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**COMMONWEALTH OF VIRGINIA**

**DEPARTMENT OF AVIATION**

5702 Gulfstream Road

Richmond, Virginia 23250-2400

Virginia Aviation Board Workshop

Tuesday, April 24, 2007

3:00 p.m.

Stonewall Jackson Hotel and Conference Center

24 S. Market Street

Staunton, Virginia

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VAB Attendees on April 24, 2007

- Roger L. Oberndorf, Chairman
- William J. Kehoe
- Richard C. Franklin, Jr.
- Marianne M. Radcliff
- Bittle W. Porterfield, III

Other Attendees:

- John J. Beall, Counsel
- Randall Burdette, Director, Department of Aviation (DOAV)
- Terry Page, FAA

DOAV Staff, Federal Government Representatives, Airport Managers and Sponsors, Consultants, Engineers, State Government Representatives, Business Owners, and City and County Representatives

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24  
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**TABLE OF CONTENTS**

Call to Order..... 4  
    Roger Oberndorf, Chairman

Old Business

New Business ..... 4

Virginia Aviation Board Review

    a. Review of Funding Request.....4  
        Report by Mike Swain, DOAV

2007 AIP Reauthorizations

    a. FAA Position/Comments ..... 8  
        Report by Ben DeLeon, FAA

    b. DOAV Position/Comments ..... 27  
        Report by Randall Burdette, DOAV

Board Members Comments ..... 36

Chairman’s Comments .....39  
    Roger Oberndorf, Chairman

Public Comments and Questions .....40

Adjournment.....46



1           Moving on to page four, the summary sheet, on the list are  
2 recommendations on air carrier/reliever. There are three airport projects,  
3 Richmond, Hampton Roads and Charlottesville.

4           Page five, there are two projects we're not able to recommend,  
5 Hampton Roads.

6           On page six the GA airports recommendations. Three projects  
7 and two airports, William Tuck and Tappahannock.

8           Following that, you'll see numerous spreadsheets indicating  
9 allocations and expenditures and capital program, the facility and equipment  
10 program, the maintenance program, the GA voluntary security program, and  
11 the promotion and air search development program. They are there for you  
12 to peruse at your leisure.

13           If we could turn to Region 1. You'll see a note that says we  
14 received no requests for Region 1. Under Region 2 we received no requests,  
15 and Region 3 no requests. I guess we're all developed out there.

16           If you go to Region 4, we've got the first of two requests. On  
17 the summary sheet you'll see the first request for Richmond International  
18 Airport. We've got one project request from Richmond for an access road,  
19 design/construction in the amount of \$1,074,097.92.

20           The staff recommends funding this project; this is a federally  
21 funded project, be it not with FAA funds, but there are numerous, much  
22 Federal Highway Administration funds. John, are there other funding  
23 sources other than Federal Highway Administration?

24                           MR. RUTLEDGE: There are some state matching  
25 funds.

1 MR. SWAIN: You'll see the breakout is not  
2 consistent with our typical 93 and 2. VDOT has programmed a little over a  
3 half million dollars, making the state contribution 60 percent of the non-  
4 federal share is VAB policy. The VDOT funds, plus the recommended one  
5 million dollars plus, will be 60 percent of the non-federal share, as per Board  
6 policy. There is an additional almost 2.2 million dollars federal funds that  
7 do not require state or local match. The sponsor is contributing an additional  
8 1.3 million unmatched funds. The total project cost is \$17.1 million. And, I  
9 guess, I can explain this project, this is going to be the grade separation for  
10 the bridge access road starting at approximately just past the Aviation  
11 Museum, for those of you that are familiar with Richmond, coming in where  
12 the main access is going to go overhead. I guess the northbound lanes are  
13 going to come underneath that area, and then there's another road that  
14 crosses from where the Hilton is off to the west side. It's basically a bridge  
15 project, and then going south from that area all the way down to Charles  
16 City Road will be four lanes. It's a pretty substantial project. It's been in the  
17 works for quite a while. They received bids, and I assume were awarded.

18 MR. RUTLEDGE: We're going to proceed,  
19 probably the middle of May, we expect to receive authorization for funding.

20 MR. SWAIN: That's John Rutledge with  
21 Richmond International Airport. Staff recommends funding that project.

22 Next, we've got Tappahannock-Essex County. There are two  
23 requests for Tappahannock. The first is Maintenance Equipment Storage  
24 Building (Construction), requesting \$21,000, then Terminal Building  
25 Furniture in the amount of \$25,000. On the maintenance and equipment

1 storage building, the staff recommends funding, and on the terminal building  
2 furniture also recommends funding that project.

3           Region 5. The first request is from Charlottesville-Albemarle  
4 Regional Airport. T-Hangar Taxi Lane (Construction), \$568,311.00, and the  
5 staff recommends funding this project.

6           Next we have William M. Tuck, request for Taxiway Drainage  
7 Improvements (Design/Construction) in the amount of \$49,182.00. Staff  
8 recommends funding this project, basically to clean up some open drainage  
9 pipes and put it all underground near the T-hangar area.

10           Region 6 we received no requests.

11           Region 7, Hampton Roads Executive Airport. For Hangar Site  
12 Preparation for West T-Hangar (Construction), increase from the existing  
13 project in the amount of \$140,400.00. Replacement Runway (Design),  
14 \$28,410.00. This is an AIP project and Wetlands Mitigation, Phase I  
15 Replacement Runway in the amount of \$189,000.00, also an AIP project.  
16 On the hangar site prep for the west T-hangar construction increase, ran into  
17 some really bad soils, which is a pretty decent hangar site prep project, as  
18 well as a couple of other minor changes which will require some signage and  
19 pavement areas down there. Staff recommends funding that hangar increase  
20 project. On the replacement runway design, staff recommends against  
21 funding the project until the environmental assessment is accepted. On the  
22 wetlands mitigation Phase I , staff recommends against funding this project  
23 until the environmental assessment is accepted.

24           That's the last of the requests.

25           MR. OBERNDORF: Any questions from the

1 Board? All right.

2 Randy will introduce the 2007 AIP Reauthorizations.

3 MR. BURDETTE: Thank you, Mr. Chairman.

4 Over the last couple of months Keith and I have had the pleasure, or  
5 responsibility if you will, of attending many conferences and many hearings  
6 on the FAA reauthorization. One of the most recent was the U. S. Chamber  
7 of Commerce, and we got to talking to some of the Treasury and discussing  
8 some of the challenges that the FAA had before it. According to the  
9 Chamber Deputy Secretary of the Treasury, one of the challenges they gave  
10 the FAA is to reduce the general fund contribution for the system and adopt  
11 a cost-accounting process and to further distribute costs of the uses of the  
12 system. When you look at our system and how diverse it is and how big it  
13 is, that's quite a challenge. The FAA has done quite a bit of work in moving  
14 to that end. Today we have the good fortune of having an FAA  
15 representative here to tell us about that work and some of the things coming  
16 up.

17 Terry, would you introduce our guest, please?

18 MR. PAGE: Thank you, Randy. Mr. Chairman  
19 and members of the Virginia Aviation Board, ladies and gentlemen, we have  
20 with us today Benito DeLeon, Ben is what we lovingly refer to him as, Ben  
21 DeLeon. Ben is the office director of the Office of Planning and  
22 Programming for the FAA Headquarters in the Airports Organization. The  
23 Airports Organization is where the grant programs reside, and Ben's office is  
24 responsible for both the AIP and PFC funding side of FAA, all the planning  
25 and environmental work, those types of programs we have. Ben has been



1 kind enough to come down here from Washington to give you a presentation  
2 on the future and what the proposal is from the administration on the  
3 upcoming AIP reauthorization. Would you please welcome Ben DeLeon?

4 MR. DELEON: Thank you for that introduction.  
5 First, I'd like to thank the Virginia Airport Operators Council for the  
6 opportunity of being here today to discuss the administration's  
7 reauthorization proposal, particularly as it pertains to AIP and PFC.

