

CARB Board Minutes
WSDOT-Aviation HQ, Conference Room
Thursday, September 26, 2019 8:00 am - Noon

After a slight delay, the meeting was called to order by Acting Chair, David Fleckenstein, at 8:10 a.m. Present were Board members Jill Anderson, Richard Bogert, John Dobson, Michael Echanove (alternate), and Dave Chenaur, Program Manager and Acting Secretary to the Board. Andy Hover, Rich Mueller, and Jennifer Skoglund participated via teleconference. Guests present were Chris Herman. Board Chair, JC Baldwin, was excused due to illness.

Announcements: David Fleckenstein welcomed the group and announced that JC Baldwin was appointed CARB Chair by WSDOT Secretary Roger Millar and reiterated that Richard Bogert was elected as the Vice Chair. Next, the Board was shown a poster promoting the Aviation Loan Program to be used at the Washington State Community Airport Association (WSCAA) conference in October 2019. Jennifer Skoglund requested a copy of the poster to disseminate to WAMA membership. David F. directed Dave C. to send the pdf to all Board members. Richard Bogert also made an announcement that CERB awarded the Chewelah Municipal Airport a \$50,000 planning grant to perform a feasibility study to develop a business park adjacent to the airport. David F. acknowledged how the planning grant will benefit the loan program.

Agenda/Schedule: After announcements, the first order of business was to approve the draft agenda sent to Board members prior to the meeting. David Fleckenstein asked if there were any additions, deletions or edits to the agenda. Board logos were added to the draft agenda. No additional revisions were offered. Board members moved to approve the agenda and seconded the motion. The agenda was approved unanimously.

Approval of August Board minutes: The next agenda item was to approve the Board meeting minutes from August 14, 2019. Rich Mueller provided a correction and the minutes were updated prior to the meeting. Board members were given time to review the minutes. John Dobson moved to approve the minutes and Richard Bogert seconded the motion. The Board minutes were approved unanimously.

Program Materials – Loan Application: The Board continued to review the loan application. Dave C. summarized the changes made based upon the last Board meeting’s recommendations and some additional corrections identified upon testing of the application by WSDOT staff. The application is now a fillable PDF. Michael Echanove asked for clarification regarding the entry box labeled “No.” on page 1, section 4. Dave C explained that Section 4 was revised to allow for only one project per application and that the applicant would enter a number dependent on how many applications were being submitted (i.e. 1, 2, 3, etc.). The instructions will be revised to provide explicit directions to the applicant.

Andy Hover pointed out a redundancy in the application instructions identifying revenues to repay the loan. Section 3 asks the applicant to identify the revenue sources used to repay the loan then later Section 6(3) requests the applicant to attach a “document identifying the funds to be used to repay the loan...” After discussion, the Board agreed to modify the language in Section 3 replacing the term “identify” with “describe” and instruct the applicant to “Attach any documents that support and identify the revenue sources described as directed under Section 6: Other Supporting Project Documentation.”

David F. asked if there were any more comments regarding the loan application. Since no further comments were received, David asked for a motion from the Board. Richard moved to accept the loan application and John seconded. The motion passed unanimously.

Program Materials – Project Schedule: The next item was approving the drafted project schedule. Dave C. explained the instructions were modified based upon comments received from the last Board meeting to alert applicants that the project milestones did not have to be in strict chronological order and that the template schedule was based upon a typical Design, Bid, Build (DBB) template. The intent was not to be comprehensive but to only capture typical major milestones involved in construction projects and that the schedule is scalable. Jill Anderson appreciated the effort to make the project schedule “manageable” and “not overwhelming”. John moved to approve the project schedule as drafted and Richard seconded the motion. The motion passed unanimously.

