

**November 21, 2006 City Council/FAA Phone Conference:**

Attendees: FAA (phone) Wade Brad, Renee Hall, Paul Johnson, Mary Vargas, Jeff Winner

City Personnel: Gary Tomsic, Councilor Bruce Wolf, Ken Ely, John Liebert and Mayor pro-tem Bonnie Onyon, Doug Fenton, Chairman of the Airport Commission.

Gary Tomsic: Wade, Jeff and everyone, thank you for agreeing to have a conference call with some members of the Blaine City Council. I communicated to Mary today, via e-mail, that the City Council, I have a quorum of City Council members here today that I'll introduce in just a moment. Under our laws, we're required to notify the press of any meeting of the City Council in advance of that meeting, at least 24 hours. In this case we've notified the local media and as near as I can determine, there's a least one member of the media present here today. In addition to that, because there is a quorum of council members today, we will be recording the proceedings, if that's okay with you.

FAA: That's fine.

Gary Tomsic: Thank you. Let me introduce then, the Council members who are attending the meeting. We have councilor Bruce Wolf, councilor Ken Ely, councilor John Liebert and the mayor pro-tem Bonnie Onyon. She will be speaking, at least initially, addressing a question or two to you and the other councilors will kind of jump in and hopefully get a good discussion going. I would also introduce Doug Fenton, who you have talked to in the past, as Chairman of the Airport Commission. He is here today, as well. So, because I know you've had some discussions with Doug if you need to refer to him for anything, he's in the audience. So with that I'm going to turn it over to Mayor Pro-Tem Onyon and let her kind of tell you what the council is interested in finding out.

Bonnie Onyon: Hi, nice to meet you all. Can I, before we get involved in discussion, can I get an idea of all of your functions – are you all with the FAA, locally.

FAA: That is correct I will let each tell you what we do. I'm manager of the Airport District Office which handles all the airport affairs in Washington, Idaho and Oregon.

Bonnie Onyon: Are you Paul?

FAA: No, that's Wade.

Bonnie Onyon: Oh, that's Wade. So you're with the district office in Seattle?

Wade: Yes, we're all with the district office. ??

Bonnie Onyon: Okay, that's great. Thank you.

Jeff Winner: I handle and I handle some Washington airports. I'm a project manager.

Paul Johnson: I handle a lot of Washington airports – project manager. I've got a lot of experience here so I kind of have an overall perspective of where the money is going for our state projects.

Mary Vargas: I'm a project manager. I do both the development and planning work.

Renee Hall: I work doing finance and also environmental.

Bonnie Onyon: So, can one of you tell me, are any of you decision makers on disbursement of funds.

FAA: That's a hard question. We do sign the grants each year. As you know the funds come from the trust fund. They're divied out to general aviation airports in what we call state enforcement. We get about 6 million a year and we do working with the State and airports have a lot of discretion as to the 6 million a

year that we've got about 40 airports filing that collect that is vying to get that 6 million dollars. Then the smaller GA airports get \$150,000 maximum per year non-primary entitlement and that's for their specific airport and that money they've got to work with that's more or less guaranteed. We've got a new program coming up next year, we hope, 07 is last year of the existing program - we hope the non-primaries will continue but the non-primary entitlement that's set aside for your airport and you have \$450,000 in the pot at the moment ???(140) that's yours, I guess with \$150,000 a year. That's what you're guaranteed and we work with all the airports to make the money go as far as we can and do as high priority of work for the level of activity is how we divvy out the money each year.

Bonnie Onyon: So is it sort of done by committee recommendation to the Federal people.

FAA: No, we here in the ABO we have 5 project managers that go out in Washington and look at your payments, look at what you need and try to balance it out with runways come first, if your runway is falling apart, that's the first priority of work. Taxiway is next and then if there's money left we can get in to land acquisition and those type things. But the only problem is the entitlements. You pretty much decide what you want to use the money for, as long as it's eligible work. It doesn't necessarily say it has to be the highest priorities, but it just has to be eligible work. State enforcement now, that we in the State try to get together and come up with a plan each year. We do think a lot on priority what needs to be done the worst to accommodate the most activity.