8 What I'd like to do in my presentation is I'd like to cover three  
9 things. I'd like to actually give you a little more insight and some thoughts  
10 that went into the development of my proposal for the AIP/PFC. I'd like to  
11 provide you sort of a high-level overview of major changes in my proposal  
12 going forward. I'd like to also cover some details that really impact the State  
13 of Virginia, and then give you that perspective, also, and go through those.

14 As you well know, we started this proposal on the airport side  
15 in December, 2005. The Airport Organization has a lot of data on airports,  
16 and we have information coming from all different directions and a lot of  
17 meetings concerning airports. We have substantial data on the GA airports,  
18 not as wide a breadth as we do on the larger airports, and we've got data on  
19 the GA. When we started in the summer of 2005 we went into a lot of our  
20 database and pulled out information that gives you a picture of the  
21 information we looked at to develop the proposal. When we started the  
22 proposal, we examined a number of factors that were driving the airport  
23 financing. We looked at capital requirements, especially as it impacts  
24 secondary reliever airports. We also looked at the ability of the airports to  
25 pay. We also talked to Wall Street representatives, representatives from the

1 municipal markets and rating agencies. We also looked at emerging trends  
2 from across aviation. All the parties agree on a few things. They agreed at  
3 that time, looking at the reauthorization that NPIAS, the National Plan of  
4 Inner Airport Systems, a report to be filed with Congress every two years,  
5 they identified the needs for public airports across the country that are in the  
6 NPIAS. Currently we have 3,400 airports in the NPIAS, and that was on an  
7 increase. After 9-11, that was the first time we saw this on NPIAS.

8           Of course, NPIAS only captures, to be federally eligible you  
9 have to have funding available across the country. It went from 39 billion to  
10 42 billion across the country. There's an increase. Since then we've had a  
11 big increase now, but we didn't capture some of the cost, due to inflation and  
12 construction and some of the cost increase we're seeing because of material,  
13 fuel and that type of thing. Also, the parties agree that the demand for air  
14 travel is on its way back. Also, airports were recovering financially, large  
15 median hub airports became financially stable. Even small non-hub airports  
16 have improved their position since 9-11. The parties also agree that airports  
17 need to increase their financial self-sufficiency, reduce their reliance on air  
18 carriers, need to increase the revenue resources, and also federal funds  
19 needed to be better managed with changing trends in aviation. We  
20 particularly need to make sure we were able to cover some of our important  
21 projects, like safety, standards, capacity. Also, develop a system of airports  
22 for secondary reliever airports, target GA investment needs. Also, provide  
23 some initiative for the next generation initiative going on.

24           As I go over the changes that we proposed, the focus was really  
25 to keep AIP funds to the airports that needed it the most. We looked at the

1 non-primary airports and took it to a different level. We wanted to develop  
2 it more as a strategic investment tool. We wanted to update the statutory  
3 discretionary minimums. We also proposed changes to the PFC program to  
4 help airports raise capital. We also want to make some common changes to  
5 the IPL eligible rules and then provide target incentives to airports to be  
6 more active in the next generation transition. Finally, we want to help  
7 airports become more of a vital steward.

8           First of all, we looked at the passenger entitlements, and as you  
9 all know, there is a trigger out there today at 2.2 billion, and what we saw,  
10 and you know that above 2.2 billion the entitlements are doubled and below  
11 half. We want to preserve this level entitlement, and we propose removing  
12 the trigger, one of the things in the reauthorization.

13           The second thing is that we looked at the small airport fund,  
14 which is tied to the return entitlements coming back to the large median hub  
15 airports that feed the small airport fund. We saw a real important need for  
16 the small airport fund because we're able to reach a lot of smaller airports  
17 with the amount of money. The proposal includes a dedicated small airport  
18 fund that's 20 percent of the AIP de-links it from the PFC return.

19           We also looked at some of the set-asides, and we recommended  
20 elimination of some of the outdated set-asides. Two of them in particular,  
21 one of them is a reliever set-aside. If you look at the AIP program, it's  
22 roughly six million dollars. We consistently over the next five years or so  
23 are putting over a hundred million dollars toward the relievers. So this  
24 outlived its usefulness, and we recommend elimination of this set-aside.

25           The second set-aside that we're asking to be removed or

1 eliminated is the military airport program set-aside. I can explain the details,  
2 but what we're asking is that we want to retain eligibility for that program,  
3 and we feel that's the strength of the military program, but we wanted to  
4 eliminate the duplication of tracking it on a separate system. From our  
5 standpoint, the MAPSA program is still good, if we can retain the eligibility  
6 requirements. So, as you all know, when the Department of Defense closes  
7 facilities, civilian population moves in to reuse it, and we've been very  
8 successful in taking that money and taking bases and bringing them up to  
9 standards to compete like other airports in the AIP program. We fund things  
10 like fuel farms and utilities, we want to get it up and running. It's been very  
11 successful. So when we say eliminate the NPIAS program, we're saying the  
12 tracking will be eliminated, but the eligibility requirements remain in the  
13 program. We didn't see any need to continue the subsidies that came out of  
14 9-11 where it increased the percentage of participation for grants 95 percent.  
15 The 95 percent after 9-11, and it sunsets after 2007, and we're not  
16 recommending to continue with that, because the calculation we run, that  
17 extra 5 percent takes off another hundred million dollars to put in other  
18 projects across the country. We'd like to see that returned to 90 percent.

19 We also looked at phasing out passenger entitlements for the  
20 large airports over a two-year period. These are the large median hub  
21 airports. A lot of these airports, as you know, are ready to implement PFC  
22 of some sort, and they have returned some of the entitlements right now, so  
23 that a large median hub that has 450 PFC returned 75 percent of the  
24 entitlement today, and the median hubs that have at least a three dollar PFC  
25 returned 50 percent of their entitlements. As you'll see later on when I cover

1 the PFC program, an increase of the PFC program outweighs the phasing out  
2 of this return entitlement.

3 We also looked at the non-primary entitlements, and this is  
4 where there's a lot of discussion today by a lot of the aviation organizations.  
5 Again, this is our proposal, and you can look at our data to tell that. You  
6 have to keep in mind that when we put a proposal together we put it together  
7 as one puzzle, it all fits together, and all looks together, and all works  
8 together. You can pull pieces out if you want, but the more you pull out, the  
9 less likely it will work. Keep that in mind as you go through this, it's just a  
10 discussion of our proposal, based on our information. When we looked at  
11 non-primary entitlements we wanted to prepare the small airports for the  
12 next generation and the emerging markets, especially the light jets, air taxis,  
13 and the fractional ownerships. We wanted to develop a robust system of  
14 airports. If you look today at all the airports that are in the NPIAS that are  
15 general aviation, they have the ability for a \$150,000.00 match on the non-  
16 primary entitlements. Over the years you'll see that the air traffic increased.  
17 A lot of these airports get up to \$150,000.00 maximum of non-primary  
18 entitlement. There is no differentiation between size of the airport, the role  
19 of the airport and the capital needs of the airport. If you look at the largest  
20 general aviation airports, you'll see a lot of them provide commercial  
21 services to small communities, they relieve congestion at primary airports,  
22 and they act more as a small airport. If you look at their needs, they make  
23 up half of all capital needs of the general aviation system. So the proposal in  
24 the administration includes kind of a tier approach. I could walk you  
25 through some of the details, and I think you might be interested in it, but

1 you've probably done an evaluation of your own.

2           We have a four-tier approach that we'd like to propose for the  
3 non-primary entitlements. That includes 3,100 airports across the country.  
4 The first tier we're talking about, which is a general aviation advance, is the  
5 airport that has at least 100 based aircraft, and right now that would cover  
6 roughly 540 airports across the country, and in the State of Virginia that  
7 would be nine airports here. The proposal is about \$400,000 minimum of  
8 non-primary entitlement.

9           The second category proposed is a general aviation intermediate  
10 category, which includes airports 50 to 99 based aircraft. Across the country  
11 that's about 375 airports, and in the State of Virginia there are five airports  
12 that fall into this category, and what the recommendation is, is a minimum of  
13 \$200,000 on the non-primary entitlement per year.