Program Materials – Loan Assurances: Dave C explained that the intent was to use the grant assurances identified in the WAC Chapter 468-260. Currently, the WAC does not include the new loan program. An effort will be made to modify the WAC language to incorporate the aviation loan program. Another option is to adopt the assurances used by CERB or the PWB which are very comprehensive but lack specific language relevant to airports which would need to be added. David F. went on to explain that the assurances are two-fold: 1) to ensure any construction on airports is in accordance with federal or state requirements or standards and 2) provide protections to the airports such as incompatible land use requirements that may interfere with future operations. Michael responded that he felt the assurances were good and provide for a level playing field. David F. noted that the exhibit shown was not updated. David F. suggested any reference to the WAC should be deleted from the loan assurances until the WAC could be updated. Discussion continued on how the assurances could be represented to the applicant and the process for modifying the WAC. Chris Herman informed the Board it is duly empowered with rulemaking authority and that they could propose and approve language to be submitted for inclusion in the WAC. David F asked for additional clarification on the process. Dave C. asked if Chris could help draft the language to present to the Board for approval that would initiate the process for revising the WAC. Chris agreed to assist the Board in drafting language. Dave C. was directed to investigate the administrative process for revising the WAC. After some discussion, Richard made the motion for “The Board’s intent is to petition the State to amend WAC 468-260, Airport Grant Program Assurances, to include the Community Aviation Revitalization Loan program and adopt the WAC assurances for the loan program.” John seconded the motion. The motion was adopted unanimously.

Program Materials – Aviation Loan Program Procedures Manual: The Board continued with reviewing and discussing the Loan Procedures Manual. The first item was updating the manual for the loan limits including language about the Board’s decision to set aside no more than 25% of the available loans to airports with more than 50,000 commercial enplanements. Board members discussed how many eligible airports had over 50,000 enplanements. John confirmed there are three airports that would qualify; Moscow-Pullman, Wenatchee, and Yakima. Members also inquired what would occur if we did not receive any qualifying airports in that segment and whether we would modify the set aside or carry forward a reserve. Michael shared that the CERB divides its funds between rural and urban and if they have left over rural funds at the end of the biennium they shift the funds allocation to urban. However, he was not sure it required special language or whether it should be considered at a later date. Andy wanted to know if it was our goal to expend all the funds in the initial funding cycle. David F. stated his opinion was to spend all the funds in this funding cycle due to the lack of legislation ensuring the program will continue beyond this biennium. Based upon Board discussion, the paragraph on loan limits was modified adding “The goal of the Board is to award...” at the beginning of the second sentence and

adding the statement “The Board reserves the right to revise the distribution of available program funding dependent on demand for the loans.”

John had concerns regarding in-kind match language. Dave C. described in-kind match, ambiguities with in-kind valuation, and that the loan program does not require match. Michael and Andy wanted to know if this limited loan recipients from using in-house staff (such as county work crews) from performing reimbursable work. Andy and David F. noted that this was not really a match issue since match is not required and suggested removing the term. Board members decided to remove the word “match” from the header and re-word the sentence as follows: “The use of in-kind volunteer labor, materials, or force account work may be considered by the Board to evaluate the strength/competiveness of the application.”

The Board suggested additional edits to the document itemized below:

Chapter 3, page 17, “Matching Funds” - Andy suggested a modification replacing the words “match amount” with “monetarily” in the second sentence regarding local contributions.

John identified several edits beginning with:

Chapter 1, page 5, Program Overview - regarding the program’s primary goal. Richard suggested revising the sentence removing “federally, ineligible” and noting that revenue-generating projects are “ineligible under FAA grant funding”.

Chapter 3, page 14, “Sponsor Eligibility”- To specifically include “port authority” as an eligible entity for the loan program.

Chapter 3, page 14, “Compatible Land Use”- to add “reference FAA Form 7460-1” to the parentheses “(including height hazards)”.

Chapter 3, page 15, “Eligible Projects” – Add “utilities extensions” to the bullet points.

Chapter 4, page 19, “Preparing the Application” – “Project Development Plan” definition was discussed; no change to the language.

