

January 31, 2007

## ***EXECUTIVE SUMMARY OF THE GOVERNOR'S ADVISORY COUNCIL ON AVIATION FINAL REPORT***

### ***Economic Impact***

Aviation in Arizona, commercial, general, and military, including aviation manufacturing and related industries, is a significant contributor to the State's economy. For example, the three City of Phoenix-owned airports alone have an annual economic impact exceeding \$26.2 billion, which is equivalent to \$72 million per day. Aviation's total civilian economic impact on Arizona's economy in 2002 was \$37 billion. It supported over 467,855 jobs with a payroll of \$14.6 billion. The impact from Arizona's military aviation facilities was \$5.7 billion and it supported 83,506 jobs with a payroll of \$2.4 billion. In the last four years, all sectors of aviation in Arizona have grown significantly, rebounding from September 11, 2001 much faster than the majority of the country.

Since 2002, at Tucson International and Phoenix Sky Harbor Airports alone, commercial passenger levels have increased 21.3% and 16%, respectively. Demand on the Arizona aviation system of airports will double over the next 20 years, and the infrastructure of the system must grow to provide the access for our citizens and visitors. It must protect and grow compatibly with surrounding communities to ensure the State's ability to grow.

### ***Background***

Governor Janet Napolitano established the Governor's Advisory Council on Aviation (ACA) through Executive Order 2004-22 on September 21, 2004. The ACA was tasked to study and issue consensus findings and recommendations that specifically addressed the following issues:

- a. Airspace utilization and airport capacity
- b. Land use compatibility
- c. Federal funding for aviation in Arizona
- d. Criteria for evaluating aviation facility and system needs
- e. Future aviation needs assessments and funding strategies

The five issues were combined into three categories for further study; Land Use, Capacity and Funding Needs. The ACA met 19 times in various capacities beginning January 31, 2005 through January 31, 2007 in locations through out the State (Phoenix, Tucson, Flagstaff and Yuma). In those meetings the ACA consulted with, or took testimony from, as many aviation interests as possible. Those interests consisted of stakeholders in commercial, military and general aviation, including representatives from the Federal Aviation Administration, Arizona Department of Transportation – Aeronautics Division, Maricopa Association of Governments, Pima County Association of Governments, Arizona State Land Department, Arizona Department of Real Estate, Southern Arizona

Leadership Council, airport operators, Governor's Office on the Governor's Growth Initiative, ADOT's Multi-modal Transportation Study and Arizona Airports Association (AzAA), Arizona Pilots Association, Aircraft Owners and Pilots Association, and the Aviation Safety Advisory Group of Arizona. The meetings, consultations and testimonies contributed to ensure all necessary information could be gathered, the issues identified and thoroughly studied, and meaningful and achievable recommendations developed.

The attached Report to the Governor includes background, discussion, and recommendations respectfully submitted for consideration. A summary of the recommendations include:

## *Growing Smarter*

### *The Growing Smarter Acts*

The Governor's Growth Initiative, including Growing Smarter and Growing Smarter Plus, creates a valuable framework for Arizona communities by mandating local jurisdictions to provide greater efforts as to how and where growth will occur and how it will be financed. Guiding principles direct state and local decision makers to embrace their responsibility, transcend immediate interests, and seek the broadest possible community benefit. The Growing Smarter Acts encourage regional partnerships and collaboration to form a consensus community vision and promote the use of state laws, procedures, expertise, resources and actions to reinforce local planning efforts. The Guiding Principles and recommended partnerships in each of the six categories set forth by the Growing Smarter Oversight Council; responsibility and accountability, preservation of community character, stewardship, opportunity, and infrastructure, should be applied to aviation planning.

- Close coordination must exist between the ADOT-Aeronautics Division, airport operators, State Land Department, and State Real Estate Department to map Airport Influence Areas, Airport Noise Contours, Airport Hazard Districts, and Traffic Pattern Airspace requirements for each public use airport, and to make those maps publicly and readily available to developers, airport sponsors, and planners.
- Based upon the Principles of the Growing Smarter Oversight Council, the State of Arizona should provide templates and structures for regional partnerships and inter-governmental coordination to facilitate collaborative efforts among local authorities for consensus land use planning in the vicinity of airports.

## *Land Use*

Aviation legislation to help achieve state oversight of compatible land use planning near airports is recommended by this council to strengthen the State's commitment to aviation

planning, preservation and development. Good legislation that could serve as a model for Arizona has been crafted by several states.

- Legislation should:
  - ❑ Empower the airport owner to protect the airport from non-compatible encroachment and adversarial confrontation with its community;
  - ❑ Empower the State of Arizona and its citizens to protect our significant investment in system airports and maximize the airport's economic return;
  - ❑ Protect airports' ability to develop and operate in the safest most efficient environment;
- Publicly owned and operated airports and local zoning officials should pursue adoption of compatible land use code (Re: airport environs zones), which define compatible land uses in the vicinity of an airport. This should include definitions of prohibited uses within the vicinity of an airport and define Airport Hazard District, Noise Contours, and Public Disclosure Zones. When applicable, ADOT-Aeronautics should provide planning assistance;
- ADOT-Aeronautics should receive notification of local zoning changes and requests for permits for tall structures within Airport Influence Areas, Traffic Pattern Airspace, Airport Noise Contours, Airport Hazard Districts, and Overlay Districts for State system airports when local airports are unable to manage such notification. Aeronautics may review and provide comment on these changes and permits in coordination with the airport. Notification requirements should be made part of the State grant assurances for receiving state aviation funding;
- All existing and future airport studies and master plans funded through federal and state grants should be fully integrated into each community's comprehensive general plan to create certainty about airport land use requirements for land owners, developers and prospective purchasers; and
- ADOT Aeronautics will provide assistance to help bridge the gap between airport master planning and compatible land use planning for public use airports.