14           The third category, general aviation basic, airports that have 10  
15 to 49 based aircraft, and across the country in that category there are roughly  
16 about 1,445 airports that fall in that category, and in the State of Virginia it's  
17 18. The proposal recommends \$100,000 annual NPD.

18           The last category, general aviation limited, and these are the  
19 airports that have zero to nine based aircraft. The proposal by the  
20 administration does not recommend an annual appropriation of NP for these  
21 airports. There are roughly 750 across the country and seven in the State of  
22 Virginia. So further, we then didn't want to forget these airports, so what we  
23 did in the proposal, even though they have no NP annually, we want them  
24 still to be eligible for state-apportioned dollars and discretion dollars. We  
25 also want them, if there's a project that comes out of that category, but it

1 would be at 95 percent matching. Further, we wanted to make sure that the  
2 state apportionment eligible, at least the fuel farms and the hangars are still  
3 eligible for state apportionment dollars. We haven't totally forgotten them,  
4 but it's just one of the things we looked at, and we wanted to provide and  
5 help out the airports.

6 We also looked at the minimum discretionary set-asides. The  
7 current statutory set-aside is 148 million, set back in the '80's. It was set  
8 when the AIP was about half the size it is today. What the proposal going  
9 forward recommends is a minimum of 520 million dollars discretionary.  
10 What this does for us, it allows us to cover a lot of the high priority projects,  
11 such as safety, security, capacity and environmental projects, including the  
12 letter of intent that we have today.

13 The other thing we looked at, we looked at the state  
14 apportionment dollars. One of the things about the state apportionment  
15 dollars, we found out that by reviewing sort of our history. Back in the year  
16 2000 there were no non-primary entitlements in 2000. Of course, the AIP  
17 was roughly 1.8 billion dollars at that time. The state apportionment set-  
18 aside for that year was roughly 340 million dollars. Then you move over to  
19 2001 when the AIP program was roughly 3.2 billion, then you have the non-  
20 primary entitlements. The total state funding jumped up to 625 million  
21 dollars, and the state apportionment was 356 million, and the non-  
22 entitlement was roughly 269 million, non-primaries were 43 percent of the  
23 total state funds.

24 Looking at 2007, a lot of people started putting projects  
25 together into the NPIAS, so they've got more money set aside. So in 2007

1 we have an AIP bill of 3.5 billion, and 20 percent off the top goes to state  
2 apportionment non-primary, and that amounts to roughly 678 million  
3 dollars. The state apportionment was actually 269 million. The non-primary  
4 apportionment or set-aside is 408 million; they now become a factor of 60  
5 percent of the total state funding. Between 2001 and 2002 the overall state  
6 apportionment funding dropped roughly about 100 million dollars. So our  
7 recommendation going forward in the state apportionment was to at least  
8 maintain a minimum of 300 million of state apportionment dollars, and not  
9 let it drop further than that. It's very important that we have money set aside  
10 for the states so they can be covered. We want to make sure that's available.  
11 They can use that on any airport across the state in order to meet their  
12 priorities.

13 The other thing we looked at, obviously, was the PFC,  
14 passenger facility charge. We have a three-part reform to the PFC. One  
15 thing we want to do is raise, or we suggested raising the PFC to six dollars.  
16 The last time it was actually raised was in the year 2000, and over the years,  
17 due to construction and inflation costs, so the four fifty PFC is worth less,  
18 maybe two dollars, and your three-dollar PFC is probably worth roughly a  
19 dollar and a half. So what we suggested was that we raise the PFC to at least  
20 six dollars, and that should provide at least an additional 1.5 billion dollars  
21 across the country. For the State of Virginia, if you look at what you  
22 collected there, the PFC and the IPA, it's roughly about 120 million dollars.  
23 Then if you implement the six dollar PFC charge across the airports, it'll  
24 come up to about 160 million, which provides about 40 million dollars more  
25 toward the airports in the State of Virginia.



1           The step two part of the process is that we wanted to expand the  
2 PFC eligibility and treat the PFC revenue more like airport revenue. There's  
3 a lot of controversy on that, and you probably have seen this in the news and  
4 probably heard about it, and so on. The thought was to collect a little more  
5 PFC and provide the airports a little flexibility. If you follow the news, it's  
6 controversial. It's funny that rental car facilities or parking garages, some  
7 people do not look at it as being positive, and others do. There's a big  
8 discussion on that particular issue right now.

9           The third step of the PFC program, we wanted to streamline the  
10 application process. Today there's just too much paperwork in it. The first  
11 attempt to streamline the process was a pilot program, we streamlined that.  
12 The non-pilot program process that only takes 120 days to produce the  
13 application process and approve it, now it's down to roughly about 35 or 33  
14 days, which is fantastic. What that does, it allows the airports to generate or  
15 collect some money and put it towards the project needs, and that's the good  
16 news story. We want to follow up on this and do that with a full PFC  
17 program. What we want to do is replace the application system with report  
18 and an implementation system. Just what does that mean? That means that  
19 instead of submitting application by application, what the airport will be  
20 required to do is they'll file a report with the FAA and the airlines, basically  
21 stating what they've done with the PFC and what they plan to do with the  
22 PFC in the future. The airline people will get an opportunity to weigh in on  
23 those. If there is no controversy on that, we can proceed with the  
24 implementation without any further process. If there's some pushback on it,  
25 then obviously we'll have to review those comments. Until the FAA makes

1 a decision it could still go forward; that's one thing, and if the decision goes  
2 against the airports, then the funds can be used elsewhere or returned.

3 We looked also at replacing the current system of the individual  
4 amendments for PFC, there'll be a report. We looked back at 2006, and we  
5 noticed there were about 250 amendments across the country, which is really  
6 time-consuming. If you look at the PFC amendment process, it's confusing.  
7 So we'll save some time that's consumed in this process overall. We also  
8 wanted to expand the eligibility for the PFC to include ground projects. We  
9 had a lot of discussion about the real projects. A couple of things we  
10 recommended was to eliminate the users' requirement, that be eliminated,  
11 and also the airport ownership system, which will help this process  
12 completely. We've also suggested some eligibility changes to enhance the  
13 self-sufficiency funding the federal mandates. Some of them are credit card  
14 abusers at the pump. Today you go to a gas station and take out your credit  
15 card and run your card, and there's no person there. So what we want to do  
16 is make it eligible at the fuel farm at the airport.

17 Hangars are a confusing thing. If you look at hangars, you have  
18 a few options. You've got hangars that are owned by somebody else, and if  
19 the airport wants to relocate them, we pay for relocating the hangars. If the  
20 hangar is owned by the airport, then we pay for the demolition of the hangar.  
21 Nowhere do we pay for rehabbing the hangar. What we did was clean that  
22 up and offered all the opportunities there. Hopefully, that cleans that up a  
23 little bit.

24 Also, the unfunded mandate on fuel spill containment, we  
25 wanted to make that eligible, too. Then we also talked about the noise land

1 disposal assurance. Today, what you see is if you buy noise land noise  
2 funding, and then you sell the land and you reimburse the trust fund, which  
3 never comes back to aviation. So, the proposal is that if this happens in the  
4 future, then you'll have a couple of options. If you go through the trust fund,  
5 you have the option of selling land and taking the proceeds and buying  
6 additional noise land on the airport. If you don't have additional noise land,  
7 then the next option would be to fund eligible AIP projects, and if you don't  
8 have any of those, then it goes back to the trust fund. At least you have the  
9 option to use the money before it goes back to the trust fund.

10           The other thing is we had a situation where the airport goes  
11 from a non-hub, a small hub or a median hub, because there are different  
12 rules for it. We don't want that penalty, so we cleaned that up so it would be  
13 a little more understandable.

14           We've also looked at the next generation challenges at the  
15 national level with other departments and the need to broaden the AIP  
16 eligibility to cover ground stations that are not covered by our federal  
17 counterparts.

