

**Aviation Advisory Board Meeting Minutes
June 10, 2015
Anchorage, Alaska**

Meeting called to order by Chairman Lee Ryan at 9:29 a.m.

IN ATTENDANCE:

Board Members: Jim Dodson, Tom George, Lee Ryan, Dave Karp, Steve Strait, Frank Neitz, Dale Shaw, Ken Lythgoe, Mike Stedman, Bob Hajdukovich, Tom Nicolos (via teleconference)

DOT&PF: John Binder, Troy LaRue, Linda Bustamante, Megan Byrd, Commissioner Luiken (via teleconference)

FAA: Byron Huffman, Alaska Region Airports Division Manager

State of Alaska: Peter Putzier, Department of Law, Dan Stickel, Department of Revenue

AGENDA and MINUTES – Steve Strait motioned to accept minutes and agenda noting time changes to the agenda – motions passed unanimously.

Chairman Ryan – Welcomed all to the meeting and asked Jim Dodson to provide an overview of the Governor’s conference in Fairbanks. Jim reviewed the budget discussion and reiterated that the intent of the conference was to start a dialogue among all Alaskans. Jim also discussed the importance of the Aviation Advisory Board to find a way for aviation to contribute to the short fall.

Deputy Commissioner Binder – Provided an update on cargo and passenger activity at the International Airports, revenue sources for the rural airport system; Deadhorse Airport landing fee proposal status; AIP funding; and Title 17 review.

Commissioner Luiken – Discussed his observations from the conference and the focus on how to fill the gap between the current revenue stream vs the annual budget. The Department provides critical services and is looking for solutions/revenue to help sustain service including the option of divesting airports and assets. He appreciates the Board evaluating all ideas to help make the transition and will be reaching out to board members personally. He also asked for other aviation stakeholders he should include in the conversation.

Byron Huffman – Reviewed airport finance and federal obligations specifically Grant Assurances 3, 13, 22, 23, 24, 25, and 26 and how they pertain to airport revenue.

Board Revenue Discussion:

Chairman Lee restated the goal of this meeting: To recommend to the Governor a sustainable revenue generation plan for the rural aviation transportation system. He also explained that the meeting's focus would primarily be on brainstorming potential revenue generation options, with deeper analysis on the most promising options to take place over the coming months.

The Board is focused on the rural airport system (does not include ANC and FAI). Included in the rural system are 20 certificated airports where costs exceed the lease revenue by \$17.3M. The total maintenance & operations deficit for all rural airports is \$35M. The Board discussed a variety of options used both in various Alaskan communities and across the nation. Included in this discussion is looking at other ways to reduce costs such as looking at a sub-set of rural system airports (e.g. Birchwood, Talkeetna, etc.) to see if they might be managed as a unit, and grown to increase revenue to the system. At the same time, different approaches might be used to address the remote rural airports whose primary function is to provide access to communities.

After considering Alaska's unique demographics and economic conditions as well as the potential revenue potential from various options discussed, the board requested that Statewide Aviation provide further revenue generation and system efficiency models for the following options:

- Landing fees
- Aviation fuel tax
- User tax
- PFC's
- Operations/Cost for 139 airports

Lee Ryan requested the next meeting be a teleconference during the week of July 13th. Next rural board meeting will be in Ketchikan – August 24-26, 2015.

Meeting adjourned at 4:42 pm