Bonnie Onyon: Councilor Liebert has a question for you.

John Liebert: You mentioned that we have \$450,000 now. Is that money that we have used in the past or is it money that we're looking forward for 3 years.

FAA: I think that's what we had right now ???we'd like to use that for land acquisition.

John Liebert: We have that money in the bank.

FAA: It's in the bank but we can't use it until such time as we get authorization to give grants this year, which we would think would be

Mary Vargas: March or April.

FAA: March or April. The money is there. The money won't go away if you proceed with the project and you use it. You need to get the environmental together, your cost estimates together and all the items you need for the project. But it is more or less sitting there in the bank just waiting for congress to give us the go-ahead for the 07 program.

John Liebert: #1 - is that federal money.

FAA: Yes.

John Liebert: If it's sitting in the bank and we spend \$25,000 of that does that obligate us forever.

FAA: If you take any development money for development or land acquisition, yes, we'd expect you to keep that airport open to the public on a fair and reasonable basis for 20 years. For the development work we buy land, the obligation the obligation goes for as long as it's used as an airport so, we do expect if you take any development money or land acquisition money that you have made the decision that that's going to be a public airport for at least 20 years.

John Liebert: But that money, the City of Blaine has not committed that money for anything up to this point to the best of your knowledge, is that true?

FAA: A while back we gave you money for a planning project, if that's correct and planning does not count. Right now, you have not taken any federal money for development and you are just at the point you

need to decide if you want to commit that to being an airport and we would certainly hope you would and keep it – the best thing to do with the money. We've got at least 50 airports around Washington. We would encourage you to talk to any of them. Do you know you could take your \$450,000 and there's not any money the next 3 or 4 years. There's not going to be anybody pushing into any more development, but we are going to be pushing you to keep the airport open and maintain it. So, because you got a big list of things you'd like to do over the next few years, if the money isn't available, that doesn't mean you've got to do???. It just means, the only thing if you take the development money, people expect and you should fully expect to keep the airport open for the next 20 years.

Bonnie Onyon: Right. Our airport plan anticipates 16 million to spend, to build it out the way we want to do it, to extend the runway, etc. How likely, based on you having 6 million a year and I guess we have to assume the FAA funding is going to continue for the next block of time, how likely do you think that that 16 million could come to Blaine, let's say in the next 6 years.

FAA: If this could happen, you know you've got airports like Arlington that have got 500 airplanes, you've got Burlington, you've got Anacortes, you've got all the GA airports in Washington and we can certainly work with you to get as much money as we can as quick as we can, but it's not reasonable to expect in 6 years that you would get 16 million dollars.

Bonnie Onyon: That's just not

FAA: ?? 6 years that the non-primary continue and it's \$150,000 a year and we would try to get you a small share but the state apportion each year, if you had a good project but 16 million over a 6-year period is not realistic for Blaine. As much as we would like to have the money and make it available and improve the airport to that extent, the federal money just isn't there.

Bonnie Onyon: So it's a much longer time. You're probably talking 20 years before we would be able to build this airport out. Is that

FAA I would say that's a reasonable expectation.

Mary Vargas: Although the specific question hasn't been asked, I think it ties into the question we've been asked – how much money and when can you support shifting a runway, extending it and in our conversation we said, maybe way in the future, 12, year 2012, 14, 15. We try to schedule and look at a large sum of money, like a million dollars, to help you work toward that but we would work for a grant to sort of budget in financing plan, it would be highly unlikely we could pay for all the projects associated with the extension and the shift. The example we gave on Boblett Road, hypothetically, let's say we came up with the money to buy land the land one year and a few years go by, we have our EA also accomplished so the EA would buy the land for the runway shift and the years go by and now have money to help you design and construct a runway. It would be highly unlikely that we'd have left money for Boblett Street. From our conversations we said, although if it associated with the runway shift it may be that some of these projects, Blaine would have to come in and support lower than the 5% share in the case of Boblett. You may be looking at 100% of that share just because there would not be enough money in the pot to support all those associated projects. Again, it was your hypothetical – we just didn't want to create the perception that everything on this list would be funded for FAA because we wanted to make sure everyone understood our funding restraint.