Chapter 4, page 19, “Application Documentation” – to remove reference to “matching” funds. Jill also noted that requiring a resolution with the application prior to awarding loan funds would not be normally considered by a governing board. The resolution requirement was deleted and only a statement of project support will be requested. David F. concurred that requiring a resolution may create a barrier for applicants to return the loan application in the time period allowed.

Chapter 4, page 20, “Application Documentation” – To add a paragraph referencing additional information useful in evaluating the application including listing the financial statements to match the application’s instructions.

Additional discussion on the required attachments continued. Jill asked for clarification on the greenhouse gas policy and the resolution requirement. Discussion ensued whether a greenhouse gas policy was a legal requirement. Dave C was directed to report back to the Board on the legal requirement for greenhouse gas policies. Jill, David, and Michael expressed concerns on the practicality and necessity of requesting a resolution from a governing body. It was proposed that this requirement could take place if a loan award was offered and during a pre-contracting period similar to the process followed by the CERB and PWB.

Following discussion, David F. asked for a motion to approve the Loan Procedures Manual. John moved to approve the motion. Jill asked the motion to be amended to approve the procedures manual and provide the Program Manager, Dave C., “discretion to make non-substantive changes to the wording [of

the document] to clarify the intent of the Board.” John moved to approve the amended motion. David F. seconded the amended motion. The amended motion passed unanimously.

David F. recessed the Board for a 10-minute break. The Board reconvened at 10:50 am.

The next agenda item was reviewing the Aviation Loan program timeline. Dave C. displayed a timeline with numerous milestones and projected timelines for completion. He explained the anticipation for the Board to meet twice more before the end of the year. Afterwards, the expectation was for the Board to meet no more frequently than quarterly. The call for projects is anticipated to be released by the end of September due to the application being approved by the Board today. Applicants would be given 4 – 6 weeks to submit their applications with the review and scoring to occur over the following 3- 4 week period. The Board would select projects from the qualified list in December with award letters being sent before the end of the year. Loan agreements would be sent for execution in January 2020. Several Board members including David F. suggested there would not be a hard deadline and we would continue to accept additional applications dependent on funding after the first round of applications. John thought it was important to convey a sense of urgency to applicants in order to meet the Board goal of implementing the program prior to the next legislative session. Chris Herman asked if there would be a deadline for the first round. David F. affirmed an initial deadline.

Richard inquired about how the application evaluations would be conducted. Would Board members be expected to review the entire application packet, be given project summaries, or a ranked project list to choose from? David F. responded that it was up to the discretion of the Board. The Program Manager could send members the entire application for review, could screen the applications for eligibility and forward only viable projects, or could evaluate the projects and provide a recommended list for the Board to select from. Richard expressed concern over the time needed to review the applications. Specifically, when applications would be due in order to evaluate and select projects in December, as planned. David F. asked Chris’ opinion on the award timing and its impact on future legislation. Chris stated that it is equally important to maintain the integrity of the selection process and suggested that if the loan awards were announced prior to the legislation session and WSDOT’s Aviation Awareness Day in mid-January, then it should demonstrate sufficient progress to support legislation to extend the loan program. He thought that many applicants had already completed preliminary planning for their projects which would allow for a shorter turnaround time. This would also allow more time for staff to score the projects and provide the Board additional time for consideration. To the contrary, Jill was concerned that if the greenhouse gas (GHG) policy is a requirement of submittal, that smaller agencies would struggle with the application turnaround period. John concurred that many smaller airports do not have a GHG policy. Michael suggested that could be resolved by allowing the GHG policy to be a post award, pre-contract requirement. Dave C. added that we could produce executive summaries for the Board to assist in selecting the projects. After more discussion, the Board selected Tuesday, November 12th as the initial deadline to submit applications. The Board also determined the week for the Board meeting to select projects will be scheduled for the second week of December. A survey will be sent with an option for Tuesday (Dec. 10th), Wednesday (Dec. 11th), or Thursday (Dec. 12th) to determine the exact meeting day.

