

CARB Board Minutes

WSDOT-Aviation HQ – Microsoft Team Meeting
Tuesday, September 7, 2023 9:00 am – Noon

The meeting was called to order by Chair, JC Baldwin, at 10:02 a.m. Ann Richart, George Steed, and Board Secretary/Loan Program Manager Dave Chenaur participated in person while JC Baldwin, Ingrid Gaub, Michael Echanove, Cory Wright, and Chris Paolini participated via video conference. Jeralee Anderson was absent. Diahann Howard, Quentin Wright, Trent Moyer, Tim Mensonides, and Chris Herman participated via video as guests.

Announcements: JC Baldwin welcomed the Board members and asked all attendees to introduced themselves.

Board Recognition: Board Secretary informed the group that Bill Glassford has completed his service on the Board as the CERB alternate. He actively participated in the absence of Michael Echanove during his illness. Michael praised Bill's contributions to the Board.

Public Comment: No comments were received from the public or guests in attendance.

Board Agenda & Schedule: JC asked if there were any changes to the agenda and schedule. Another public comment period was added to the end of the agenda, and the agenda was adopted, as revised.

Approval of May's CARB Minutes: JC asked if everyone had an opportunity to review May 25th Board minutes that were distributed. The Board responded affirmatively. After no additional comments, the minutes were approved unanimously.

Loan Applications / Awards: Program Manager, Dave, summarized and presented the loan applications received. CARB received four (4) applications totaling \$3,216,750 and one (1) request for a 10% increase in the previous loan award of \$75,000 due to project cost escalation.

JC informed the Board her recusal from the Chelan Douglas Regional Port Authority project due to any real or perceived conflict of interest.

Chelan Douglas Regional Port Authority, Pangborn Airport - \$1,200,000: The project consists of extending Taxiway B, construction of eight development ready sites for future executive hangars and 2,000 feet of new access roadway. Work includes pavement demolition, excavation and backfill, underground utilities, base course, paving, pavement markings, chain-link fence and gates, lighting and signage, topsoil and reseeding of disturbed areas, and other site improvements.

Airport Manager, Trent Moyers, was present and provided details of the project to the Board. By completing the Taxiway B & Hangar Site Development project, the airport will have build-ready sites available for executive hangar developments. Private parties will have the opportunity to construct their own facilities, while leasing land from the Chelan Douglas Regional Port Authority for 25 years (with opportunity for one 25-year extension). In addition to the land leases, interested developers will also pay a capital recovery fee that will help the Regional Port recoup the costs of infrastructure development. When fully built out, the eight hangar sites will generate approximately \$77,000 in annual revenue for the Airport through long-term land lease agreements. After the lease term, the hangar sites will revert to the airport, which will provide further economic opportunities.

George Steed asked about the reversion clause. Trent confirmed ownership of the hangars would revert to the Port and expounded about the future economic opportunities from the structures for additional revenue.

In addition to long-term land lease revenue, the increase in aviation activity will generate an increase in fuel sales for Pangborn's fixed based operations. The Washington National Guard is in the process of relocating from Fairchild Air Force Base and will be leasing the Executive Flight Building from the Regional Port. Airlift Northwest (University of Washington) is also looking at relocating their facilities to a new hangar through this project. Owners of corporate aircraft will have an opportunity to lease land long-term and construct large executive hangars, resulting in an increase in construction and infrastructure investments. Letters provided identified strong interest for immediate development of 3 out of the 8 proposed sites.

Chris Paolini asked what the timelines for hangar development for the three interested parties. Trent responded that the first hangar with Airlift NW is in the design stage and, depending on weather, is scheduled for a 4-month build with anticipated completion by the Spring (March) of 2024. The other two hangars would not begin until spring or summer of 2024.