### *Capacity*

Legislative action is recommended to meet the growth demands on the aviation industry in the future. The airport community must work together with the FAA and ADOT-Aeronautics to fund airport construction and growth in Arizona. The following recommendations to strategically plan for the future will allow Arizona's aviation system to meet the long-term transportation needs of the communities while protecting the military's need for Arizona airspace:

- Fund and implement capacity projects at twenty-five airports in Arizona;
- Change Grand Canyon National Park Airport's funding approach from the State of Arizona's Aviation Fund to an enterprise fund. Rates and charges should be adjusted appropriately to allow for revenues to cover sufficient staffing levels and capital improvement program;
- Protect the military's need for Arizona airspace;
- Develop an Outlying Airport System Plan for small airports in outlying communities;
- Explore the possibility of funding a mobile statewide ARFF training unit to provide important fire safety training for communities who are unable to afford national training;
- Increase the annual Pavement Maintenance Management Program funding from \$3 million to \$4 million and increase the scope of projects covered;
- Establish an Adopt-An-Airport program; and
- Create a statewide program for the inspection and maintenance of airports that have automated weather observation systems (AWOS).

### *Funding*

Legislative action is recommended to provide dedicated funding to develop the rapidly growing aviation infrastructure. The aviation community continues to be concerned that sufficient funds are not available to maintain and improve the state's network of airports. Critical projects that are under-funded due to limitations of available dollars will ultimately become a financial burden to airports, their communities and their tenants. If adequate funding is not provided to ensure the State's aviation system keeps up with the rapid growth of Arizona's population and aviation community, it will have a significant adverse effect on the economic prosperity of the State. The ACA has worked closely with the State's aviation community to develop specific recommendations to the Governor to maximize the effectiveness of the limited available funding. To effect that maximization, the ACA recognizes and recommends the following:

- AIP funding is a critical element in Arizona's aviation future and every effort should be made to stem the erosion of AIP funding by FAA operating expenses. The ACA urges Arizona's Congressional delegation, the United States Department of Transportation, the Federal Aviation Administration, the Arizona Department of Transportation, and the Arizona Department of Transportation Aeronautics Division to make every effort to protect the integrity of the Aviation Trust Fund and its' AIP funding for airports;
- Arizona should strengthen the commitment to its aviation system through modifications in legislation to constitutionally or statutorily protect the State Aviation Fund and eliminate the potential for future diversion of aviation funding sources from the State's Aviation Fund to non-aviation purposes;

- All revenues collected from the aviation sector should be dedicated for aviation purposes;
- Request the Legislature appropriate to the Aviation Fund the full amount of the anticipated Fund revenues each year and re-appropriate to the Fund any unspent funds from the previous year;
- Development of an enhanced Joint Planning Conference process by the ADOT-Aeronautics Division, the FAA and airports to maximize the use of available federal and state grant funds toward the airport's improvement priorities. Enhancing communication and synchronizing the timing of the FAA and ADOT planning processes, along with greater input from airports on their most critical priorities, will ensure the most realistic and achievable Airport Capital Improvement Program (ACIP) to fund aviation infrastructure priorities;
- ADOT-Aeronautics should work with the State Financial Division to establish an accounting system similar to the State Highway Fund wherein obligated and encumbered funds are "deducted" from the available balance of the Fund. This system would show the true status of the Aviation Fund so that the Legislative body can see the actual remaining fund balance after encumbrances and obligations are removed, rather than the misleading fund balance as a whole;
- ADOT-Aeronautics Division should continue to issue design-only grants for airports, which would expedite the process for getting projects designed and ready to go based-on-bids. This would help increase the amount of federal dollars coming into the state as the FAA's performance is based on granting dollars based-on-bids;
- ADOT-Aeronautics Division should look at ways to increase appropriations from the State Aviation Fund for use in grant and loan funding programs for airports;
- Amend State Aviation Fund statutory language limiting the amount of grant funds for an airport from ten percent of the total aviation fund to ten percent of the fund forecast annual revenue;
- ADOT-Aeronautics Division should review administrative directives and develop criteria with stakeholders to address the allocation of funds and the current requirements for an airport's matching funds; and
- Grand Canyon National Park Airport should be operated as an enterprise fund of the State of Arizona. It is the gateway airport to one of Arizona's, and the indeed the world's, most unique treasures, Grand Canyon National Park. Financial management as an enterprise fund would permit the airport to be managed and operated using exclusively airport-generated funds. Airport rates and charges would be negotiated with tenants at levels that permit much needed capital improvements and long range set asides, as well as staffing, to showcase the airport and enhance its economic contribution to the State.

## *Conclusion*

It is imperative for Arizona's aviation future that the challenges be addressed and solutions implemented. The alternative of "not" strategically planning for compatibility and compliance, developing airport capacity, and appropriately funding the aviation system will not stop growth in the future, but rather, the challenges will multiply, investments depreciate, and negative impacts compound our aviation communities. We appreciate the opportunity to have worked with the multitude of aviation interests and stakeholders over the two-year time frame to have developed consensus findings and recommendations to improve aviation in Arizona. The report is being presented to the State Transportation Board to provide background and recommendations to the Board as it deliberates on aviation related projects that affect Arizona's future.

The Governor's Advisory Council on Aviation wishes to express our appreciation to the Governor for the privilege of providing input and recommendations to the Governor, the President of the Senate, and the Speaker of the House.

Respectfully submitted,  
Governor's Advisory Council on Aviation



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