Project Scoring Sheet – Draft: The next agenda item was the Project Scoring Sheet. Dave C. explained the scoring sheet had two components; a pass/fail requirement and a points sections based on revenue generation and project readiness. The scoring evaluation questions are based on language in the legislation.

David F. wanted some clarity on pass/fail question #4: *“Will the airport sponsor commit to provide public access for one and one-half times the terms [term] of the loan up to 30 years?”* Does the word “terms” mean the clauses in the loan agreement or the length of the loan? Dave C. responded that it is the length of the loan repayment period. The Board suggested replacing “...terms of the loan...” with “...length of the loan...” Jill asked if there is a corresponding specific question in the loan application regarding this commitment. Dave C. thought there was a question or checkbox in the application but needed to follow-up on the question. After inspection of the documents, the commitment is only mentioned in Chapter 3, “Sponsor Eligibility” of the Loan Procedures Manual. [Note: This item needs to be revisited. There is no corresponding question in the loan application as intended; suggest deletion].

Regarding question #5: *“Is the project supported by the port district, city or county where the project is located?”* Chris asked if we were really going to ask for a letter of support from the project sponsor. Dave C. responded that the question came from the legislation. Discussion continued on the meaning of support and what was the intent of the legislation. Upon inspection of the legislation, this legislative requirement is only necessary if the Board chooses to require match. Further discussion ensued over revising the question, eliminating it, or moving it to the scoring section of the evaluation sheet. The Board decided to modify the question to identify if the airport sponsor supported the application.

Dave C. described each of the scoring evaluation questions and the associated points possible up to 100 points. John asked for clarifications regarding question #6, “Does the project result in leveraging additional funding for the airport? (15 points)”. David F. suggested modifying the language or changing the available points. Jill expressed concerns that some projects would struggle to get points with the existing questions. Chris thought question #5, “Will the project create or retain long-term revenue generating opportunities? (15 points)”, was extremely important and should be worth more points. The Board continued to consider the merits of the evaluation questions. David F. reminded the group that legislation directs the Board to use specific (verbatim) outcome conditions to evaluate the projects but we do have latitude to add questions and adjust the point allocation to make the evaluation fair. John emphasized that hangars and fueling systems will be 90% of the eligible applications. Discussion continued whether we should reinsert the word “federal” to the term “funding” in question #6. Discussion transitioned to question #1, “Does the application clearly identify the source of funds intended to repay the loan?” Chris thought the question seemed like a pass/fail question. He suggested we could award points to prioritize smaller airports and avoid trying to evaluate the fiduciary aspect of the proposal. Michael commented that repayment is an essential aspect of any loan program. Jill asked if the question could be in two parts; 1) pass/fail and 2) points for the explanation. Richard attempted to re-clarify the focus of the evaluation between the goals of the Board to promote small, public, general use airports to be sustainable and to evaluate the probability for them to repay the loan based upon their proposal and business plan. John commented that the Board will need more time to consider this document. David F. informed the Board that time has expired for the meeting. Dave C. commented that he will re-work the evaluation form based upon the suggestions of the Board for re-consideration at the next Board meeting. David F. directed Dave C. to resend the evaluation form to Board members and recommended Board members submit edits back to Dave C. for inclusion in the document for evaluation at the next Board meeting and any comments regarding the project selection process.

CARB Logo/Seal: Before adjourning, the Board was sent some CARB logo designs electronically to be considered for adoption. Legislation authorizes the Board to “adopt an official seal”. WSDOT’s Graphics Department produced several samples based on some concepts provided by David F. and Dave C. for the Board’s review. Rich Mueller provided a creative runway logo design before the meeting which was added to the designs for consideration. After comments by members, Dave C. was directed to have

lettering revised on one sample and to eliminate some of the designs. The top five designs will be sent to the Board members for a vote electronically.

A survey poll will again be sent to the Board for the next meeting based on member's comments.

Meeting was adjourned at 12:15 pm.

_____ Date: _____
David Chenaar, Acting CARB Secretary