18           ADSD is the broadcasting, and the box is put out by the airport,  
19 and the boxes send out a signal of where certain aircraft are to other aircraft  
20 in the area, so you always know where you are in relation to other aircraft.  
21 That enhances safety and makes eligible under the AIP.

22           We're also looking at developing a pilot program for the  
23 terminal takeover for ten large airports. The thought of this is to see if there  
24 are some large airports that will take over the terminal navigation and  
25 weather equipment at the airport, and then we provide the opportunity for

1 them to pump up the PFC to seven dollars. A pilot program sets that out.

2 Then we're also looking at the environmental side of the house.  
3 Right now the environmental set-aside itself is set at 35 percent of  
4 discretionary, and varies after everything comes off the top. We recommend  
5 at least the eight percent AIP off the top so there is a consistent set-aside for  
6 the environmental. And then we want to broaden the eligibility of the  
7 environmental system and wider requirements. Then in the set-aside do the  
8 research on the noise issues, five million dollars set aside to cover that.

9 We had a Part 150 noise study done, and some of you are  
10 familiar with that. Some recommendations came out of the 150 study to  
11 change the procedures and do something with air traffic and implement it.  
12 We want to make that if procedure requires an EIS to be changed, we'll fund  
13 it under AIP and finish it up.

14 That's sort of a high-level review of what's going on. The other  
15 thing I would mention to you is that we have the national initiative going on  
16 right now, and it's important that we know that there are base aircraft out  
17 there at the small general aviation airports. Currently right now nationally I  
18 think the report, roughly about 55 percent nationwide. I have a report here  
19 that says the State of Virginia is closer to 70 percent, a report out on the GA  
20 airports. We're making progress on that, and its a slow process, but it's  
21 important to collect the information that currently exists in the 50/10 sites. It  
22 may not be the current data, but we try to get that collected.

23 We've also looked at a number of options, and the questions we  
24 get from a lot of people in regard to the aviation fuel cells, we weren't able to  
25 capture the database that collects that information. We looked at the

1 runways and the square footage, but it seems like base aircraft today, we  
2 have a good handle of activities for those airports. We'd like to go to the  
3 operations, but we can't at all GA airports, because there is not a tower at  
4 each location.

5 Another thing I wanted to mention, if we remove impediments  
6 at the large median hubs, will they be eligible for discretion dollars? The  
7 answer is, yes, they are. We still feel like at the large airports there is a big  
8 need for paving rehab, and the discretionary pot of money can still be used  
9 to take care of those airports. One change in the proposal is that if you rehab  
10 the runway, doing that is pretty expensive at the larger airports. We made a  
11 recommendation that the AIP participation be a 50 percent match on those  
12 runways. Today at the large airports it's 75 percent of AIP, but on those  
13 large projects, we are in the 20 to 40 percent range, there is some funding  
14 provided from other sources to make up the difference.

15 Another question I get a lot is 2.75 billion dollars. As we talked  
16 about earlier today, we were asked to do 2.75 billion and we, you have to  
17 look at the whole package. The PFC's are going up, and the entitlements in  
18 the larger are going away. We've increased the smaller airport fund, we  
19 stabilized the state apportionment dollars, we're sharing all the non-primaries  
20 and getting some of the funding. If you look at the whole package, stepping  
21 back, what we're proposing to go through with is 2.75 will work. We will  
22 still be able to get our high priorities and maintain them.

23 So, with that in mind, that sort of concludes my presentation.  
24 Thank you, very much, for the opportunity to be here. I guess you'll have an  
25 opportunity to ask questions at a later time.

1 MR. OBERNDORF: Does the Board have any  
2 questions?

3 MR. BURDETTE: On the base aircraft report, we  
4 don't count the helicopters, the ultra-lights, and does not count the, Virginia  
5 has 300 and some private use airports and where aircraft are based, and  
6 there's no affiliation to close the airport, so there's no way of counting  
7 helicopter, ultra-lights, and community aircraft that use that airport as far as  
8 the base. Is that correct?

9 MR. DELEON: That is correct. That's one thing  
10 we've got to look at more closely. The other question is, you have seasonal,  
11 you have more in the summer and then you have the winter; the question is,  
12 do you count them?

13 MR. BURDETTE: I think it was said they would  
14 double count it --

15 MR. DELEON: -- I think that's the commonsense  
16 approach. We're talking right now a 60,000 foot level; if this is passed, there  
17 has to be some discussion. Those are some of the details that need to be  
18 flushed out. I think if you look at the State of Virginia you have a lot of  
19 aircraft here already. That's looking at the database. I think overall if you  
20 look at the proposal, forget the 2.75, and you take the proposal and run it  
21 against the 2.5 billion dollar program, your state apportionment non-primary  
22 actually comes above what you have today.

23 MR. MCCREA: Were there internal discussions at  
24 headquarters wrestling with the idea of what method to use, when you look  
25 at the base aircraft it's not necessarily equitable or fair in terms of what the

1 airport community, or the communities vying for the airports' value. I know  
2 it's tough to come up with some kind of -- but I'm curious what kind of  
3 internal debate, if any, occurred.

4 MR. DELEON: We had a lot of discussion on  
5 that, and that's what I was saying earlier. The primary airports are the largest  
6 airports; we've had many discussions on that. But the GA airports are really  
7 difficult. It's really difficult to get a handle on it. When you look at  
8 runways, there are some GA airports across the country that are small,  
9 maybe 20 based aircraft, that have three or four runways, and what does that  
10 mean as far as maintaining three or four runways? Some GA airports had  
11 10,000-foot runways. You could debate if they need a 10,000-foot runway,  
12 but we had a lot of discussion on that.

13 If you can recall, years ago, prior to the AIP, part of the system  
14 did look at the aircraft and the operations. As far as funding, that's not new.  
15 The best thing to come up with now, and we're certainly interested in  
16 hearing other thoughts on it.

17 MR. MCCREA: My comment was the value to the  
18 community of access to the National Air Transportation System is one that  
19 not necessarily will cost with 30 airplanes. Corporate aircraft come and go  
20 and frequently have to deal with that. I don't know that I have a way to have  
21 a method to measure that? But I would offer that the based airplanes --

22 MR. DELEON: -- That's a good point. We need  
23 to maybe take one step further back, but when you're talking about the non-  
24 primary entitlements, there is still a discretionary part of this equation. You  
25 might have to track that down and measure that. You might have to factor in

1 the need for, we've got aircraft that need a lot more than that to land at the  
2 airports. I should compete for state apportionment very well and  
3 discretionary very well.

4 MR. BURNETTE: This is kind of a follow-up to  
5 what Keith was talking about. To the nine airports in Virginia that would  
6 plus-up, especially the relievers. Those airports would compete very well  
7 for discretionary money for their major projects, yet, you're plussing up your  
8 non-primary entitlements; it doesn't add up there.

9 MR. DELEON: When you look at a couple of  
10 things from, it doesn't look that way, when you look at the higher end  
11 relievers and commercial airports on that end, and developing projects is  
12 very expensive, for one thing. A small GA airport, you're not going to put in  
13 a new runway. There is a difference in projects, for one thing. We looked at  
14 the entitlement dollars from previous years, and we think, roughly, and I'll  
15 have to look at the numbers here, I think last year we had roughly about 450  
16 million carryover of unused entitlement dollars. Out of the 450, roughly 50  
17 percent of that was NP, and then if you look at the NPE carryover, roughly  
18 about nine million was lost. When I say lost, it wasn't used in a four-year  
19 time frame. It was just our take on the different roles and costs of the  
20 airports, versus the other ones.

21 MR. FRANKLIN: The thing that Keith is talking  
22 about, and I represent in Virginia mostly small rural airports, we could close  
23 them up if it was based aircraft today, a lot of them. But it's because of an  
24 economic benefit that's not considered at all in the scenario. As an example,  
25 airport A has a plant downtown that's located and employs 1500 workers



1 because they've got a jet runway. You're seeing in the rural areas that that  
2 tool in the Virginia Department of Economic Development is using those  
3 things to draw economic activity to rural areas. What you do when you do  
4 this is that you cut them out of the pie altogether. They don't qualify very  
5 well for discretionary, and you don't give them any benefit for economics.  
6 That's what I see, as far as failing. We all know that what will come out will  
7 probably be something totally different than what went in.

