or groups of sources listed above are considered to not be producing sufficient revenue for their benefits derived. This solution might only target those sources that are in need of producing more tax revenue for their aviation benefits received.

Obstacles/Constraints: this source solution would be in addition to current revenue/tax sources, and be applied across the board, which would make the tax increase somewhat equitable among users. Although it applies to all current taxing sources, it would be viewed by these stake holders as an additional tax.

Result: this solution would provide relief for or completely eliminate the existing funding gap.

3B) Airport Leasehold taxes to go directly into the aeronautics account;

Overview: this optimization method would represent a minor modification to concept 2.B. In this modification, leasehold taxes would no longer go into the general fund, but would be rerouted directly into the State aeronautics account.

Key Components/Steps: this solution would require either legislative and/or administrative action to modify the funding mechanisms going into the general fund and the aeronautics account. This solution would maintain any local taxes as they are, while taking the State portion directly into the aeronautics account.

Obstacles/Constraints: it would most likely prove difficult to modify the funding mechanism going into the general fund, in order to effect this change.

Result: if implemented, this solution would help to resolve current funding gaps.

3C) Revise Fuel Tax Exemptions;

Overview: this concept would raise fuel tax revenue by reviewing and optimizing existing exemptions. This concept would include the commercial operator exemption, but the overall analysis would apply to all stakeholders, so that a more fair and consistent aviation fuel tax base would be in place that would apply to all. Any net increase to tax revenues from this optimization concept would go directly into the State aeronautics account.

Key Components/Steps: this solution would require legislation in order to address existing fuel tax exemptions. The concept would also require an analysis that would attempt to make the new fuel tax base more fair and consistent across the full range of users. This solution could address the current exemptions for; air carriers, air taxi, and air commuters.

Obstacles/Constraints: this solution may pose a problem for any Washington State based high concentration or hubbed airlines.

Result: if administered in a fair and transparent manner, this solution has the potential for resolving the entire aviation funding gap, and allowing the State aeronautics program to grow and offer much more benefit in terms of the amount and type of projects being supported, to the State aviation stakeholders.

PRELIMINARY SOLUTIONS

3. REVISIONS TO CURRENT FUNDING SOURCES

3D) Modify and improve the State aircraft excise tax program;

Overview: this optimization concept would modify the State excise tax program for aircraft. This solution would modify the 1987 legislation that set up the current aircraft excise tax program. This improvement would consider changing both the current rate, and aeronautics account revenue allocation from the current 10% to a total of 100%. This solution would also expand the definition of aircraft in the legislation to include unmanned or drone aircraft.

Key Components/Steps: this optimization concept would require State legislation, and a full analysis of the current excise tax program that would need to be modified, including but not limited to; taxing rate, collection process, and how the tax revenue is being distributed. This solution includes the reallocation of 100% of this fund to go directly into the aeronautics account.

Obstacles/Constraints: this optimization solution would require changes and modifications in the State tax collection process. This solution would also have an impact on general fund revenues, in that the solution recommends revenue that had been going into the general fund will now be diverted into the aeronautics account.

Result: this solution could make solid contributions in resolving the funding gap. This solution could have a minimum impact of an additional $300,000 dollars going into the aeronautics account with the proposed allocation change from 10% to 100%.

3E) Utilizing other State and Federal grant funding sources;

Overview: this optimization solution would require the State to analyze the availability of other Grant sources that would be available for use in the capital development of Washington airports. The solution would also require the development of an alternative grant funding guide book that would be used by the airport management industry to increase their capital funding solutions. The types of grants that might be available would be Federal and State multi-modal grants, Federal and State economic development grants for revenue producing/job producing projects, use of other public grant sources to cover local match, etc.

Key Components/Steps: this source solution would consider and document other capital funding sources, including Federal, State and Private. It would also consider applicability, minimum requirements and availability of other sources.

Obstacles/Constraints: None identified at this time.

Result: this solution has the potential for opening up other grant sources for the State airports, which would have a positive effect on the funding gap. This potential additional grant resource could also be used to match and leverage private revenue producing facility development.

3F) Eliminate Aircraft Registration Exemptions, and Add New Registration Source(s);

Overview: this refinement concept would roll back current aircraft registration exemptions. It would entail a fairer and consistent implementation of aircraft registration fees applicable to all businesses and user groups.

Key Components/Steps: this refinement would require State legislation in order to roll back the current exemptions. Current exemptions apply to numerous aviation user groups, but this solution would be specifically focused on aircraft engaged in interstate commerce. This solution would add unmanned aircraft/drones to the list of eligible aircraft registration sources.

Obstacles/Constraints: Implementing this solution would focus on the interstate air commerce group specifically, which would be viewed as a singular new tax or tax increase.

Result: this tax/revenue base currently only brings in roughly $90,000 dollars in revenue per year. The implementation of this current tax refinement could go a long way toward addressing the aviation funding gap.

4. OTHER POTENTIAL SOLUTIONS

4A) Promote establishment of commissions/ airport authorities;

Overview: this concept is targeted toward airport structure and management. The concept involves using the outcome of the upcoming State airport system plan to better define airport ownership pairs where one large and self-sufficient airport can take on one or several airports that are not self-sufficient as a means of helping the smaller general aviation airport(s) financially, operationally, and administratively.

Key Components/Steps: this concept would require that the State through the outcome of the State System Plan would identify commissions, airport authorities and combined airport systems as best practices for the State airports. This concept would require acceptance by local municipalities in order for a regional airport authority to be established.