The project cost is estimated at \$4,150,177. The project would be partially funded with \$2,083,301 in FAA BIL funds and the proposed \$1,200,000 CARB Loan. The remaining costs will be paid with local funds. All costs are supported by engineering reports, designs/specifications, existing contract task orders, and construction bid tabs. The project has already begun construction in late June 2023 with a completion date before the yearend. Dave shared application documents supporting the project costs, amortization tables, and SAO's FIT report showing the Port is financially able to support the loan. Dave commented that the application was very comprehensive and thoroughly vetted demonstrating the project was well planned.

The project received an overall score of 91.3 and was recommended for funding by an independent panel of evaluators. Trent answered questions from the Board confirming the scope and schedule of the project and the future economic plans for the Port.

With no further questions, JC directed the Loan Project Manager to proceed to the next applications.

Klickitat County, Columbia Gorge Regional Airport (CGRA) - \$1,000,000: The Project is seeking to emplace infrastructure to develop 10 total lots for an aviation business park. This project also includes building a 14,000 sq. ft. hangar to house the Columbia Gorge Community College's Aviation Maintenance program that will train initially up to 48 students per year.

The Hangar space and infrastructure supplying available lots is in scarce supply within South Central WA State. Additionally, the FAA-approved aviation maintenance workforce program at Columbia Gorge Community College is located at the Port of The Dalles, Oregon, and the college needs a nearby aviation space for both students and the program. The nearest space is in Hood River, OR but they currently do not have any space. Additionally, due to noise pollution complaints from encroaching residential housing, development at that airport has proven difficult. The Columbia Gorge Regional Airport located in Dallesport, WA is the ideal location as the regional airport has full ownership of the land that prevents residential encroachment, as well as available lots for development. This project is located in both an Opportunity Zone, and a Historically Underutilized Business Zone in a rural unincorporated city of Dallesport with a population of 1,328.

The County has related businesses that have signed on as being benefactors of this project with the US EDA including:

- Horizon Air for supporting the project and hiring students. The project will also create 20 jobs and retain 48 jobs.
- American Aerospace Engineering has to create 51 jobs, retain 6, and privately invest \$4 million.
- Orbital UAV with 5 jobs created and 5 jobs retained.
- Airship Urban Air Mobility Aerospace Manufacturing with 45 jobs created with a \$6M private investment.

Altogether, this equates to 121 jobs created with 59 retained and spurring \$10 million in private investment.

The \$5.9M project is funded with \$2.8M USEDA federal grant and \$700k in local funds. Cost escalation added \$2.4M to the cost. Klickitat County is seeking an additional \$1.4M USEDA grant and \$1M CARB loan. The CARB loan will be serviced by the college's lease rate on the hangar (7,000 sq. ft.) as well as the rental revenue from the other side of the hangar space (7,000 sq. ft.) for the life of the loan. The college and the airport already have a 20-year draft lease in place for \$5,053 per month with price escalation built into the lease. The additional 9 lots for development will afford our wildland firefighters, and other emergency services such as LifeFlight the ability to expand operations.

The recent Newell Road fire in East Klickitat County burned over 61,000 acres. Wildland firefighters and their associated aircraft utilize this airport extensively due to its current capabilities. Extensive letters of support were provided.

The Program Manager shared application documents including site maps, hangars drawings, and preliminary project cost estimates. Due to the project not being financially constrained, the project still requires RFQ for preliminary engineering before going out to bid for construction. Potential funding shortfall may impact the scope of work. The County is seeking additional state and/or federal funds which includes this CARB application. This translates to the project not being shovel ready.