8 MR. DELEON: That might be true, but I think  
9 you make a good point. Again, when we look at airport improvement  
10 programs, it wasn't meant to fund everything in the world. It was to generate  
11 and help foster aviation.

12 Going back to your discussion, if you have an airport out there,  
13 even if you have nine based aircraft and somebody moves in and says I need  
14 extended runway, I can land X, Y, Z aircraft. I will provide those  
15 operations, that speak well for state apportionment and discretionary, beyond  
16 the non-primary.

17 MR. SWAIN: Was there any consideration to  
18 weighting the type of based aircraft?

19 MR. DELEON: There is a provision under one  
20 category, if you had three jets at that location, that would jump you up right  
21 away. There is a provision there for jet aircraft.

22 MR. KELLY: As a follow-up to what Randy was  
23 talking about, if you start basing the funding on based aircraft, you've got to  
24 be careful about how you define based aircraft. If I've got 97 aircraft, it's  
25 worth \$250,000 to me to go out and buy three derelict aircraft and park them

1 somewhere to get that ramp to get that extra \$250,000.

2 MR. DELEON: That's your prerogative if you do  
3 that. You're right, we're not going to have the inspectors go out there and  
4 open up all the doors. We're going to count on you to give us the right  
5 numbers.

6 UNIDENTIFIED: Is any consideration given to a  
7 special category for airports that don't have a high number of based aircraft  
8 but have a significant number of operations, seasonal service?

9 MR. DELEON: Again, remember that we're  
10 talking about non-primary entitlement. The seasonal side of the house,  
11 really, if you look at some airports that are small and don't have many  
12 aircraft, might have more in one part of the season so they have a surge of  
13 operation, not so much all year long, but they have a surge in operations.  
14 Forget the non-primary entitlement, you'll do well for state apportionment  
15 and discretionary dollars, and that's going to put you in a different category.  
16 It doesn't work everywhere. But, if it's a seasonal airport, essentially, it will  
17 do very well for a project.

18 MR. BURNETTE: Is there any special provision,  
19 or what I would call special case, like an Indian Reservation in the western  
20 part of the country where they're isolated? Like our own Tangier Island,  
21 which relies on all the medical services that they receive, and doctors and  
22 dentists, they all fly in. Those communities that are isolated, are there any  
23 special provisions for those folks that they would receive this special  
24 consideration? I know you'll tell me that, well, the discretionary rate is 95  
25 percent versus 90. All that does is reduce the local share and the state share

1 a little bit, which is helpful. Is that being considered, or something you want  
2 to change?

3 MR. DELEON: It's been considered, it's not final,  
4 and I think it's something we have to look at. There are airports out there, by  
5 access, how do you measure the access, and that's important. Medical is an  
6 important initiative. We have an initiative right now up in Alaska; they've  
7 identified 20 airports, and in the next five years they want to bring up the  
8 standards, because they have to bring in emergency vehicles and aircraft and  
9 food, and that's a lifeline. We felt so strong about it we put it in our business  
10 plan, and we're helping fund 20 airports in the next five years. You're right,  
11 it's something that has to be considered.

12 MR. OBERNDORF: Anyone else have questions  
13 or comments?

14 Alaska came to my mind, also. We have a situation in Tangier  
15 Island that's significant. They may have one based aircraft, but they depend  
16 on the airport as their lifeline.

17 Any other Board members have comments? Thank you.

18 MR. BURDETTE: I want to thank Ben for coming  
19 down here and telling us some of the things that went into the making of the  
20 reauthorization, and it is a difficult process. If any of you have been  
21 involved in either the DOD process or the federal process or developing the  
22 government budget, you get some significant guidelines from on high  
23 sometimes, and you have to do the best you can to meet the requirements.

24 We took a look at the next generation air transportation system  
25 financing format for 2007. We went through it and tried to get out the things

1 that were most important to Virginia. Ben mentioned some great things in  
2 the program and a lot of housekeeping in the program, and we're glad to see  
3 that.

4 A little bit of overview, the 88-page bill with 39-page analysis.  
5 I would not recommend starting to read this thing late at night, and it is a  
6 very voluminous document with a lot of detail in it. It does have a cost  
7 focus, and probably looking at what Keith and I have done, probably the  
8 most sweeping changes in AIP since it was instituted in 1982. So, there are  
9 a lot of changes in the program.

10 There is a significant cost shift to general aviation. In talking to  
11 the administrator and listening to the various presentations we've had, the  
12 proposal says basically that the airlines use a lot less of the services than  
13 they're paying for it, they say they are paying 97 percent and using  
14 approximately 74 percent of the services. By comparison, they say general  
15 aviation is paying three percent and using sixteen percent of the services,  
16 based on ATC calls and requests for services. This proposal lessens the  
17 general fund contributions over what we've seen in the past, and overall what  
18 we've seen in the program has a decrease in overall funding of the program.

19 The titles are much the same as you've seen before,  
20 Authorization User Fee Authority, Airport Improvement Program  
21 Amendment, Management Organization, Aviation Safety, Security, Capacity  
22 across the board, Environmental Stewardship, Aviation Insurance, Service  
23 Improvements, and of course, the Internal Revenue Code Amendments.  
24 Some of the authorizations, these are things you've seen before, like safety,  
25 operations, research and development, programs that are ongoing that we're

1 used to, airport improvement program, airline data analysis, Office of  
2 Commercial Space Transportation. The only thing different in there really is  
3 the transition to support the new system, transition to user fees. Providing a  
4 short-term authorization from the general fund at 1.36 billion dollars for the  
5 FAA during the initial two months, 2009. That 1.36 billion dollars will be  
6 paid back, and there'll be a special fee by the end of 2009. So that's over the  
7 cost of the operations have to be added as well.

8 Title II talks about the User Fee Authority, and this talks about  
9 some of the fees that the FAA administrator may impose. They have the  
10 requirement to take a look at the system to see how best to mix these fees,  
11 and here are some of the things they are told to consider: type of air space to  
12 be utilized, terminal or enroute; the type of operation, whether commercial  
13 or general aviation; they have the breakout there; distance traveled; weight  
14 of the aircraft. Airline guys are not in favor of the weight of the aircraft in  
15 the discussion there. Takeoffs and landings at airports over 100,000  
16 passengers annually, there is a surcharge to help reduce the congestion, if  
17 you will, large hub to accommodate the day of the week. What that is  
18 focusing on, if you're going into a large hub airport, if you go during the  
19 peak hours there would be a surcharge for the congestion, for lack of a better  
20 term. Nighttime operation premiums, and doesn't specify the reduction or  
21 increase in nighttime operations. There'll be a surcharge for the transition  
22 period, two months at one point, 3.9 billion dollars. Of course, there is an  
23 incentive there for lower fees for avionics to increase safety or increase  
24 capacity. If the FAA administrator says 80SB is the best thing in the world,  
25 if you're quick with this, we'll give you a tax credit or a fee credit, that's one

1 way to encourage people to update their aircraft.

2 Some fees in existence, military. Any aircraft considered public  
3 use, air ambulance, exempt from fees.

4 General aviation, the FAA did listen and said, hey, we're  
5 comfortable with fuel tax. They say in order for general aviation to cover  
6 our share, we're talking about 70 cents per gallon on fuel use. There will  
7 also be a fee for general aviation going into large hub terminal air space, that  
8 is the terminal operations and landing fees and air space operations, if you're  
9 going into a large terminal air space, they'll be charged a fee for that. There  
10 is also a provision in there if the fee collection fuel tax and the air space are  
11 not sufficient, then an additional air space fee can be imposed to make up the  
12 deficit.

