

CARB Board Minutes

WSDOT-Aviation HQ – Microsoft Team Meeting
Thursday, June 28, 2024, 10:30 am – Noon

The meeting was called to order by Vice Chair, Ingrid Gaub, at 10:32 a.m. Board members Chris Paolini and Loan Program Manager Dave Chenaar participated in person. Ingrid, George Steed, Michael Echanove, participated via video conference. Board members JC Baldwin, Cory Wright, Ann Richart, and Jeralee Anderson was absent. No guests attended.

Announcements: Ingrid Gaub welcomed the Board members and informed the group that she would lead the meeting in the Chair's absence. There were no additional announcements.

Public Comment: No members of the public attended nor were any written comments received.

Board Agenda & Schedule: Ingrid asked if there were any changes to the agenda and schedule. No comments were received, and the agenda was adopted, as drafted.

Approval of December's CARB Minutes: Ingrid asked for a motion to approve December's Board minutes. George Steed motioned to approve the minutes. Chris seconded. Board members present approved the minutes. Board Secretary, Dave Chenaar, tallied the three (JC, Cory, and Ann) proxy votes for the minutes received prior to the meeting. The minutes were approved unanimously.

Board Recognition: Dave announced that Ingrid and JC Baldwin have completed their service on the Board. He displayed a framed certificate of appreciation that will be sent and thanked them for their support and commitment to the Board. Both have been tremendous assets to the loan program. Ingrid replied that she enjoyed her time on the Board.

Loan Applications / Awards: Loan Program Manager, Dave Chenaar, summarized and presented the loan applications received. CARB received three (3) applications totaling \$1,950,000 in requests.

Port of Ephrata, Ephrata Municipal Airport - \$1,140,000 (20-year loan w/3-year deferral): The application is for a new Jet-A Fueling Facility. The project consists of equipment procurement, site development, installation, and commissioning of a new Jet-A aircraft fueling system and miscellaneous existing Avgas system improvements. Total project cost is estimated at \$1,200,000 with \$60,000 local funds provided as match. Specific details include:

- New non-retail Jet-A aircraft fueling system consisting of:
 - One Jet-A Above Ground Storage Tank (AST), approximately 15,000 to 20,000 gallons
 - Installation of a Jet-A non-retail mobile refueler dispenser, bulk offload infrastructure, and associated pipes/appurtenances.
- Site improvements to support installation of the non-retail aircraft fueling system compatible with aircraft refueler and bulk tanker truck deliveries. This work includes site development, utilities, stormwater improvements, and infrastructure necessary to support the aircraft fueling system.
- Replacement of the existing Avgas Fuel Management System (FMS).
- Precision Approach Engineering has been contracted to design and oversee project.
- Project has been initiated with planned completion by November 2024.

The Port considers providing Jet A fuel as critical to the survivability of the airport. The airport does not currently have a permanent Jet-A facility and its availability will support current and projected turbine aircraft operations. The Port conservatively projects \$136,553 in gross profit based on average Avfuel

margins of \$1.69/gallon versus an annual loan payment of \$84,420 resulting in a projected net profit of \$52,133/year. Fuel purchase estimates are based on the previous twelve (12) month usage data compiled from FlightAware, and the use-projections of the respective owners/operators and management companies. Having Jet-A fuel available allows the Port to market to businesses/operators with turbine aircraft and it is anticipated that additional turbine aircraft will base and operate at the airport as a result of this project.

The Program Manager displayed maps and photos identifying the location of the airport and the project site. George commented on the historical B-17 hangars located at the airport and provided some background information on the airport.

The Program Manager also displayed supporting documents including the project schedule, spending plan, historical fuel sales and future fuel purchase projections, and the loan amortization schedule. The State Auditor Office (SAO) Financial Intelligence Tool (FIT) reports the Port of Ephrata's revenues were \$2,302,776 versus expenditures of only \$819,506 in FY2022. Financial health outlook is "good" across all indicators. Long-term debt was reported at \$46,973 (FY2022).

The Port also supplied additional documents. Notably, the engineering contract, engineer's scope of work, and Port resolution supporting the project and pledging matching funds. Application received an average score of 76.3.

Michael asked about no-lead fuel considerations and if facility requirements need to be modified to accommodate unleaded or sustainable fuels. Discussion ensued about 100UL availability and ATSM certification. George and Ingrid confirmed that ATSM certified 100UL will be a "drop-in" solution that will not require a separate tank for implementation. 100LL and ATSM 100UL can be mixed in the same fuel tank without any issues. Ingrid clarified the project will only add a Jet A fuel tank and update the AvGas management system. They will not replace the AvGas fuel tank.

With no further questions, Ingrid directed the Loan Program Manager to proceed to the next request.