Board member Chris asked if the project estimate has been updated. The Program Manager (PM) responded that the 2021 cost estimate was updated in 2023. Chris also requested confirmation that if the hangar footprint is reduced, will it still meet the college requirements. The PM affirmed. The college lease is for 7000 square feet which is only half the proposed hangar of 14,000 square feet. Board Member Cory asked if the access roads were already built. PM David responded that Google images appear dated and do not appear to show the perimeter road. The applicant indicated that this project was part of phase 2 of a 3-phase business park plan. Phase 1 has been completed. He believed the perimeter road was already in place and the existing taxiway was to be incorporated into a road, as well. Cory shared concerns about potential easements and complications regarding drainage and wetlands. David replied that the airport owned all the property and initial soil reports had been completed. There are no wetlands in the proposed project area. JC commented that it's an interesting and attractive project. The PM concurred adding that the project addresses two issues; 1) generating revenue for the airport and, 2) reducing a labor shortage by providing trained aircraft maintenance personnel.

the SAO Financial Intelligence Tool (FIT) report for Klickitat County was presented. The County has a "good" outlook rating except for the Dallesport Wastewater System. In 2022, the County had a \$18,592,599 surplus on revenues of \$50,839,849. The County has also provided a resolution to pay the estimated loan repayments if awarded the amount requested. The PM showed the estimated amortization table and explained the college lease is sufficient to repay the estimated loan repayments.

The PM displayed numerous letters of support provided with the application. Letters of support were from congressional leaders representing the area, economic development districts, and surrounding cities from both states. Support was also provided from Horizon Air and two aviation businesses located at the airport.

The project received an overall score of 87.8 and was recommended for funding. This project would have received a higher score except for the project funding not being fully secured and the elongated project timeline not being completely vetted.

Port of Benton, Richland Airport - \$350,000: The Port of Benton was awarded \$750,000 to acquire an existing hangar at the Richland Airport. Negotiations for the hangar failed but the Port was able to identify and negotiate a purchase on another structure, the Richland Airport's original terminal building. The Port is requesting an additional \$350,000 and a change in project scope to purchase this structure.

Port Director, Diahann Howard, presented a slide show on the proposed project. Diahann described the Port's development plan focusing on advanced manufacturing. She shared aerial photos of the airport and surrounding property describing the Port and city's plans. The terminal building is central to the development of their corporate aviation sector. She provided a brief history of the building. The facility is currently owned by a private entity. The Port of Benton desires to purchase the 12,220 square foot building to support the growth of the Airport. A purchase agreement for \$1,050,000 has been entered into subject to CARB funding. \$50,000 is also requested for minor repairs and remodeling of the structure. This building currently has revenue producing office space, and they foresee adding food service, pilot lounge, restrooms, and conference space to transient pilots and corporate passengers. The Port's goal is to turn the facility back into an air terminal for corporate, business, and general aviation purposes.

If the Port purchases the building it can use the leased space revenue to pay for the building while allowing amenities that will attract corporate traffic and support general aviation. It will also provide a pilot's lounge space that is needed to support growth that benefits the airport and community. Acquisition of the terminal building is integral to restoring aviation services and development of a business park to attract corporate, business, and general aviation.

\$50,000 in local funds is pledged. A resolution was passed by the Port to support the project. Net Operating Income (NOI) will be used to repay the loan. No formal appraisal has been performed yet. A market valuation estimate is \$1,075,342. Facility has 480V service and they have partnered with Energy Northwest, as part of the North Richland Zero Emission Fueling project and applied for DOE funding that includes two L2 EV charging stations to be located at this facility. The building acquisition is ready to proceed immediately and is planned to be consummated by year end with building repairs/remodeled completed by March 2024.

The PM shared selected application documents with Board including the real estate sales agreement, market value assessment, purchase schedule, Port Resolution, amortization table, and FIT report. The project received an average score of 84.5 and is recommended for funding.

Aviation Director and Board member, Ann Richart, shared concerns about awarding loans and then modifying the scope after securing funds. While she supports this project, she does not want to set a precedent for applicants to secure loan funds and then find a project to spend it on. Ann preferred the Board cancel awards and then have the applicant reapply emphasizing the importance of awarding projects that are well vetted. The PM agreed and informed the group that the Port has submitted a new application for the entire project cost of \$1.1 million. He could cancel the original loan award and then create a new agreement for the entire project cost if selected but indicated it is administratively easier to amend the existing agreement.