13 Fee adjustment, the administrator is charged with adjusting the  
14 fees to accomplish the consumer price index so that will grow as the costs of  
15 operations grow and adjust for actual expenses at the end of the year. We  
16 discover it costs more to provide those services than anticipated, and the fees  
17 would be adjusted in the coming year to account for these expenses. And  
18 the third time is when the Air Transportation System Advisory Board  
19 recommends an adjustment. You have three times when the administrator  
20 can adjust the fees to account for costs.

21 Borrowing Authority, this is a new operation. This is a five  
22 billion dollar bonding authority granted to the FAA. So, upon looking at the  
23 next generation having a plan, they can bond and get things supported and  
24 have a constant flow of cash. That bond is related back to user fees and  
25 must be repaid by the end of the year 2017. Talking about 2009, an eight-

1 year bonding process.

2 If I misquote anything, feel free to jump right in.

3 Airport Improvement Program Amendments. PFC increase  
4 proposed from \$4.50 to \$6.00 as been mentioned. PFC increase to \$7.00 if  
5 the airport will accept responsibility for the federal aviation. This is an  
6 incentive for large airports to take control of landing facilities and navigation  
7 systems and landing lights and things of that nature that the FAA may  
8 currently own and maintain. It also talks about broadening eligibility of the  
9 PFC to include ground access projects, rail to the airport and roads to the  
10 airport, and also includes possible eligibility to include mobile truck  
11 containment systems. It does propose a joint federal share down to 90  
12 percent.

13 The airfield payment rehab, airports would go from where they  
14 are now, 75 percent funds from the FAA to 50 percent funding. As Ben  
15 mentioned, 95 percent non-primary airports no longer receiving entitlement  
16 funds. Virginia, that goes to five airports with the ten-aircraft cutoff. If you  
17 have less than ten based aircraft, you get no apportionment; 10 to 49,  
18 \$100,000, 50 to 99, \$200,000; 100 or more, \$400,000. Increase the  
19 minimum AIP discretionary funding from \$148 million to \$520 million.  
20 Eliminates reliever airports set-aside, that Ben mentioned, as well. The ASB  
21 support from the state apportionment funds, nine percent federal share.  
22 That's going to encourage the airports to help put in ADSB at various  
23 locations, one of the things we'll talk about shortly. That would enable  
24 MWA to participate in the AIP program.

25 Title IV, the creation of the Air Transportation System

1 Advisory Board, this panel will provide structure. It is a 13-member panel  
2 comprised, as you see here, of members that the FAA has determined  
3 represent the system. The FAA administrator, the DOD representative, three  
4 personnel, that's not very well defined in the bill, and that is to be defined by  
5 the administrator. A member from the airport community, a member from  
6 the air carrier major group, national group, and a regional group, members  
7 from the air cargo airlines, general aviation community, business and the  
8 aviation manufacturing community. Those 13 would be overseeing the fee  
9 structures, what type of fees are put in, how to measure and how to collect,  
10 and things of that nature. The Air Transportation Systems Advisory Board,  
11 safety program, operations, and as I mentioned earlier, fees. One of the key  
12 provisions is that this board nor the FAA administrator or secretary, with  
13 decisions from that panel, would be subject to judicial review. There is no  
14 possibility, if you will, going back for judicial review once the decision is  
15 made.

16 A management organization, JPDO, an annual report on how  
17 the FAA, budget support, operational implementation and improvements for  
18 the next generation, and the director of the JPDO would be a voting member  
19 on the council and the executive council.

20 Title V, identify the pilot program for market-based  
21 mechanisms, such as – was not clear about pricing and fees if you come in at  
22 a congested time or come in at a peak time. If you're coming in during a  
23 peak time and coming into a congested airport, you may have additional  
24 fees. The surplus revenues from those types of pilot programs will be for  
25 airport-related projects or any project the secretary finds is in public interest.



1 So the escrows, as defined in this bill would, be used for general aviation or  
2 anything that the secretary defines as public interest.

3 Title VI, Environmental Stewardship, the airport research  
4 program, \$50 million for R & D. Streamlining the environmental reviews  
5 for airport capacity programs. Try to streamline the process and be more  
6 responsive. AIP, a pilot program for noise, air quality, water quality, the  
7 airport environment. The FAA's share on those types of studies and those  
8 types of programs will be 50 percent. The FAA technology goal, aircraft  
9 required for cleaner and more efficient operation, and that's good news.

10 Aviation Insurance, third party, I believe, is \$100 million. This  
11 is a five-year extension on an existing program.

12 The essential air service has been reformed and extended to  
13 include some restrictions that you don't see now, and how the system can be  
14 utilized.

15 Title IX, a tax on aviation gasoline, seventy cents per gallon,  
16 and takes it out to 2008, up nineteen cents a gallon currently. Sets the tax  
17 rate for jet fuel used in general aviation. Sets the tax rate for jet fuel used in  
18 commercial aviation, 13.6 cents per gallon.

19 I looked over some of the Department of Aviation's positions  
20 on user fees. We oppose the new set of user fees as to air space facilities.  
21 We're concerned with reference to these fees, and prohibit access, if you  
22 will, to some airports and some of the issues with general aviation. Reduce  
23 safety, restricted access to the national system. The reduce safety part, as we  
24 discussed some of these things already we've heard pilots who miss  
25 information, I'm not calling ACT, because every time I call they count that

1 against us, so I'm not going to call this or that, so that could be something  
2 that could reflect safety.

3 We oppose a tax increase, and it looks like a 350 percent  
4 increase, and that's a big chunk to take in one year, and we recommend  
5 maybe as a compromise an increase of no more than 50 percent or 29 cents a  
6 gallon and have some way of getting where we might be able to allow the  
7 GA to grow to this new role.

8 Thirty, we strongly endorse this provision in the bill, and we are  
9 concerned about authorizing this debt without a next generation plan of  
10 execution. There are no provisions for paying off that debt. We're a little  
11 concerned, and it's not detailed yet to say we'll get a bond, and we'll figure  
12 that out later. The PFC increase, and as far as the bill and working with the  
13 staff and other agencies, we agree that an increase of \$7.50, instead of \$6.00  
14 proposed, may be very, very beneficial. Surprisingly the ATA went and told  
15 the airlines, and we're not opposed to it, either. We endorse the concept in  
16 the PFC usage, as long as it can be tied to the goal of increasing capacity and  
17 passenger input and not utilized for revenue-generating facilities. There is a  
18 discussion on what that can be used for, as far as the PFC user fees. The  
19 government share, we're opposed to the 90 percent federal share requiring  
20 larger local share from small airports, may prevent them from participating.  
21 We already have airports that are struggling to provide with a two percent  
22 share, and some can't. Small airports will not do as well as larger airports  
23 with the discretionary funding. I think it's one of the things that our system,  
24 and many other states have a system that gives you credit for based aircraft,  
25 and smaller airports just don't compete well against the big guys, and this

1 might be a challenge for them. Our share would go from three percent to  
2 now six percent, the amount we have would go less distance and would hurt  
3 the smaller airports.

4           The non-primary entitlement, when the FAA proposed this  
5 program we believed the program would work well and all airports would  
6 get some discretionary funding; even some of our good friends here would  
7 be recipients of \$450,000.00. I don't think we'll have a case where we're  
8 turning away air carriers or turning away relievers in great numbers because  
9 they can't get the money. This additional \$250,000 would go from top to  
10 bottom. We don't believe it's in the best interest to give the money to the  
11 larger airports and take it from smaller airports. That's just a philosophy, I  
12 guess. We need to dedicate funds where they're needed the most. While the  
13 non-primary entitlements we're talking about would be slated to go to the  
14 larger airports, the smaller airports all comes with a cost, and there's only  
15 one pot of money, and if we don't have the discretionary wherewithal, it's a  
16 problem for us as to how you appropriate it. Under this non-primary  
17 entitlement, five Virginia airports would receive no funding. That's a  
18 difference from, I think your number said seven. Twenty airports would  
19 lose \$50,000 annually. Ben's number said that would be 18. Five Virginia  
20 airports would gain \$50,000, and I believe it's nine that would gain an  
21 additional \$250,000. The small rural airports, or some of them, will either  
22 be cut out of the program altogether, or a \$50,000 loss.