Obstacles/Constraints: the State of Washington has no authority to either require or direct local airports to adopt or modify their management charter/structure.

Result: the result of the State airports adopting management charter/structure best practices would be a stronger bottom line for certain airports. It is not conclusive that adopting this solution would positively impact the capital funding gap.

4B) leverage USDOT paving contracts at airports;

Overview: this concept involves the potential for airport projects to tie into Federal and State executed roadway and highway contracts for paving that would take advantage of scale opportunities to lower the unit paving costs for airports.

Key Components/Steps: this solution would require the piggy backing or tagging on to paving contracts that have been competitively bid on either State or Federal roadway projects.

Obstacles/Constraints: the State or local airport procurement laws would need to allow for the piggy backing of paving contracts to those bid under Federal and State contract terms. In any case, Federal contracting guidelines and contract terms would need to be followed if the airport is using Federal grant proceeds to fund their paving projects.

Result: this solution has the potential to lower unit paving costs at airports, which would have a positive impact on the funding gap.

4C) De-Federalize State airports for construction contracts;

Overview: this concept considers the idea of opting out of the federally mandated contract provisions, while keeping safety/security provisions that the FAA would mandate.

Key Components/Steps: this concept would require using other than FAA grant funding on State projects in order to save construction dollars associated with Federal contract provisions.

Obstacles/Constraints: enacting this solution would require Washington State airports to opt out of federal funding for their capital development needs. The constraint in this solution is that if you accept the federal grant money, you must also accept the federal contract terms and conditions. There is no option to opt out if federal money is used.

Result: the result of this solution would be to lower overall contracting costs, but at the cost of not accepting Federal grant monies, the net effect would not reduce the funding gap.

PRELIMINARY SOLUTIONS

4. OTHER POTENTIAL SOLUTIONS

4D) Improve aviation educational/marketing and outreach programs;

Overview: this concept utilizes the various electronic and traditional public outreach avenues to raise awareness in what aviation commerce brings to the State of Washington. The concept also applies to raising the understanding of how vital the Washington airport system is to the public welfare, including; safety, security and overall emergency operations in the State. This concept would also help to bring the message to the public that would be necessary to adopt and execute any funding solutions that would result from this process.

Key Components/Steps: implementing this concept would require certain administrative steps on behalf of the State of Washington.

Obstacles/Constraints: there would be a cost associated with implementing a far reaching public outreach program.

Result: this concept will not resolve funding gap needs, but this concept could be used to make the public aware of which solutions are chosen for implementation.,

4E) Right size airport infrastructure;

Overview: this concept utilizes the results of the upcoming airport system plan to generate and justify improvements to the State system of airports. Among the potential system plan answers, the following list could have a positive effect on the potential infrastructure funding gaps; optimize the number of NIPIAS airports in Washington; balance the number of NIPIAS airports and non-NIPIAS in Washington along the lines of the balance that other states enjoy; work with the FAA to modify NIPIAS standards for airport inclusion as necessary to improve the overall funding potential in Washington State.

Key Components/Steps: the implementation of this concept would be keyed to findings in the system plan. Implementation of any aspects of this concept would require continual and direct collaboration with the FAA.

Obstacles/Constraints: some of the results regarding the right sizing of airport infrastructure that would come from a system planning process would be the subject to local jurisdiction, and most likely not results that could be mandated by the State of Washington.

Result: successful right sizing of airport infrastructure in the State of Washington would establish a manageable infrastructure baseline and would therefore have a positive impact on the funding gap.

PRELIMINARY SOLUTIONS

4. OTHER POTENTIAL SOLUTIONS

4F) Develop a Management Best Practices toolkit for state airports;

Overview: this concept entails a tool kit that would be developed primarily for the non-self-sufficient airports in the State. The toolkit would be offered to these airports as a means of helping them adopt the best practices that would better allow them to move toward self-sufficiency in their capital development programs. Instituting best management practices would allow the State airports to work on the local side of the projected funding gap. A best practices toolkit could address and give valuable information on: OPEX savings techniques; revenue generation techniques; property management, economic development and job creation techniques; administrative and technological best practices, and an assessment of Washington state airports with regard to national best management practices.

Key Components/Steps: implementation of this solution would most likely require the State Aeronautics division to hire a consulting firm to manage and prepare a best practices toolkit. During and following the preparation of the toolkit, an outreach program to the airport management community of stakeholders would probably also be required.

Obstacles/Constraints: none identified at this time.

Result: operational and financial self-sufficiency through the implementation of best management practices could benefit many of the airports in the State of Washington. Operational and financial self-sufficiency would benefit; the current funding gap; the ability for certain airports to raise project funding and local match; and would aid certain airports politically by being less reliant on local municipality general funds.

4G) Investigate FAA funding best practices by region;

Overview: this concept will ensure that Federal funding for airport improvements on a national basis are being administered on a standard basis with regard to the Northwest region. The concept will help to ensure that the Washington state airports are getting the same level of project approval regarding eligibility and funding priorities as all other states.

Key Components/Steps: implementing this solution would require either State personnel, or a consultant to gather information regarding how the federal grant program is being executed in other regions. Typically the regions operate in a standard format, but in some cases certain regions may be leading or lagging in certain aspects. The research team would need to work very closely with the Northwest region of FAA to determine if there are any areas that best practices could be employed in this region.

Obstacles/Constraints: the FAA in the Northwest region may not be open to any form of best practice audit.

Result: to the extent that the Northwest region is lagging in any best practices for executing grant funding programs, the Washington State airports could be the beneficiary of creative concepts being used elsewhere. This could have a positive impact on the funding gap.