Chris suggested noting the new application and the Board intentions to be recorded in the minutes while still allowing the loan agreement to be amended. JC and Michael agreed and commented the preference for the Board to be “nimble” in its loan management.

Sequim Valley Airport - \$180,000: Project is to construct a 4-unit aircraft box hangar (42'x32' each), 1 single-unit aircraft box hangar (40'x50'), and 300' of taxiway to these rental hangars. Some Board members may recall this project being submitted in August of 2022 but, due to added language in the bill that codified the program, privately-owned airports would no longer be eligible for funds unless they were from repaid loans. While the project was well received, no eligible funds were available to fund this project. The applicant is re-submitting in the hope that funding would now be available.

The airport has an ongoing need for additional hangars for aircraft. The project would increase airport lease revenue and fuel sales. Projected annual revenue of \$60,000 (\$5000/month * 12 months) less an annual loan payment of \$40,776 would provide \$19,224 in gross income. Partially funded, annual revenue is \$16,800 (\$1400/month * 12 months) less an annual loan payment of \$11,008 generates \$5,792 in gross income. Additional annual costs (insurance, property taxes, maintenance, and administration) were estimated at \$14,600.

Selected application documents were shown to the Board. Updated bids supplied were:

- Scenario #1 – 40' X 50' Hangar with ramp \$198,434 (excluding 8.6% sales tax).
- Scenario #2 – 32' X 168' hangar with 4 units \$389,425. Request includes estimated sales tax of 8.6% and 10% contingency for cost escalation. Airport providing \$35,500 in local match.

CARB has slightly more than \$181,000 in eligible funds to award which will only allow funding scenario #2. Project plans have been prepared and 'Intent to Lease' agreements have been signed for all the proposed hangars: 4 units at \$900/month each and 1 unit at \$1400/month. A letter of support was also submitted by Century West Engineering. Sequim Valley has been awarded two small loans previously. They successfully completed both projects and are current on their loan repayments for \$15k and \$70K loans. Sequim Valley Airport is non-NPIAS classified as a local/basic airport.

Chris asked about their building requirements such as stormwater management. The PM responded since they are non-NPIAS and privately-owned they do not have to meet FAA standards and review/approval. They are still required to meet county/state building requirements and have signed loan assurances. Ann affirmed they are not required to meet the same requirements for contracting which also reduces costs. Chris shared concerns whether the project has fully considered the potential additional costs for stormwater management with the increase in impermeable surfaces. Dave responded that the applicant has approached the county but has not completed the SEPA and permitting process. The application was silent on any impacts to permeable surfaces.

Some additional discussion ensued about hangar rental rates. Members noted that Sequim Valley's rental rates were substantially higher than other airports. Ann confirmed that the rate per square foot mimicked the storage rates offered in the Sequim area.

The project received an overall average score of 84.5 and is recommended for available funding. The applicant would like an award for both scenarios but that would be dependent on future funds. Michael shared concerns about tying up future funds not knowing if another privately-owned airport would also apply for loan consideration.

Chris noticed that Sequim Valley appeared to have an agricultural operation adjacent to the airport and shared concern with irrigation equipment running parallel to the runway. He asked the members if anyone had concerns awarding to an airport that may have a safety issue. George and JC both commented that small obstacles surrounding airfields were not uncommon at small local airports and were not concerned. Cory concurred and related similar circumstances at Bowers Field. He was more concerned about irrigation creating a wetland and attracting wildlife (i.e. birds). Ann appreciated the discussion but thought it was beyond the program's scope with the focus is on bringing economic vitality to the airport through revenue-producing projects. Dave texted WSDOT's 5010 Inspector if he had any concerns regarding Sequim Valley Airport's safety free zone and he will notify the group.

Loan Awards: Chair JC asked if members preferred to act on the loan applications before proceeding to the City of Auburn's request for additional funds. The Board agreed and considered each application in ranked order.