23           The ADSB pilot program, Virginia supports this program, and  
24 we're fortunate to have some of the pilot programs, and we look forward to  
25 continuing with that. This program takes us out of the AIP, as opposed to an

1 F and E fund. I'm not sure why, and we'll have to talk to some FAA  
2 members, and have a decision at that time, trying to make the funds more  
3 readily available.

4 The Metropolitan Washington Airport Authority, we strongly  
5 support this provision, Dulles and National, and we want them to have their  
6 share of the AIP money.

7 The Air Transportation System Advisory Board. We oppose  
8 the increase in the, the Board composition may not, we have a situation there  
9 where there is a lot of representation of air carrier, and we find that Board  
10 swings very heavily one way or the other. Congress has tried to ensure that  
11 we will have a voice in this. We're not sure having Congress involved helps  
12 the program.

13 Oversight JPDO. We think they have a large task on their plate,  
14 and we're looking forward to working more with them. As recommended by  
15 Congress, we recommended that a next gen czar be named for accountability  
16 of the program so that benchmarks can be enforced. We want to see more  
17 accountability.

18 The Cooperative Research Program, we endorse making the  
19 APRP, as far as dealing with future air service. Virginia endorses the – EAS  
20 current existing provisions. Small community air service development, we  
21 recommend -- reauthorization bill has been taken out.

22 AIP funding, Virginia endorses a stronger funding level for  
23 AIP, as proposed by the FAA. Under the FAA proposal for '08 there is 22  
24 percent less than what we currently have for '07. We conferred with the  
25 national association and recommended the following number be set for AIP.

1 In summary, the proposals provide less funding for the agency than current  
2 funding and moves the FAA away from a system, the best in the world, and  
3 it's a system very similar to what Canada has and have been seeing problems  
4 in execution of their system. We stand ready to work with the FAA,  
5 including the existing system, or modifying the system proposed by the FAA  
6 to represent the entire aviation community, and better to move our system  
7 forward.

8 Any questions?

9 MR. MCCREA: This is a lot of information, and  
10 this is a big change. Randy and I have spent a good part of March up in  
11 D. C., and this is a big deal.

12 MR. BURDETTE: Ben and I were talking before  
13 the meeting, and the FAA is willing to talk about these things, and Congress  
14 is very interested in talking about the issues and seeing what can result. As  
15 Ben pointed out earlier, it's part of the big puzzle. If you start picking and  
16 choosing, there is a challenge putting the puzzle back together again and see  
17 how that works. We have a challenge in front of us. The NBA, AOPA,  
18 ATA, all those organizations are putting forth their positions, and I think  
19 we're going to have a huge challenge in front of us if we start negotiating the  
20 best mix for the country, and of course, for the Commonwealth.

21 Ben, any comments you have are certainly welcome.

22 All right, any questions, Mr. Chairman?

23 DR. KEHOE: Mr. Chairman, I might comment. I  
24 thought this was a very thorough presentation. I saw the thickness of the  
25 report, or the act that you held up, The Next Generation Financial Reform

1 Act, 2007. Already, Mr. Chairman, the director and the staff of the  
2 department, you all have a handle on this, and you've got some positions and  
3 some proposals. I think we see the Commonwealth of Virginia taking a  
4 leadership position as the FAA and federal government move forward with  
5 the next generation of this. My compliments.

6 MR. BURDETTE: Ben and his team have  
7 expressed an openness to work with us, and we're looking forward to  
8 working with the FAA and all the organizations we can to come up with a  
9 very comprehensive system, and it's a challenge.

10 MR. FRANKLIN: Mr. Chairman, what are your  
11 numbers, win and lose? I've got 14 gain and 25 loss, based on his numbers.

12 MR. BURDETTE: I've got 25 losing and 14  
13 gaining, and that's the numbers we have in our base aircraft report. The  
14 difference is apparently through GCR and one of the FAA's reporting  
15 processes. Probably Lee County and Twin County, which are right on the  
16 border at 10, they may have a different number.

17 MR. FRANKLIN: I'm talking about the  
18 entitlement.

19 UNIDENTIFIED: That's the airports that go out  
20 and buy these dummy airplanes.

21 MR. BURDETTE: I can see Bill Kelly and his  
22 new business of selling derelict aircraft to get your count up.

23 MR. KELLY: When you talk about your based  
24 aircraft, your figures there, are you taking into account any of the new  
25 hangars that are being built around the state?

1 MR. BURDETTE: No, not at this time. One of  
2 the things I talked to Ben briefly about, we have approximately a couple  
3 thousand aircraft that are really not at public use airports. We don't have a  
4 hard number on that. We have a great deal of aircraft that are at other  
5 airports, and how are you going to account for that? How do we get our  
6 representation? We're working with our staff to see how we get a hold of  
7 who is where, and then we'll talk to Kate Lang about the possibility of, if  
8 there's some way to have affiliation. If you have an airport with three tiny  
9 strips next to it and they come in everyday for fuel or whatever, how do you  
10 get accountability for them being based or affiliated aircraft? That's a  
11 challenge, as well, because we're not the only state that has a large  
12 population of private-use, private-owned airports, and yes, they're licensed  
13 as satellites off the public use, where they come in for services.

14 MR. KELLY: I'm curious, what was the reason for  
15 not counting helicopters?

16 MR. BURDETTE: In the 50-10 I asked the same  
17 question. Helicopters are not included on the 50-10 survey in the total. It's  
18 one of the things we talked to the FAA about, and they're trying to make  
19 adjustments on it, why helicopters can't be accounted for. We're not sure  
20 about the ultra-lights, definitely need to account for the helicopters long-  
21 term.

22 Thank you, Mr. Chairman.

23 MR. OBERNDORF: Thank you, Randy. I have  
24 no comments at the present time.

25 UNIDENTIFIED: Hi, I want to thank you all very

1 much, and I want you to see what we have now. I thank the Board,  
2 Marianne, and especially Terry Page, and especially Cliff; we wouldn't be  
3 here without you all. We are so proud. I'm looking forward to having you at  
4 our grand opening. John is going to give you an update.

5 MR. LONGNAKER: It was suggested at the last  
6 meeting, or everyone suggested I come bank and provide an update as we  
7 move along in Tappahannock. I just have an update of where we are, and  
8 hopefully the slides may give you an answer to some of the questions we  
9 had last time, and we're doing a little bit better. So we'll get moving forward  
10 here.

11 Last time, if you remember, we had one, just the terminal  
12 building. Things are starting to move again. The contractor is out on the air  
13 side and land side working on the paving and the electrical work, starting to  
14 get the stone, and probably another week the apron and taxiway will be  
15 done. We didn't finish up last fall, and we had the winter shutdown.

16 The terminal project, I'll have a couple of pictures here in a few  
17 minutes, and that's been ongoing, and that project has been continually  
18 involved, and it's improved every week there.

19 The fuel farm is awarded, and the contractor is getting started,  
20 and everything should be falling into place.

21 These three top projects will all finish up at some time early to  
22 mid-July, and they're all coming together at the same time.

23 The T-hangars, we're waiting on funding. The community went  
24 and got a loan from VRA for funding for those. We received bids on 24 T-  
25 hangar units. I think there are 15 reserve units at this point in time and 15



1 aircraft that want to come to the T-hangars. We anticipate more coming in  
2 here soon, in the near future.

3 The power is on-site, and it should be energized in the next few  
4 days. Power had to come on first before telephone, piggy-back on top of  
5 that.

6 Water and sewer is part of the terminal project. We have a well  
7 system and septic system installed with the terminal.

8 This is the same slide I had before, and it shows 360 up to  
9 Tappahannock, and this is the entry road. When you head out and you see  
10 the sign, you'll know where to turn right to go back into the airport. I didn't  
11 have this laid out last time for an orientation. 360 is right here, to your right  
12 is Richmond, and then to your left is Tappahannock. The 360 and 17  
13 intersection, the access road going in and Runway 10 and Runway 28. The  
14 contractor is working right now in the area you see where the dirt is. This is  
15 the apron area, and once the stone gets down the paving will start. We're on  
16 a real schedule now to finish that up, the paving.