Bonnie Onyon: I think we're getting a pretty clear picture of that.

John Liebert: This is John Liebert again. Are you having this type of a conversation with any other councils and or cities that are struggling to expand.

FAA: We have had conversations with a number of airports. We haven't to my knowledge and correct me, Mary, if I'm speaking out of turn, we haven't had any form of City Council or ?? decision makers of other airports but we have found through this same scenario with how many airports now?

Mary Vargas: We've got about 10 dozen airports for sure and I think Camas may have come close to this type of quorum but not quite.

FAA: And all of them need \$8-10 million dollars over the next few years. And we get 6 million per year and we tell them all the same thing. If you got low activity, and we ???aircraft, it's pretty much the sideline, if you can get a million dollars in any one year, you'd be very fortunate.

Bruce Wolf: Based on your previous experience in the tree state area with FAA funded master plans historically, have you had any that the FAA baled out on in the past.

FAA: Let me define master plan in a little bit vs. development projects. We master plan projects all the time and the master plan turns everything that each of the airports can every think they might want. And every airport has a list of projects that they would like to do and we never get to all of those projects at any airport. But the FAA, and I've been doing this for 42 years now has never baled on the project that we got started. We've had about 4 or 5 projects that have baled on us but they elected a different council or elected a different county commissioners and they dropped the project on us. But when we start a project, we finish it.

Bonnie Onyon: Even if it takes 20 years, you'll finish it right?

FAA: We'll be in there with you, but once we give you a grant, we'll finish that grant.

Bonnie Onyon: I see, a block of money.

FAA: We'll build the apron and we'll be right in there until it gets built unless you decide you don't want to build an apron. And we have that happen once in awhile. But once FAA gives you the development grant that's just as good as money in the bank.

Bruce Wolf: I want to follow up on the non-primary entitlement. We have a \$450,000 and we have funding for 2007 and 2007 for an additional \$150,000. Did I hear that?

FAA: That's including the 2007 money, so you'll have

Bruce Wolf: \$450

FAA: \$450,000 in 2007.

Bruce Wolf: And that program expires in 2007..

FAA: It doesn't expire. You can actually go until 2008 before you have a jeopardy of losing the first year of \$150,000.

Bruce Wolf: But that program you feel in high likelihood being re-instituted if not in the same form in a different form. Is that what I heard?

FAA: I am presuming that it will continue. It seems to be popular but we don't know until Congress does an enactment on the legislation. And the bigger portion that we could see in a year you could get would has been in effect for longer than 40 years. It's non-primary entitlement been in effect for 5 years. It's very possible and, like Jeff said, we expect it to continue but it could change in format or there could be some stair steps, it could be more it could be less but we would probably continue in some form.

Ken Ely: The term obligation – I'm thinking that's either a piece of your jargon or in dealing with you is a term that can be used contractually. What are the encumbrances placed upon us by obligation if we accept or use any money at all to what does that lock us in.

FAA: It locks you in to keeping the airport open on a fairly reasonable basis for the next 20 years and no discrimination. What we call sponsor assured. Some of you may have them if you don't there's 39 of them I believe. There's 8 or 10 pages. That's what the obligations are. It says that very first one, because you've taken money you'll keep this airport open and tells, zone, 38 more and it lays out, what the obligations are. That's the document we're talking about. Do you have a copy of the grant assurances.

Gary Tomsic: Yes. I don't have them in the room right now, but yes, we do have them.

FAA: The original 39 that's what your obligated to and it is a contractual document but we're not that grant here and you're going to have whoever you designate to sign it. It is a contractual agreement and those 39 assurances are part of the contract.

John Liebert: Let me just ask a follow up to that. You said that some baled on you. How did that occur then.

