

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

January 26, 2017

1:28 p.m.

MEMBERS PRESENT

Senator Bert Stedman, Chair
Senator Anna MacKinnon
Senator Click Bishop
Senator David Wilson
Senator Dennis Egan

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

PRESENTATION: AIRPORT IMPROVEMENT PROGRAM (AIP)

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

JOHN BINDER, Deputy Commissioner
Department of Transportation and Public Facilities (DOTPF)
Anchorage, Alaska

POSITION STATEMENT: Presented an overview of the Aviation Improvement Program (AIP).

ACTION NARRATIVE

[1:28:53 PM](#)

CHAIR BERT STEDMAN called the Senate Transportation Standing Committee meeting to order at 1:28 p.m. Present at the call to order were Senators Egan, MacKinnon, Bishop, and Chair Stedman. Senator Wilson arrived shortly thereafter.

PRESENTATION: AIRPORT IMPROVEMENT PROGRAM (AIP)

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CHAIR STEDMAN announced that the only order of business would be a presentation by the Department of Transportation and Public Facilities (DOTPF) on the Airport Improvement Program (AIP). He noted this would be the first of several presentations by DOTPF.

CHAIR STEDMAN stated that throughout the session, the Senate Transportation Committee will be looking at aviation, roads, harbors, buildings, as well as examining the Statewide Transportation Improvement Program (STIP). The committee will examine DOTPF's role in the various regions of the state and look at projections related to changes in the federal government and the increased allocation of highway money in order to provide information for the Senate Finance Committee to use when formulating the capital budget. He predicted that the committee will be more active than previous transportation committees several years ago because funds coming into DOTPF may be the bulk of funds coming into the capital budget over the next several years. A goal is to have fair allocation of capital and quality projects moving forward.

He noted the arrival of Senator Wilson.

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JOHN BINDER, Deputy Commissioner, Department of Transportation and Public Facilities (DOTPF), presented an overview of the Federal Aviation Administration (FAA) Aviation Improvement Program (AIP). He pointed out that the state owns and operates 242 airports, two of which are Anchorage International and Fairbanks International that do not contribute to, nor receive, general funds. The remaining 240 airports make up the rural system - the Division of Statewide Aviation - and there are several private airports. He stated that the AIP provides a significant portion of the federal funding that flows into the state for capital programs.

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MR. BINDER highlighted an employee of DOTPF, Kristen Patterson, who works as an accounting technician at the Fairbanks International Airport.

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MR. BINDER provided an overview of his presentation. He said he will address the FAA AIP, Alaska's benefit, aviation capital needs determination, and the airport project prioritization process.

He shared information about the Airport Improvement Program (AIP), which is funded by the Airport and Airway Trust Fund, a congressional program. It depends on continued congressional authorization and annual appropriations. It provides federal grants to eligible airport sponsors of eligible projects. There are strict rules governing eligibility, procurement, and implementation. Sponsors accepting grants must abide by 39 grant assurances.

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MR. BINDER addressed the Airport and Airway Trust Fund (AATF). It was created by the Airport and Airway Development and Revenue Act of 1970 to finance aviation programs. Revenues are derived from aviation-related excise taxes on passengers, cargo, and fuel. The AATF provides most of the appropriated funding for the FAA, such as operations, facilities, equipment, research, and capital improvements.

He turned to the Alaska Region Airport System and listed the various types of airports in Alaska. There is one medium hub primary airport - Anchorage. Fairbanks and Juneau are small hub primary airports. Primary airports must have at least 10,000 passengers board planes each year.

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SENATOR MACKINNON restated that Anchorage is a medium hub airport.

MR. BINDER said there are 26 non-hub primary airports, such as Bethel, Dillingham, and Barrow. There are 58 commercial service airports which have more than 2,500 passengers a year, but less than 10,000. The remaining 58 general aviation airports have less than 2,500 passengers.

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MR. BINDER showed a graph of the ten-year history of AIP funding in the Alaska Region. Generally, about \$200 million comes into the state each year. He said about half comes through entitlements and half is discretionary.

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CHAIR STEDMAN asked for an estimate of what 2017 and 2018 might look like.

MR. BINDER estimated the funding would be about the same, as long as the AIP is funded above \$3.2 billion nationally. This year the funding will be \$3.35 billion.

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MR. BINDER explained AIP Apportionment/Entitlements for DOTPF Airports in FY2016. He said the FAA airport capital improvement project funding program was \$169.8 million. He broke that down into various entitlements: cargo, primary passenger, non-primary passenger, state apportionment - a formula based on land mass and population, Alaska supplemental, and discretionary funds.

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MR. BINDER turned to AIP legislative authority.

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SENATOR BISHOP commented on Alaska's never turning money away because it always has projects that are ready to go. He gave credit for that to DOTPF's quality design team.

MR. BINDER agreed.

He related that the FAA is operating under the authorization of the FAA Extension, Safety, and Security Act of 2016. Its timeframe is through September 30 of 2017 and it consists of \$3.35 billion. Congressional reauthorization is required in FY2018. He noted that DOTPF is in contact with the Governor's Office and the Alaska delegation about Alaska's desires and needs.

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MR. BINDER shared FAA's national goals and objectives: provide a safe and secure airport and airway system, minimize airport noise impacts, develop reliever airports, cargo hub airports, and intermodal transportation, protect natural resources, reduce aircraft delays, convert former military air bases to civil use or improve joint-use airports, and carry out various other projects to ensure a safe and efficient airport system.