George motioned to award Chelan Douglas Regional Port Authority's request for \$1.2 million for their Taxiway B and Hangar Site Development project. Michael seconded. The motioned passed unanimously with Chair JC abstaining.

George motioned to award Klickitat County's request for \$1 million for the Aviation Maintenance Workforce Facility and Infrastructure project. Ingrid seconded. Michael commented that he was impressed with this project due to the educational component. He noted the shortage of aviation maintenance personnel is well documented. JC and Ingrid agreed. The motion passed unanimously.

Chris motioned to award \$1.1 million (an additional \$350,000) to the Port of Benton's Terminal Building Acquisition project. Ingrid seconded. The motion passed unanimously.

Cory motioned to award \$180,000 to Sequim Valley Airport's New Hangar project identified under scenario #1. Ingrid seconded. Cory voiced support for this project because it puts upward pressure on the rental rates for hangars versus storage units. He believes the program needs to consider revenue that support current market rates and not subsidize substandard lease rates. JC affirmed the comments and asked Ann if a study has been done on hangar rates. Ann responded that a study has not been done and it would not be eligible for federal funding. However, she does support and believes a hangar survey could be done annually to validate hangar rental fees. Dave believed Washington Airport Managers Association (WAMA) is conducting a similar survey of member airports and a potential website for hangar availability.

JC asked if WAMA's Brandon Rakes would be willing to present at a future Board meeting. Board Secretary acknowledge and will add the topic to a future meeting. The motion passed unanimously.

JC requested the Program Manager to proceed with the City of Auburn's request for additional funds.

City of Auburn, Auburn Municipal Airport - \$75,000: The City of Auburn is requesting a 10% increase in their loan award to help cover higher than anticipated costs of construction related to their T-Hangar Enclosure Project that was awarded in Round 4. The Board added a cost escalation provision to the Loan Procedures Manual in August 2022 in response to inflation impacting construction projects. In response, the City of Auburn submitted a written request with supporting documents (contractor lowest bid tab) for the increase in funding.

Ingrid described the project and the source of both federal, city, and loan funds. If approved the project can be completed within 100 days. Cory asked about the current T-hangar rates. Ingrid responded between \$450 and \$700 depending on the size and age. The newly enclosed hangars would be in the middle of that range. She indicated that some of the existing hangar doors were built in 1960. They are cloth, roll-up doors and there is no parts availability. They expect to increase the billable rates on those improved hangars.

George commented that Auburn is a phenomenal airport in a complicated airspace. The airport is very busy with a high training environment and good gas prices. As an airplane owner, leaving your aircraft exposed to Washington winters for five years can reduce the plane's value to zero. It is vital to store aircraft undercover and, if they're open, that's only a half measure. The idea of enclosing these hangars from an aircraft owner standpoint is an excellent one. Ingrid added that the wait list for enclosed hangars is about 15 years. The airport needed to suspend the wait list last year because it was too long. Ingrid thanked the board for their consideration.

JC asked the Board if they wished to entertain a motion. George motioned to approve an additional \$75,000 for Auburn Municipal Airport's hangar enclosure project. Chris seconded the motion. Without further discussion, JC called for the question. The motion passed unanimously. Ingrid recused herself from the vote.

JC applauded the group and commented on how good it feels the Board is meeting its Charter by helping small airports with revenue-producing projects to become more sustainable.

Comments/Next Board Meeting: JC asked for any public comments. None were received. JC asked when the Board's next meeting is. Dave responded that the next meeting is usually in early December, but it still needs to be scheduled. There is \$2.6 million remaining to award and we'll need to allow adequate time for applicants to submit proposals. After discussion, the next Board meeting was scheduled for December 14, 2023.

JC adjourned the meeting at 12:15 p.m.

David Chenaur

David Chenaur, Acting CARB Secretary

Date: October 6, 2023