FAA: They didn't finish the project. They ended and didn't get our money either. They just decided we aren't going to build an apron. I had one airport that actually bought 360 acres of land and there was 3-2 commissioners that wanted to do that and then they elected the commissioner and they just wrote and told them that they changed their mind – they were not going to buy the land. We said okay, you're not going to get the money.

John Liebert: Thank you.

FAA: A recent one, well not recent, a long time ago, call Colville, Washington. We went 15 years trying to help them build an airport and all the planning, got the environmental through and then the landowner wouldn't let them have the money and they said, well, we don't have the heart to condemn him because he's one of the favourite boys around here, so, they dropped it and didn't build their new airport and they have been sorry ever since. They baled on us. We didn't bale on them.

Ken Ely: Wade, in my opinion, and I'm not the worlds greatest number cruncher, I don't think Blaine has the economic leisure and this is just one council persons opinion to look at the airport in terms of a 20-year plus project. My box and window is between 6 and 10 years. That's a statement, not a question. That being stated if the rest of the council holds the same opinion, does that have any sway with you as far as prioritizing money for us.

FAA: There's a saying with the FAA the rule for public airport is 20 years and it one thing you need to be aware of is that there's many cities much smaller than Blaine that have a good airport that certainly everything you've done in your 5-year plan but you can certainly have a nice airport at Blaine and not have to do any more than your non-primary entitlement primary each year unless the runway falls apart, which we don't anticipate. In my opinion the Council should not be looking at what it's going to cost us to do this huge plan. They should look at what it's going to cost us to keep a nice little airport going and recommend it to you for the next 20 years.

Ken Ely: Wade, what the council appears to be interested in is not a nice little airport. What we are interested in is shifting this runway to the south and re-configuring the airport property and making this airport more viable than a nice little airport. We don't have the luxury of a nice little airport. That's my point.

FAA: What we tell those people is that we really admire you for that and really like that, but at the same time you've got to come up with some local money or some money other than borrowed money because we don't have the amount of money necessary to make a fine airport for a little community the size of Blaine.

Mary Vargas: There's something else that we said other airport things – just throwing out on the table for your consideration. Maybe they can get together with another local community or the county and come up with a site where they could share costs. We actually do a site selection for another airport or you decide you all will make this a county/city airport of that sort. Because sometimes, I'm not sure if that's a

possibility here, but that's just another thing that we throw out because we do recognize as I said – we admire the play because it goes on for 20 years and it makes the airport more viable than it already is. But then again, we ask again what that costs and what is realistic. And that varies from community to community.

Bonnie Onyon: Mary, what has been your experience with communities that have wanted to purchase property in recent years to either re-locate an airport, build a new airport. Isn't that so close to impossible now a days.

Mary Vargas: I can't say that anybody has actually implemented it. Wade said the closest we've come to that is Coleville and they baled on us. We are looking at building a new airport in Burle, Idaho. They have taken us through, we've done the site selection and we're into the environmental on that one. And that's building a new site but we're looking at transferring the old airport assets and finding out how much money realistically they can put into really building a new airport. So there are airports out there that are general aviation airports, out there, that, I admit it's really not a common occurrence but I just thought I'd throw it out there to see if there's another entity nearby who wants to share that airport. That might be a solution for you. An option for your community to explore.

Bonnie Onyon: John has a couple

Wade: We've got one airport in Washington, Chelhalis, I believe has 3 or 4 sponsors but it is a combined resources to keep it the size and shape they want it.

Bonnie Onyon: You're talking about private funds.

FAA: No. They do it all through the 2 cities and 2 counties, I believe, Chehalis, isn't that Mary?

Mary Vargas: I think so.

John Liebert: I have 2 questions and it might not take very long to answer them. If we were fortunate enough to borrow \$150,000 from say 3, 4, 5 different airports because they weren't using their designated money at the time, 1 – what would be your reaction to that and what would be our obligations to those people that loaned us that money.

FAA: Well, this is Jeff Winner, we've only had airports donate – the most would be \$150,000 to another airport. You could obviously get more airports to do the same thing. There's no direct obligation to you to pay it back, but the other airports that are donating may have some expectation that some day you'd pay it back so they wouldn't lose their money.