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He listed Alaska regional goals. Because of the unique nature of the aviation system in Alaska, the FAA (Alaska Region) has a subset of targeted goals and objectives for the AIP within Alaska. The first is to provide and enhance safe aeronautical access for rural Alaskan communities. This goal has been completed. The second goal is to preserve and enhance the condition of paved airport surfaces, and the third goal is to enhance the safety and security of airports.

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SENATOR MACKINNON asked whether aviation mapping is a goal, especially for the smaller airports, and where she could find that information.

MR. BINDER replied that there are mapping efforts underway, but they are primarily managed by the Department of Natural Resources (DNR) and the Alaska Geospatial Council (AGC). They include safety elements and elevation mapping.

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He highlighted several key projects in the current year. Angoon will get a new airport, Aniak will begin construction on a new runway this summer, Kiana will extend and reconstruct their runway, and Atkasuk will have a rehabilitated runway.

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SENATOR MACKINNON spoke of new construction in rural areas. She wondered if there are rural airports that are close together. She mentioned Toksook Bay as an example. When looking at new airport projects, she wondered if consideration is given to whether there are other nearby airports.

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MR. BINDER said the state and FAA are not looking to spend more money if there are viable nearby airports. He spoke of the challenges of building and maintaining roads between communities and the benefits of clustering airports.

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He listed runway improvement projects and safety and security items and repairs.

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He showed the breakdown of AIAS capital funding in FY2016 and the anticipated funding in FY2017 for Anchorage and Fairbanks. He pointed out dollars that went to the rural system.

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MR. BINDER addressed AIP rural system funding for FY2013 through FY2016 from federal capital funding and from state match. For everything but Anchorage, the match is 93.75/6.25. Remote sites are eligible for a 95/5 split. Anchorage is an 87.75/12.25 split. He pointed out that AIAS match is paid by International Airport Revenue Funds (IARF), not state general funds.

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MR. BINDER listed the major rural system AIP construction projects expected to be funded in FY2017 and FY2018. He offered to provide more information as requested.

He discussed the Airport Project Evaluation Board (APEB) members and duties and the Project Evaluation Board process, noting the Board is constantly reviewing the project list. He mentioned the Airport Spending Plan Development, which results in a five-year rolling plan.

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SENATOR BISHOP asked if there has been any discussion by the federal administration about airport fund expansion.

MR. BINDER replied that he saw an article that said about \$30 billion may be allocated toward aviation to be rolled into the Airport Improvement Plan for several years.

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SENATOR EGAN stated that Juneau is the largest municipal airport in the state. He wondered how it fits into the funding picture. He pointed out that Juneau did well last year.

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MR. BINDER replied that the Division of Statewide Aviation and DOTPF take on the funding coordination role. All airports are talking to each other regardless of the owner/operator. Juneau generates its own revenue and makes its own match to federal dollars. When Juneau has a capital project pending, DOTPF helps with grant applications which funnel through DOTPF to FAA.

SENATOR EGAN asked if all funding for Juneau's airport equipment must have DOTPF's approval.

MR. BINDER explained that DOTPF does not approve or object to funding requests; it facilitates paperwork.

SENATOR EGAN noted that Alaska has 242 state-maintained airports. He asked which state has the second largest number.

MR. BINDER thought it was Oregon with 40 airports. He said most states do not own or operate airports.

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SENATOR MACKINNON asked what Juneau's federal/state match is.

MR. BINDER thought it was a 93.75/6.25 split.

SENATOR MACKINNON asked if the federal allocation to Juneau is subtracted from the state's distribution.

MR. BINDER said yes. Juneau earns some of their own funding through the entitlement piece, but they also use some of the discretionary funding that comes out of DOTPF's cut. Alaska is treated as a whole.

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SENATOR MACKINNON spoke of a reciprocal agreement with other corporations that land at state-owned facilities for aviation fuel. She thought it was about half of the current fuel tax. She wondered if there was also a reciprocal agreement for foreign vessels. She questioned whether the state benefits from that agreement.

MR. BINDER did not know. He said that international air traffic is exempt.

CHAIR STEDMAN requested Mr. Binder find out and get back to the committee.

SENATOR MACKINNON said she has not been able to locate that information and would like to see if it is an additional piece of revenue for Alaska. She shared that Minnesota has recently removed that tax credit.

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CHAIR STEDMAN noted there would be a fuel tax bill coming up and they could discuss the issue then.

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SENATOR MACKINNON asked whether there is another airport facility close to Toksook Bay or Angoon. She noted that the state is investing funds for airport renovation and buildings there.

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MR. BINDER said there is not another airport available for Angoon; he did not know for Toksook Bay.

CHAIR STEDMAN said that information could be found for future meetings.

SENATOR BISHOP said he wanted to talk about Northway Airport with Mr. Binder some time.

2:03:30 PM

SENATOR MACKINNON said she is concerned about the erosion that is taking place in Kivalina, which is listed as rural access. She requested to know more information about whether that issue has been resolved.

CHAIR STEDMAN suggested Mr. Binder provide the committee with that information.

He announced that the next meeting will be January 31 and will focus on adjusting the permitting processes of DOTPF and DNR.

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There being no further business to come before the committee, Chair Stedman adjourned the Senate Transportation Standing Committee at 2:04 p.m.