17 Working on the electrical, and the wires are going in, things are  
18 moving along pretty well, and the electrical, that's on the air side, land side.

19 If you'll remember, back in February, the terminal building, we  
20 had a stick building out there, and that's going up pretty good. As of last  
21 week we had a roof on it, and it's all been framed out. The mechanicals and  
22 electricals are almost done, and as soon as we get the power to energize it,  
23 we'll be moving along pretty well.

24 This is a picture of the air side and the little dormer at the  
25 entrance to the terminal building. If you walk up to the building and see the

1 dormers, that's where the doors are.

2 This is a view of where you walk into, the little area where the  
3 ladders are in front, the FPO, and that comes out from the rest of the  
4 building, and that's a very good view of the runway and the taxiway system.

5 Then, this is a picture of the inside. This is the meet-and-greet  
6 terminal passenger lounge.

7 Here's a picture from the air side and the dormer on the air side  
8 and the entrance or access corridor. It's a linear front door to back door kind  
9 of thing. The dormers represent where you're coming into the terminal  
10 building.

11 This is land side, and this is the roof that's going on.

12 The gravel where the truck is. We do have a loop road where  
13 you can drop off passengers, and the parking lot is on the left-hand side.  
14 This is the terminal building, the drop-off and curb area of the terminal  
15 building.

16 This is inside passenger lounge, and there are about eight-foot  
17 windows that look right out onto the airport. Outside the windows is about a  
18 five-foot porch canopy area. Everyone can get outside of the weather very  
19 quickly, they can be outside and look at the airport. The roof itself is about a  
20 12-foot ceiling, and we're not trying to heat all this area above here. We  
21 brought the ceiling down. We have ceiling fans to help circulate the air.  
22 One thing we did keep are the dormers. That will have ceiling fans in it, and  
23 it will provide some daylight with the windows, and there'll be light when  
24 you're entering the building during the night.

25 This is from some of the questions we had before. We'll have

1 this on opening day. What you see in yellow is under construction now.  
2 This is what we plan to have on opening day.

3 The blue is future construction, depending on demand and  
4 capacity type of stuff, those areas are in blue.

5 Moving into the terminal area a little bit, we've got a fairly  
6 good infrastructure in place on opening day.

7 The one area in green is something that's under design now, and  
8 we decided to move forward with open hangar development. We're under  
9 design for that, and if we feel that there's a demand there, and we're getting a  
10 lot of phone calls for these larger open-span hangars. If they want to build  
11 them, the community themselves, we would go after funding at the August  
12 board meeting if the demand is there. That's something that's under design at  
13 this point.

14 MR. PORTERFIELD: How did the bids come in  
15 for the T-hangars, relative to what you budgeted?

16 MR. LONGNAKER: About 10 percent below.  
17 We budgeted 35,000 a unit, which is high for everybody, came in around  
18 33,000 a unit. They came in fairly well on the budget, which is great for the  
19 community, because assuming a loan of 35,000 a unit, so their debt service  
20 is a little lower than what they were planning on.

21 This is a list of things that we've gotten. We got a runway  
22 going in, partial parallel taxiway around the terminal area, a turnaround  
23 taxiway at the far end of the runway, taxiway reflectors, a rotating beacon,  
24 reels at both ends, two box tie-downs, the fuel farm, with 100 low-lead self-  
25 serve, and provisions when someone comes in for Jet A, the terminal

1 parking, T-hangars. We're just starting out on a GCO out there. If you can't  
2 get air traffic on the ground, you need to have some kind of communication  
3 out for the pilots, so we're working on that now.

4 Down the road, and maybe even opening day, and the FAA has  
5 been great working with us, and we've got GPS approaches straight in for  
6 both runways, and they anticipate publishing those; August 31<sup>st</sup> is the  
7 publication date. Those should be in place opening day, if not before  
8 opening day, and it will be nice to have that already in place.

9 The T-hangar units, hopefully they will be going up at least  
10 when we open. Opening and using the T-hangars when we open up the  
11 airport. A large corporate hangar. Once we get the airport to a good point  
12 where we can actually do a security inspection and have security fencing,  
13 whatever security provisions are part of the plan.

14 Long-term, we'll have these open-span hangars on demand, and  
15 ultimately looking for full parallel taxiways, part of the AOP taxiway  
16 lighting. The longest term, 10 to 20 years, see what kind of demand  
17 develops, there's an ultimate extension of 5400 feet on the airport layout  
18 plan.

19 That's a picture of what we're doing now.

20 MR. BURNETTE: John, can you estimate the  
21 participation level of the federal people on this project, state and local? Can  
22 you give us a ballpark idea?

23 MR. LONGNAKER: Thirteen and a half million  
24 dollars, and I want to say the FAA around the nine million range. If you go  
25 back to when you purchase land and before that time looked at the

1 environmental assessments, those numbers aren't there. I'd have to go back  
2 and look at the state numbers. Once you get to the T-hangars, I'd have to go  
3 back and read back all the numbers and find out who paid for what and how  
4 much.

5 MR. BURNETTE: You're in pretty good shape?

6 MR. LONGNAKER: Definitely, yes. The thirteen  
7 and a half includes the T-hangars, generally aren't eligible until we get the  
8 entitlement.

9 MR. FRANKLIN: Who is the architect?

10 MR. LONGNAKER: Out of Richmond.

11 MR. BURNETTE: Virginia has a lot to be proud  
12 of about this airport. It's probably one of the first airports, or the most recent  
13 one in the country, that will open with this level of facilities on day one,  
14 where you have the runway, the approaches, the terminal building in place,  
15 the fuel farm, T-hangars rented. It's quite an accomplishment in the  
16 community. They've been working on the project over 20 years. Twenty  
17 years to make this come about, and they stuck with the project, and when it  
18 was time to come up with their share they stepped right up to the plate.  
19 They should get a lot of credit and the Board should, too, for sticking with  
20 this project. It's something to be very proud of.

21 The best news is, you can close the existing Tappahannock  
22 Airport and get rid of that water tower off the runway, which is a horrible  
23 safety problem today; that's why this all came about. I think Virginia  
24 aviation has a lot to be proud of, quite an accomplishment in this area.

25 MR. OBERNDORF: I would agree with you, we

1 talked about this no end. Lee County and Stafford opened up with almost no  
2 facility except the runway. This is the way it needs to happen. It's a  
3 beautiful facility, I'm sure the community will get a lot out of it. What's the  
4 opening date?

5 MR. LONGNAKER: Early September, and  
6 getting phone calls and getting all the different dignitaries and getting their  
7 dates. September is probably the best, once the summer dates are out of the  
8 way.

9 MR. OBERNDORF: I want to make sure we get  
10 some publicity when it opens up, especially the AOPA pilots, so they have  
11 the opportunity to see a new facility like this.

12 Any other comments? Any comments from the audience?

13 MR. BURDETTE: Dinner at 7:00 p.m.

14

15 PROCEEDINGS CONCLUDED.

16

17

18

19 CERTIFICATE OF THE COURT REPORTER

20

21 I, Medford W. Howard, Registered Professional  
22 Reporter and Notary Public for the State of Virginia at large, do hereby  
23 certify that I was the court reporter who took down and transcribed the  
24 proceedings of the **Virginia Aviation Board Workshop Meeting when**  
25 **held on April 24th, 2007 at the Stonewall Jackson Hotel and Conference**

1 **Center, 24 S. Market Street, Staunton, Virginia.**

2 I further certify this is a true and accurate  
3 transcript, to the best of my ability to hear and understand the proceedings.

4 Given under my hand this \_\_\_\_\_ day of May,  
5 2007.

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Medford W. Howard

11

Registered Professional Reporter

12

Notary Public for the State of Virginia at Large

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18 My Commission Expires: October 31, 2010.