John Liebert: Thank you for that. That was a quick answer. That \$6 million that has been designated by the Feds, is that their money or is that somebody else's money that they are just designating to this 3 State area, or what have you.

FAA: It's totally nationally based on population of the State, land value of the State, and I believe the number of aviation occurrences in the State. It's a formula and put out by the Federal Government. They've designated so much money for each State and it is ranged, since I've been here, from \$3 million to the most we've ever got, \$7 million, is that correct?

Mary Vargas: I believe so.

FAA: It's generally in the \$6 million range for all GA airports. That's set by law.

John Liebert: Is that in their federal budget.

FAA: Yes. It's part of the trust fund. You know the trust fund comes from airline ticket tax, aviation fuel tax and this is the general aviation portion of that trust fund.

Gary Tomsic: Wade, you might explain that there's additional amount of money – there's AIP funds that – this is the \$6 million, this isn't the

FAA: It is the AIP portion.

Gary Tomsic: That is the AIP. Is it the same

FAA: AIP – there's a big pie chart. It's state enforcement, non-primary entitlements, ?? money, primary but it all goes under the umbrella AIP for improvement program.

Gary Tomsic: But the primary part is how much money?

FAA: But that's the ?? when the Denver – it's the fund money.

Gary Tomsic: I just didn't want them to get the impression that there was \$6 million for airports.

FAA: For all the little GA airports.

Gary Tomsic: GA airports. I appreciate that.

Bonnie Onyon: In the state.

FAA: The 3rd runway at Seatac is cost more than ½ billion.

Bonnie Onyon: Is that \$6 million for just

FAA: Only 16% of that or so was federal money, so we want to make sure you're clear on that.

Bonnie Onyon: Wade, is that \$6 million for Washington State airports or the 3 state regions.

FAA: Washington. ?? in Oregon get half way between

Bonnie Onyon: So Washington itself gets \$6 million for the 40 state airports.

FAA: It's roughly 40. It's probably fewer than that.

Mary Vargas: It's probably closer to 50.

FAA: And that's ??GA airports. Right.

Bonnie Onyon: Right.

FAA: \$6 million is the tops.

Mary Vargas: \$500,000 are available.

FAA: It changes year to year. They look at the population and the formula each specific year.

Bonnie Onyon: Are you done.

Council: Yes.

John Liebert: Can we deal with Gary's question.

Bonnie Onyon: Yea, pretty much. I think that's all. We've had all our questions answered. Is there anything else you think we need to know.

FAA: I just want to make one last plug for GA airports. They're really important to the community. The State probably has more information and the highway benefit that you get from the airport. FAA for one and my office particularly would really work with you to do everything we could do to keep the airport open and keep a nice airport. We wish we had the money to make the size of airport and the shape that you would like to see it quickly. But we would do everything we thought we could to try to discourage from not having an airport. They are mighty important to your community.

Bonnie Onyon: John as one additional question.

John Liebert: In all the airports from last year in the disbursements, what was the average amount each airport received last year.

FAA: That's kind of difficult. If it's just general aviation

John Liebert: Just the general aviation ones.

FAA: They probably averaged maybe \$300 - \$400 thousand. Not every airport gets a grant every year. ??? non-entitlement money and do bigger projects that's more economical for everybody.

John Liebert: That's good. Thank you.

FAA: A million dollars, GA grant, is a big grant. We don't see many of those. It's more in the \$300 - \$500,000

Bonnie Onyon: Well, thank you very much. We appreciate you all coming together and talking to us for awhile. I think it helped clear up a few things.

FAA: If we can be of any more assistance, please call us, get into contact with us. We really like working with these little airports. Big Seatac, one of the bigger ones. They've got their own staff. Sometimes, only the mayors and what have you. We really love to talk airports with the small airports, we'll help you anyway we can. It's unfortunate the money is not there for the size airport.

Bonnie Onyon: Thank you very much.

John Liebert: I thank you for your candor.

FAA: Good luck folks on your decision.