City of Davenport, Davenport Municipal Airport - \$750,000 (20-year loan): The project is to construct a new 9-unit T-hangar. The T-hangar would be 213' x 51' with interior electrical, doors, and concrete included. The west side of building will be facing the new Foxtrot taxilane. The city will be responsible for building taxilane Echo on the east side of the building connecting to taxilane Alpha as time and funding permits.

Currently, the city owns two rental hangars. There is a current hangar waiting list of 25 persons. There are four (4) confirmed people from the waiting list interested in occupying the new hangar. The city anticipates the new hangar can be rented to capacity in a short time. Anticipated annual hangar revenue is \$37,800 (initially \$350/month) which exceeds annual loan payments of \$37,500. Monthly lease progressively increases \$25/month every 5 years to \$475/month generating \$51,300 annually.

A preliminary quote was provided by Bozco Construction, LLC.

- Prefabricated steel structure including doors and insulation: \$310,800.
- Cost to supply and pour concrete, install electrical with service panel, and erect structure: \$340,000.
- Total project cost: \$785,000
- Project completion date: January 31, 2025.
- Estimate does not include sales tax or permitting fees.

City of Davenport to provide approximately \$30,000 in local funds. The city council provided Resolution 2024-13 to apply for a CARB loan to build hangar space for airport sustainability purposes. The project is ready to proceed immediately. Building designs and drawings have been provided.

The Program Manager displayed maps and photos identifying the location of the airport and the project site. He also displayed supporting documents including hangar drawings, preliminary price quote, project schedule, spending plan, city resolution, return on investment (ROI) schedule, and the loan amortization schedule. The ROI schedule contained some errors with the loan repayment schedule which overstates the initial cash flow. The supplied amortization schedule is correct. The Program Manager suggested the city elect an optional 3-year deferral period to avoid a cashflow issue during the initial leasing of the hangars. The SAO FIT reports the City of Davenport's revenues were \$4,770,601 versus expenditures of \$2,337,188 in FY2022. Financial health indicators were all "good" except the city's General Fund's Change in Cash Position was "cautionary". However, the Airport Capital Improvement Fund – Cash Transactions increased \$62,962 (as of 12/31/21) with an ending balance of \$209,440.

The City also supplied their Greenhouse Gas Resolution, Lincoln County Airport Overlay Zone Regulations, and Airport Property Ownership documentation. Application received an average score of 79.6.

Michael asked if this would be a general obligation loan. Dave responded affirmatively. Chris shared concerns with the planned hanger lease escalation clause of \$25 per month every 5 years in their loan repayment plan. The escalation equates to only 7.1% or 1.4% per year. Aside from the current hyper-inflation, 2.0% per year inflation is historically typical. He wondered if we could require a minimum escalation rate. Dave responded we could suggest revising the escalation clause but doubted the state has the authority to mandate a specific rate. FAA grant assurances require FMV rates for NPIAS airports. Davenport Municipal Airport is a NPIAS airport. However, FMV lease rates varies across the state based on location. George commented that Davenport is only about 45 minutes from Spokane so it may be able to charge a higher market rate. Ingrid also shared concerns on their ability to repay the loan based on their business plan. She suggested the \$25 fixed rate escalation could be the minimum and use an CPI inflation index instead to address concerns. Chris added that he would regret to see the airport put into a worst financial situation if future maintenance costs exceeded the planned lease rates. Ingrid suggested approaching the city to correct the errors contained in the repayment plan and address the deficiency in the planned escalation clause. Michael asked if this issue would preclude making an award today. Dave responded these can be addressed in the contracting period if a loan award is offered.

Port of Lopez, Lopez Airport - \$60,000 (10-year loan): The project is to purchase a John Deere 4052R tractor with snowplow, bucket, scraper, and mower. Port reviewed similar equipment and received quotes from Kubota, New Holland, and John Deere. Quotes ranged from \$57,158 to \$71,871. Pape/John Deere was the most responsive. Polling of local contractors showed a preference toward John Deere equipment. John Deere tractor brochure was provided.

Lopez Airport currently owns no equipment. They currently rent or borrow equipment to do routine maintenance, and contract for mowing and snow removal. Snow removal costs vary from \$2,000.00 to \$5,000.00 per year. Mowing averages \$6000.00 per year. In 2023, mowing cost was \$6165.27 and snow removal was \$5090.10. The smaller, miscellaneous projects are harder to quantify. Loan payments would be only \$6680/year (10-year loan) reducing annual costs by an average of \$3000/year.

