

**Aviation Advisory Board Teleconference Meeting Minutes  
July 15, 2015**

**Meeting called to order by Chairman Lee Ryan at 9:09 a.m.**

**PARTICIPANTS:**

**Board Members:** Jim Dodson, Tom George, Lee Ryan, Dave Karp, Steve Strait, Frank Neitz, Dale Shaw, Ken Lythgoe Bob Hajdukovich

**Excused Absence:** Mike Stedman, Tom Nicolos

**DOT&PF:** John Binder, Troy LaRue, Linda Bustamante, Megan Byrd,

**State of Alaska:** Will Bishop and Dan Stickel, Department of Revenue

**Public:** Jane Dale, AACA and Patrick Weeks, Shared Services

**AGENDA and MINUTES** – Steve Strait moved to accept minutes and agenda, Dale seconded - motion passed unanimously.

**Chairman Ryan** – Welcomed all to meeting.

**Deputy Commissioner Binder** – Thanked all for helping DOT&PF move the rural aviation system to be more self-sustaining. Reviewed the aviation revenue models provided for discussion - Landing fees, Aviation fuel tax, Airport user fee, PFC's, and Operations/Cost for 139 airports. DOT&PF does not have one specific recommendation for revenue generation but rather is hoping the Board will agree on a couple of ideas for further analysis to be discussed at the next board meeting. Many next steps would follow including a recommendation document for the Governor to consider.

**Board Revenue Discussion:**

Ken Lythgoe asked, what is DOT&PF's target number for increasing revenue? DC Binder said, DOT doesn't have a specific number but that maybe 50% of the Part 139 certificated airport cost is a good start, which equates to ~\$10million. Additional revenue sources for the rural airport system come from leasing revenue - \$5.2M in FY2014. Leasing rates and fees are being studied and DOT&PF is currently doing appraisals to bring those rates and fees into FAA compliance that require charging fair market value (FMV). Leasing admin costs are approximately \$1.9M annually.

Tom George requested more information about the airport user fee model including a description of how it would work and what would be included, e.g., transient tie-down fees?

Patrick asked if DOT is looking at reducing costs of current infrastructure. DC Binder advised that yes DOT&PF is looking at all sections for efficiencies and at the number of airports that DOT currently operates. Lee said that it's important to know that the Board is looking at both system efficiencies and revenue generation. The Governor's office has requested board recommendations by early September.

Dave Karp emphasized that the Board is only examining the modeling and looking at various scenarios, next step is to engage operators. Would like all documents be stamped "DRAFT – FOR DISCUSSION ONLY". Also, suggested having Alaska Airlines representation at these meetings since many scenarios will directly impact that airline.

Of the aviation models reviewed, Jim Dodson thought the aviation fuel tax and airport user fee would be a good start. Jane Dale requested more information on fuel. What is the percentage of fuel taxed compared to total use, fuel flowage, taxes? Where do the international airport taxes go? She also requested an estimate of costs for each model. Dan Stickel and Will Bishop with DOR will get the board numbers on overall volume of fuel that is taxed and a list of exemptions.

Patrick Weeks asked why just raise Deadhorse Airport (SCC) landing fees if it's currently operating in the black? Won't those fees just be used to subsidize other airports? Implementing landing fees at this airport has gone through the public comment period and the decision to implement them or not may come from the Board's recommendation. Dave Karp asked why only one airport would be targeted - why not be more comprehensive with overall landing fees – just one airport would set a bad precedent. DC Binder agrees that a more comprehensive approach would be nice. Other revenue models could cover landing fees at SCC.

Dave Karp made a motion to encourage the administration to delay implementing landing fees at the Deadhorse Airport, instead, have those fees be considered as part of a more comprehensive solution for the statewide rural airport system. Motion seconded by Steve Strait. Motion passed.

The Board will continue to evaluate all four aviation revenue models; aviation fuel tax, airport user fee, landing fee, and passenger facility charge. They requested DOT&PF provide more detailed information on each model to include how fees would be implemented, pros/cons. This information will be provided to the board prior to their next meeting.

The next scheduled rural board meeting will be in Ketchikan – August 24-26, 2015. There may be a need for an earlier teleconference meeting. That will be determined after requested documents are reviewed by board members.

Meeting adjourned at 11:00 a.m.