The last snowplow contractor moved away in 2022 resulting in "off-island" contractors to be used. This method is more expensive and subject to rates and availability of contractors. In January 2024, airport was closed due to snow for 3 days cancelling daily commercial service by San Juan Airlines and

suspending emergency medical flights. With their own equipment, the airport could have remained in service. There is also a need for other maintenance tasks on the airport. The loan will provide cost saving opportunities for the day-to-day operations of the airport. Savings from contracting and equipment rental will cover the costs of this tractor.

The Port plans to access the state contract to purchase tractor. Total project cost is \$65,000. Port to supply \$5000 in matching funds (7.7%). Project can proceed immediately and be completed in less than 2 months. Loan to repaid from operational general fund savings. Port resolution has been provided.

The Program Manager displayed a map and photo identifying the location of the airport. He also displayed a picture of the John Deere 4052R tractor and displayed the tractors specifications:

- 4-cylinder turbocharged diesel engine (51.5 HP)
- Hydrostatic (automatic) transmission.
- Independent 540 rear suspension
- Rear hitch (Category 1) 2,500-3,130 lbs.
- Operating weight 3,770 lbs.
- LED Headlights and Work Lights.
- 6-year / 2,000-hour Limited Powertrain Warranty

Other supporting documents included the Port's Resolution 2024-02, spending and repayment plan, and the loan amortization schedule. The SAO FIT reports the Port of Lopez's revenues at \$242,952 versus expenditures of \$197,476 in FY2022. Financial health outlook was mixed across three indicators. Cash Balance Sufficiency was "concerning", Change in Cash Position was "good", and Enterprise Self-sufficiency was "cautionary". Annual revenues from 2019-2022 indicate the Port was negatively impacted by the pandemic but appears to be recovering. Other underlying financial records were not available from the SAO.

The application received an average score of 62.3.

Since this is not a revenue producing project, Ingrid asked is there is any concerns the Port will have the ability to repay the loan. In addition, the tractor may need to be replaced after 10 years. Will the Port have the funds to replace the tractor at the end of its useful life? Dave agreed it does not produce any revenue but is expected to reduce operational costs and keep the airport operational during periods of snow. The Port estimates an annual savings of \$3000 per year. That equates to \$30,000 over 10 years. Chris shared his personal experience with tractor replacement. He commented that a tractor could be in service up to 20 years dependent on usage requirements and routine maintenance.

Without further comment, The Board proceeded to loan awards.

Loan Awards: The Program Manager displayed the loan award tab showing \$3,195,321 in available funds to award. The Board considered each application in ranked order.

The City of Davenport was the highest ranked project and is requesting \$750,000 for new 9-unit hangar. Chris moved to approve a loan for \$750,000 as presented dependent on the updated loan repayment schedule and acceptance of the loan assurances obligation. George seconded the motion. Vice Chair Ingrid called for the question. Those present voted affirmatively for the award. Ingrid read the proxy votes for the record, as follows:

- JC Baldwin voted "Aye".

- Cory Wright voted “Aye”.
- Ann Richart voted “Aye”.

The motion passed unanimously. Ingrid asked if the loan award was dependent on the conditions identified. Dave confirmed the loan award is conditional on the city accepting the corrected loan repayment schedule and loan assurances. These will be addressed during the Initial Offer of Financial Assistance (IOFA).

Port of Ephrata is requesting \$1,140,000 in loan funds for a Jet A fueling facility. Michael motioned to award Port of Ephrata’s request. Chris seconded the motion. Without further comments, Ingrid called for the question. Those present voted affirmatively for the award. For the record, Ingrid read the proxy votes, as follows:

- JC Baldwin voted “Aye”.
- Cory Wright voted “Aye”.
- Ann Richart voted “Aye”.

The motion passed unanimously.

Port of Lopez is requesting \$60,000 to purchase a John Deere 4052R Tractor. Chris moved to approve the loan request. George seconded the motion. Without further comments, Ingrid called for the question. Those present voted affirmatively for the award. For the record, Ingrid read the proxy votes, as follows:

- JC Baldwin voted “Aye”.
- Cory Wright voted “Aye”.
- Ann Richart voted “Aye”.

The motion passed unanimously. \$1,245,321 is remaining in loan funds to award.

Comments/Next Board Meeting: Board Secretary announced that the Board will need to elect a new Chair and Vice Chair at the next meeting. Senator Matt Boehnke has shown interest in attending the next CARB meeting. After discussion, the next Board meeting was tentatively scheduled for September 26, 2024 at 9:00 am. The meeting agenda will focus on a program financial update and updates on all ongoing projects. The Board Secretary will create a meeting invitation to be sent to Board members after the two new Board appointees are determined.

Ingrid adjourned the meeting at 11:45 a.m.

David Chenaur

David Chenaur, Acting CARB Secretary

Date: August 29, 2024